CALL TO ORDER: Welcome to the Three Rivers Levee Improvement Authority (TRLIA) meeting. As a courtesy to others, please turn off cell phones or other electronic devices which might disrupt the meeting. Thank you.

I ROLL CALL – Directors Atwal, Brown, Ledbetter, Lofton, Vasquez

II PUBLIC COMMUNICATIONS: Any person may speak about any subject of concern within the jurisdiction of TRLIA which is not on today’s agenda. The total amount of time allotted shall be limited to a total of 15 minutes and each individual or group will be limited to no more than 5 minutes. Prior to this time, speakers are requested to fill out a “Request to Speak” card and submit it to the secretary.

III AGENDA ITEMS

A. Approve minutes of Special Meeting May 29, 2018.

B. Approve Letter of Engagement with CliftonLarsonAllen (CLA) to perform audit and financial statements for year ending June 30, 2018 and authorize Chair and Executive Director to sign.

C. Review and approve Reclamation District 784 proposed budget for Fiscal Year 2018-2019.


IV CLOSED SESSION

1. Conference with Legal Counsel – Pending litigation pursuant to Government Code §54956.9. Richard G. Wilbur vs TRLIA (Yuba County Superior Court Case No. CVPT 18-000798)

2. Conference with Legal Counsel – Anticipated litigation significant exposure to litigation pursuant to Government Code paragraph (2) of subdivision (d) of Section 54956.9 – One Case

IV BOARD AND STAFF MEMBER REPORTS

A. Other Reports

VI. ADJOURN

The complete agenda, including backup material, is available at the Yuba County Government Center, 915 8th Street, Suite 109, the County Library at 303 Second Street, Marysville, and www.trlia.org. Any disclosable public record related to an open session item on the agenda and distributed to all or a majority of the Board of Directors less than 72 hours prior to the meeting are available for public inspection at Suite 109 during normal business hours.

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the Clerk of the Board’s office at (530) 749-7510 or (530) 749-7353 (fax). Requests must be made one full business day before the start of the meeting.
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

MAY 29, 2018 SPECIAL MEETING

MINUTES

Call to order 2:00 p.m. with a quorum being present as follows: Directors Sarbdeep Atwal, Rick Brown, Gary Ledbetter, Doug Lofton and Andy Vasquez. Also present were Executive Director Paul Brunner, Counsel Andrea Clark, and Office Specialist Mary Pasillas. Chair Atwal presided.

I ROLL CALL – Directors Atwal, Brown, Ledbetter, Lofton, Vasquez

II PUBLIC COMMUNICATIONS: None.

III AGENDA ITEMS

A. Approve minutes of the meeting of April 17, 2018.

   MOTION: Move to approve
   MOVED: Andy Vasquez     SECOND: Doug Lofton
   AYES: Sarbdeep Atwal, Rick Brown, Gary Ledbetter, Doug Lofton, Andy Vasquez
   NOES: None     ABSTAIN: None     ABSENT: None

B. Approve expenditure of $1,500 per person for board members and Executive Director wishing to attend annual Flood Management Association conference September 4 -7th, held in Reno, Nevada. Executive Director Paul Brunner recapped conference details and responded to inquiries.

   MOTION: Move to approve
   MOVED: Doug Lofton     SECOND: Andy Vasquez
   AYES: Sarbdeep Atwal, Rick Brown, Gary Ledbetter, Doug Lofton, Andy Vasquez
   NOES: None     ABSTAIN: None     ABSENT: None

C. Approve contract with Mead & Hunt for professional services in the amount of $25,000; and authorize Executive Director to execute upon review and approval of Counsel. Executive Director Paul Brunner recapped the contract.

   MOTION: Move to adopt
   MOVED: Andy Vasquez     SECOND: Rick Brown
   AYES: Sarbdeep Atwal, Rick Brown, Gary Ledbetter, Doug Lofton, Andy Vasquez
   NOES: None     ABSTAIN: None     ABSENT: None

IV BOARD AND STAFF MEMBER REPORTS:

   Executive Director Paul Brunner
     o California Department of Water Resources update
     o Goldfields 200 Year Project update
     o Western Pacific Interceptor Canal Fencing update
CLOSED SESSION: The Board retired into closed session at 2:28 p.m. and returned at 3:22 p.m. with all members present as indicated above. Chair Atwal announced there was nothing to report.


2. Conference with Legal Counsel - Pending litigation pursuant to Government Code §54956.9. Richard G. Wilbur v. TRLIA (Yuba County Superior Court Case No. CVPT 18-000798)

3. Conference with Legal Counsel - Anticipated litigation significant exposure to litigation pursuant to Government Code paragraph (2) of subdivision (d) of Section 54956.9 - One Case

VI ADJOURN 3:22 p.m.

ATTEST: RACHEL FERRIS
CLERK OF THE BOARD OF SUPERVISORS

Approved: ____________________________
June 19, 2018

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul Brunner, Executive Director
SUBJECT: CliftonLarsonAllen LLP letter of engagement for year ending on June 30, 2018

**Recommendation:** Approve the TRLIA Chair and Executive Director to sign the letter of engagement with CliftonLarsonAllen LLP (CLA) to perform TRLIA’s financial audit for the fiscal year ending June 30, 2018.

**Background:** On September 20, 2016 TRLIA contracted CLA, formally Gallina, LLP, to perform the annual audit of financial statements of the governmental activities, and the major funds, which collectively comprise the basic financial statements of the Three Rivers Levee Improvement Authority. The CLA completed TRLIA audit for the year ending in June 2017 in on the TRLIA web site.

**Discussion:** CLA is ready to begin the TRLIA audit for the year ending on June 30, 2018 and has provided TRLIA with a letter of engagement to sign. CLA has asked that a TRLIA Board member and the Executive Director sign the letter of Engagement.

**Fiscal Impact:** None

Attachment: CLA letter of Engagement, June 1, 2018
June 1, 2018

Mr. Paul Brunner, Executive Director
Three Rivers Levee Improvement Authority
1114 Yuba Street #218
Marysville, CA 95901

Dear Mr. Brunner:

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the audit and nonaudit services CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") will provide for the Three Rivers Levee Improvement Authority ("you," "your," or "the entity") for the year ended June 30, 2018.

Rich Gonzalez is responsible for the performance of the audit engagement.

Audit services
We will audit the financial statements of the governmental activities, and the major funds, which collectively comprise the basic financial statements of the Three Rivers Levee Improvement Authority, as of and for the year ended June 30, 2018, and the related notes to the financial statements.

The Governmental Accounting Standards Board (GASB) provides for certain required supplementary information (RSI) to accompany the entity’s basic financial statements. The following RSI will be subjected to certain limited procedures, but will not be audited.

1. Management’s Discussion and Analysis.
2. Budgetary comparison schedule.

Nonaudit services
We will also provide the following nonaudit services:

- Preparation of your financial statements and related notes.
- Preparation of the Special Districts Financial Transactions report.

Audit objectives
The objective of our audit is the expression of opinions about whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. We will apply certain limited procedures to the RSI in accordance with U.S. GAAS. However, we will not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.
We will issue a written report upon completion of our audit of your financial statements. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming opinions on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express opinions or issue a report, or withdrawing from the engagement.

We will also provide a report [which does not include an opinion] on internal control related to the financial statements and on compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements, as required by Government Auditing Standards. The report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the entity is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit conducted in accordance with U.S. GAAS and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

**Auditor responsibilities, procedures, and limitations**

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in Government Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error. An audit involves performing procedures to obtain sufficient appropriate audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

There is an unavoidable risk, because of the inherent limitations of an audit, together with the inherent limitations of internal control, that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS and Government Auditing Standards. Because we will not perform a detailed examination of all transactions, material misstatements, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity, may not be detected. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.
In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management and those charged with governance of any material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management and those charged with governance of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention.

In making our risk assessments, we consider internal control relevant to the entity’s preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting fraud or errors that are material to the financial statements and to preventing and detecting misstatements resulting from noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards. An audit is not designed to provide assurance on internal control or to identify deficiencies, significant deficiencies, or material weaknesses in internal control. However, we will communicate to you in writing significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we identify during the audit that are required to be communicated under AICPA professional standards and Government Auditing Standards.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the entity’s compliance with the provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

We will include in our report on internal control over financial reporting and compliance relevant information about any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that may have occurred that are required to be communicated under Government Auditing Standards.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Management responsibilities

Our audit will be conducted on the basis that you (management and, when appropriate, those charged with governance) acknowledge and understand that you have certain responsibilities that are fundamental to the conduct of an audit.

You are responsible for the preparation and fair presentation of the financial statements and RSI in accordance with U.S. GAAP. Management’s responsibilities include the selection and application of accounting principles; recording and reflecting all transactions in the financial statements; determining the reasonableness of significant accounting estimates included in the financial statements; adjusting the financial statements to
correct material misstatements; and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design, implementation, and maintenance of effective internal control, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. You are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud; assessing the risk that the financial statements may be materially misstated as a result of fraud; and for informing us about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for implementing systems designed to achieve compliance with applicable laws and regulations and the provisions of contracts and grant agreements; identifying and ensuring that the entity complies with applicable laws, regulations, contracts, and grant agreements; and informing us of all instances of identified or suspected noncompliance whose effects on the financial statements should be considered. You are responsible for taking timely and appropriate steps to remedy any fraud; noncompliance with provisions of laws, regulations, contracts, or grant agreements; or abuse that we may report.

You are responsible for ensuring that management is reliable and for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and for the accuracy and completeness of that information, and for ensuring the information is reliable and properly reported; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. You agree to inform us of events occurring or facts discovered subsequent to the date of the financial statements that may affect the financial statements.

Management is responsible for the preparation of the supplementary information in accordance with U.S. GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. You agree to provide us written representations related to the presentation of the supplementary information.

Management is responsible for providing us with a written confirmation concerning representations made by you and your staff to us in connection with the audit and the presentation of the basic financial statements and RSI. During our engagement, we will request information and explanations from you regarding, among other matters, the entity’s activities, internal control, future plans, specific transactions, and accounting systems and procedures. The procedures we will perform during our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the representations that we receive in the representation letter and otherwise from you. Accordingly, inaccurate, incomplete, or false representations could cause us to expend
unnecessary effort or could cause a material fraud or error to go undetected by our procedures. In view of the foregoing, you agree that we shall not be responsible for any misstatements in the entity’s financial statements that we may fail to detect as a result of misrepresentations made to us by you.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the “Audit objectives” section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. You are also responsible for providing management’s views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Responsibilities and limitations related to nonaudit services

For all nonaudit services we may provide to you, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services.

The responsibilities and limitations related to the nonaudit services performed as part of this engagement are as follows:

- We will prepare a draft of your financial statements and related notes. Since the preparation and fair presentation of the financial statements is your responsibility, you will be required to acknowledge in the representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for those financial statements. You have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements.

- We will prepare the Special Districts Financial Transactions Report. Our preparation of the Special District Financial Transactions Report is limited to compiling information from the trial balance provided by management into the format designated by the California State Controller's Office. You will be required to review, approve, and accept responsibility for the Special District Financial Transactions Report.

These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards.

Use of financial statements

The financial statements and our report thereon are for management’s use. If you intend to reproduce and publish the financial statements and our report thereon, they must be reproduced in their entirety. Inclusion of the audited financial statements in a document, such as an annual report or an offering document, should be done only with our prior approval of the document. You are responsible to provide us the opportunity to review such documents before issuance.
If the parties (i.e., you and CLA) agree that CLA will not be involved with your official statements related to municipal securities filings or other offering documents, we will require that any official statements or other offering documents issued by you with which we are not involved clearly indicate that CLA is not involved with the contents of such documents. Such disclosure should read as follows:

CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website or submitted on a regulator website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

Engagement administration and other matters
We understand that your employees will prepare all confirmations, account analyses, and audit schedules we request and will locate any documents or invoices selected by us for testing. A list of information we expect to need for our audit and the dates required will be provided in a separate communication.

We will provide copies of our reports to the entity; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

We are available to perform additional procedures with regard to fraud detection and prevention, at your request, as a separate engagement, subject to completion of our normal engagement acceptance procedures. The terms and fees of such an engagement would be documented in a separate engagement letter.

The audit documentation for this engagement is the sole and exclusive property of CLA and constitutes confidential and proprietary information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State Controller, or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of CLA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the State Controller. If we are aware that a federal
awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Our engagement and responsibility end on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

*Government Auditing Standards* require that we make our most recent external peer review report publicly available. The report is posted on our website at www.CLAconnect.com/AboutUs/.

**Mediation**

Any disagreement, controversy, or claim ("Dispute") that may arise out of any aspect of our services or relationship with you, including this engagement, shall be submitted to non-binding mediation by written notice ("Mediation Notice") to the other party. In mediation, we will work with you to resolve any differences voluntarily with the aid of an impartial mediator.

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the Dispute.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Any Dispute will be governed by the laws of the state of California, without giving effect to choice of law principles.

**Time limitation**

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any Dispute that may arise between the parties. The parties agree that, notwithstanding any statute or law of limitations that might otherwise apply to a Dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against us must be commenced within twenty-four (24) months ("Limitation Period") after the date when we deliver our final audit report under this agreement to you, regardless of whether we do other services for you relating to the audit report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a Dispute.
Fees
Our fees for these services will be $18,000. The fee is based on anticipated cooperation from your personnel and their assistance with preparing confirmations and requested schedules. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Unanticipated services
We do not anticipate encountering the need to perform additional services beyond those described in this letter. Below are listings of services considered to be outside the scope of our engagement. If any such service needs to be completed before the audit can proceed in an efficient manner, we will determine whether we can provide the service and maintain our independence. If appropriate, we will notify you and provide a fair and reasonable price for providing the service. We will bill you for the service at periodic dates after the additional service has been performed.

Changes in engagement timing and assistance by your personnel
The fee estimate is based on anticipated cooperation from your personnel and their assistance with timely preparation of confirmations and requested schedules. If the requested items are not available on the dates required or are not accurate, we will advise management. Additional time and costs may be necessary because of such unanticipated delays. Examples of situations that may cause our estimated fee to increase include:

- Significant delays in responding to our requests for information such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents)
- Rescheduling our fieldwork
- Schedule disruption caused by litigation, financial challenges (going concern), loan covenants (waivers), etc.
- Identifying a significant number of proposed audit adjustments
- Schedules prepared by your personnel that do not reconcile to the general ledger
- Numerous revisions to information and schedules provided by your personnel
- Restating financial statements for accounting errors in the prior year
- Lack of availability of entity personnel during audit fieldwork

Changes in accounting and audit standards
Standard setters and regulators continue to evaluate and modify standards. Such changes may result in new or revised financial reporting and disclosure requirements or expand the nature, timing, and scope of the activities we are required to perform. To the extent that the amount of time required to provide the services described in the letter increases due to such changes, our fee may need to be adjusted. We will discuss such circumstances with you prior to performing the additional work.
Other fees
You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Finance charges and collection expenses
You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

Agreement
We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. Please sign, date, and return a copy of this letter to us to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our audit of your financial statements including the terms of our engagement and the parties’ respective responsibilities.

Sincerely,

CliftonLarsonAllen LLP

Rich Gonzalez, CPA
Principal
916-784-7800
Rich.Gonzalez@CLAconnect.com
Response:
This letter correctly sets forth the understanding of the Three Rivers Levee Improvement Authority.

Authorized signature: 
Title: 
Date: 

Authorized signature: 
Title: 
Date: 
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
1114 Yuba Street, Suite 218
Marysville, CA 95901
Office (530) 749-7841 Fax (530) 749-6990

June 19, 2018

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul Brunner, Executive Director
SUBJECT: FY 2018/19 RD 784 Urban Levee Maintenance Budget

Recommendation: Review and accept the proposed RD 784/TRLIA proposed FY 18/19 budget for maintenance of levees improved by TRLIA.

Background: On June 2, 2009 the TRLIA Board adopted a resolution to form the TRLIA Benefit Assessment District to pay for long-term maintenance and operations for the TRLIA improvements on approximately 29 miles of improved levees.

On August 4, 2009 TRLIA and RD 784 signed a Memorandum of Agreement (MOA) that outlined the relationship of the organizations with regards to the use of TRLIA Assessment revenues (attached). RD 784 is to operate and maintain improved levees and TRLIA's formation of the Assessment District is to fund that operation and maintenance. In addition, the MOA sets forth the budget process that will take place annually. TRLIA and RD 784 will work cooperatively to prepare a budget that clarifies how the assessment district funds will be used. The TRLIA Board will then review and accept that budget. As TRLIA had informed the public throughout the assessment district formation process, the TRLIA Board will participate in the RD 784 levee maintenance budgeting process to ensure that assessment revenues are being used to achieve the operations and maintenance requirements of the many federal, State, and local agreements signed by TRLIA. In addition, TRLIA must review the budget in order to ensure that the assessment funds are used for the purposes approved by the benefited property owners.

Discussion: At this time the RD784 FY18/19 budget for the TRLIA improved urban levee O&M is anticipated to be $1,179,043.36, which is $239,043.36 more than the FY17/18 budget request of $940,000. This increase is due to RD784 re-evaluating levee maintenance costs against the current regulatory requirements. TRLIA staff has reviewed the proposed RD784 FY 2018/2019 budget request and concurs with the projected expenditures.

Fiscal Impact: TRLIA Assessment revenues are collected by the County Treasurer on property tax bills and by TRLIA through direct billed assessments. These revenues are deposited into TRLIA's Benefit Assessment District Fund No. 818, then transferred to RD 784 as outlined in the 2009 MOA.
June 19, 2019

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul Brunner, Executive Director
       Andrea Clark, General Counsel
       Chris Coulter, Assessment Engineer (SCI Consulting)

SUBJECT: UPDATING AND ORDERING LEVY OF ASSESSMENTS WITHIN THE LEVEE AND FLOOD CONTROL FACILITIES ASSESSMENT DISTRICT FOR FISCAL YEAR 2018-2019

Recommendation:

That the Board of Directors consider and adopt the resolution that is attached entitled:

RESOLUTION NO.2018- _____


Background: On June 2, 2009 the TRLIA Board adopted a resolution to form the Benefit Assessment District (District) to pay for long-term maintenance and operations on approximately 29 miles of improved levees.

On June 15, 2010 the Three Rivers Levee Improvement District Board of Directors found that to meet the budgeting requirements for operation and maintenance of the flood control facilities for fiscal year 2010-11 there was a need to adjust the assessment to match the full 2009 CPI change of 2.613%. However, in light of severe economic impacts within the District, the Board decided it would not be appropriate to make a CPI adjustment at this time. The 2.613% was reserved by the Board to use at its discretion to adjust the maximum CPI increase for the next fiscal year (2011-12) as explained in the Engineer's Report (p. 37) and Section 10 of Resolution No. 2009-08.

In 2011 (1.52%), 2012 (2.93%), 2013 (2.220%), 2014 (2.570%), 2015 (2.670%), 2016 (3.170%), and 2017 (3.53%) the TRLIA Board approved the CPI for that year, but made the same determination as outlined in the paragraph above, and reserved the 2009 CPI (2.613%) by the Board to use at its discretion to adjust the maximum CPI increase for the next fiscal year.
The projected revenues for FY 2017-18 were $1,060,624.51. It is anticipated that TRLIA will be near the projected amount.

**Discussion:** The 2017 CPI for the San Francisco Bay Area for December 2016 to December 2017 is 2.940%.

At the June 19, 2018 TRLIA Board meeting the TRLIA Board reviewed and accepted the RD784 FY2018-19 budget for maintenance of levees improved by TRLIA. The proposed RD784 FY 2018-19 budget that TRLIA accepted reflects a $1,179,043.36 need from TRLIA’s assessment district. This total is $239,043.36 more than the FY17/18 budget request of $940,000. This increase is due to RD784 re-evaluating levee maintenance costs against the current regulatory requirements. In addition to the RD784 request, revenues from the TRLIA Assessment cover TRLIA’s administrative costs; typically 3% (approximately $30,000).

Attached for the TRLIA Board to consider is a resolution that incorporates the 2017 CPI increase of 2.94%, which is projected to yield $1,073,402.13. This is less than the RD784 requested $1,179,043.36. To get closer to the projected RD784 FY18/19 budget request TRLIA staff considered using the deferred 2009 CPI, but has opted to not make this recommendation due to the current economic conditions of Yuba County. The $1,073,402.13 would provide RD784 $1,041,200.07 for Levee O&M, and $32,202.06 (3%) to TRLIA for Management of the Assessment District. The TRLIA Assessment shortfall to the RD784 is $37,843.29.

Below is a summary of Rates by Zone, if the proposed resolution is adopted. Attached is a map showing the zones.

<table>
<thead>
<tr>
<th>Zone</th>
<th>Current Rate ($)</th>
<th>Proposed Rate ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
<td>177.86</td>
<td>183.10</td>
</tr>
<tr>
<td>Central A</td>
<td>13.60</td>
<td>14.00</td>
</tr>
<tr>
<td>Central B</td>
<td>38.64</td>
<td>39.76</td>
</tr>
<tr>
<td>East</td>
<td>13.48</td>
<td>13.87</td>
</tr>
</tbody>
</table>

**Fiscal Impact**

A 2017 CPI increase of 2.94% for FY2018-19 seems to be viable and is needed to keep pace with increasing costs of levee O&M work. TRLIA staff notes that the severe economic impacts within the district in 2009 have improved, but not sufficiently to enact the deferred 2009 CPI increase.

2 Attachments:
1. Proposed Resolution with 2017 2.94% CPI increase
2. Assessment District Zone Graphic
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

RESOLUTION NO. 2018-__

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
UPDATING AND ORDERING LEVY OF ASSESSMENTS WITHIN THE LEVEE AND FLOOD CONTROL
FACILITIES ASSESSMENT DISTRICT FOR FISCAL YEAR 2018-2019

WHEREAS, the Three Rivers Levee Improvement Authority ("Three Rivers") has installed and otherwise made substantial improvements to the flood control facilities along portions of the Feather and Yuba Rivers within Yuba County;

WHEREAS, Three Rivers formed an assessment district — the Three Rivers Levee Improvement Authority Flood Control Facilities Assessment District (the "District") — in June 2009 to fund operation and maintenance of the improved facilities;

WHEREAS, the legal notices that were mailed to property owners in the District in March 2009 and the Three Rivers Levee and Flood Control Facilities Engineer’s Report dated May 28, 2009 state that the assessment is subject to an annual adjustment based on the US Department of Labor Consumer Price Index (CPI-U) for the San Francisco Bay Area with the maximum annual adjustment not to exceed 4%;

WHEREAS, the Three Rivers Board of Directors found on June 17, 2014 that to meet the budgeting requirements for operation and maintenance of the flood control facilities for fiscal year 2017-18 there was a need to adjust the assessment to match the full 2016 CPI change of 3.53% plus the unused CPI of 2.613% that was deferred from 2009. However, in light of severe economic impacts within the District, the Board decided it would not be appropriate to make that full CPI adjustment at that time. Thus, the Board decided to impose an increase of only the current 2016 CPI of 3.53% and reserved the right to later make that 2.613% adjustment as explained in the Engineer’s Report (p. 37) and Section 10 of Resolution No. 2009-08;

WHEREAS, the US Department of Labor Consumer Price Index (CPI-U) for the San Francisco Bay Area December to December change for 2017 was 2.94%;

WHEREAS, the Three Rivers Board of Directors is now to consider whether to meet the budgeting requirements for operation and maintenance of the flood control facilities for fiscal year 2018-19 there is a need to adjust the assessment consistent with the CPI-U. The Board again notes severe economic impacts which the Board desires to consider;

WHEREAS, Reclamation District No. 784 has submitted, and the Three Rivers Board of Directors has reviewed, a proposed annual budget for operation and maintenance of the improved levees for fiscal year 2018-19,

NOW, THEREFORE, BE IT RESOLVED THAT:

1: The above recitals are true and correct.
2. The Three Rivers Board of Directors finds that to meet the budgeting requirements for operation and maintenance of the flood control facilities for fiscal year 2018-19 there is a need to adjust the assessment to match the full 2017 CPI change of 2.94%. The Board acknowledges the severe economic impacts within the District but believes that the increased funds are necessary to secure flood protection and is therefore imposing a 2.94% increase. The Board will continue to reserve the unused 2.613% increase from 2009 and the Board in its discretion may use it to adjust the maximum CPI increase for future fiscal years as explained in the Engineer's Report (p. 37) and Section 10 of Resolution No. 2009-08.

3. Therefore, the assessments for fiscal year 2018-19 shall be levied at the rate of one hundred eighty three dollars and ten cents ($183.10) per single-family equivalent benefit unit for the South Zone, fourteen dollars and zero cents ($14.00) for the Central A Zone, thirty nine dollars and seventy six cents ($39.76) for the Central B Zone, and thirteen dollars and eighty seven cents ($13.87) for the East Zone.

4. Three Rivers staff is directed to file or cause to be filed a certified copy of this Resolution with the Auditor/Controller of Yuba County (the "County Auditor/Controller"). Upon such filing, the County Auditor/Controller shall enter on the County tax roll opposite each lot or parcel of land in the District the amount of assessment thereupon, as shown in the Engineer's Report and described in Section 3 of this Resolution. The benefit assessment shall be collected at the same time and in the same manner as County ad valorem taxes are collected and all laws providing for the collection and enforcement of County ad valorem taxes shall apply to the collection and enforcement of the assessments. After collection by the County Tax Collector, the net amount of the assessments, after deduction of any compensation due the County for collection, shall be paid to Three Rivers for the purposes of the District.

PASS AND ADOPTED at a regular meeting of the Board of Directors of the Three Rivers Levee Improvement Authority duly held on the 19th day of June, 2018.

AYES:
NOES:
ABSENT;
ABSTAIN:

__________________________________________ CHAIR

APPROVED AS TO FORM: ATTEST:

Counsel Andrea P. Clark Rachel Ferris, Secretary