

**PANOCHÉ WATER DISTRICT MEETING MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
AND
ENERGY SERVICE CONTRACT PUBLIC HEARING
March 08, 2022, at 9:30 A.M.**

A regular meeting of the Board of Directors was held in accordance with District Resolution 800-22 proclaiming a local emergency due to the COVID-19 pandemic and authorizing the District's legislative body to hold meetings by web and teleconference, and to make meetings accessible to the public electronically, pursuant to Assembly Bill 361. Those present at the meeting were:

Directors Present: John Bennett, President
 Aaron Barcellos, Vice-President
 Mike Stearns, Secretary
 Steve Fausone, Director
 Beau Correia, Director

Directors Absent: None

District Staff Present: Ara Azhderian, General Manager
 Juan Cadena, Water Resources Manager
 Lorena Chagoya, Ethics & Compliance Officer

Others Present: Philip Williams, General Counsel
 Palmer McCoy, Grassland Basin Authority

ANNOUNCEMENT PURSUANT TO GOVERNMENT CODE SECTION 54952.3

Pursuant to the Brown Act, President Bennett announced that Directors do not receive compensation or a stipend for simultaneous or serial order meetings of Panoche Water District, Panoche Drainage District, Panoche Financing Authority, and/or the Panoche Resource Conservation District.

CALL TO ORDER

President Bennett called the regular meeting to order at 10:10 a.m.

REVIEW OF AGENDA

There were no changes to the Agenda.

ROLL CALL

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

POTENTIAL CONFLICTS OF INTEREST

No conflicts were reported.

PUBLIC COMMENT

There was no public comment.

DIVISION REPORTS

- A. Water Resources Manager, Juan Cadena reported on water deliveries and maintenance activities. He said February's deliveries totaled 1,700 acre-feet and that last week, daily average deliveries were running approximately 10 cubic-feet per second. He said the maintenance crew had repaired 3 air vents on the Main Canal Station 7W pipeline extension, replaced trash racks at the Contour Canal Station 6E, pulled the recirculation pumps for preventative maintenance, cleaned the T-Canal and Westside drains, sprayed weeds along the San Luis Drain, and were installing stairs at the Grassland Bypass Inlet.
- B. General Manager Azhderian reported the financial accounting staff were beginning work on the fiscal-year end close out and that the water accounting staff were reviewing annual forms submittals to ensure growers wanting to reschedule 2021 water or apply for 2022 water were fully accounted for.
- C. Ethics & Compliance Officer, Lorena Chagoya reported on risk management activities for the month of February. There had been no liabilities or worker's compensation claims nor any reports to the SpeakUp Hotline, she said, however, there was one COVID-19 case, which was not workplace related, and nine internal reports had been resolved. She also said that an internal audit of the SpeakUp Hotline had determined issues with wait time and reporting and that the District was working with the service provider to resolve the issues. On employee trainings, she summarized the trainings completed during the past month, including the updated COVID-19 Prevention Program (CPP), and the job specific safety trainings scheduled for March, including pesticide hazards communications and Lock Out, Tag Out. Lastly, Chagoya reminded Board members that FPPC Form 700's are due April 1st and requested those needing to update their State mandated sexual harassment and AB1234 Ethics trainings to provide their certificates to the District as soon as possible.

PUBLIC HEARING: THE BOARD WILL HOLD A PUBLIC HEARING ON WHETHER TO ENTER INTO AN ENERGY SERVICE CONTRACT WITH FOREFRONT POWER, LLC.

At approximately 10:30 a.m., President Bennett called the public hearing to order. General Manager Azhderian provided an overview of the revisions to the feasibility analysis performed in response to Directors' questions during the previous presentation, including the solar offset and system sizing alternatives. The sizing alternatives, he explained, analyzed three systems ranging from 1.7 to 2.1 megawatts, resulting in solar offsets ranging from 61 to 97 percent across the District's previous five years energy consumption and 20-year financial savings ranging from \$7.948 to \$9.136 million. Azhderian noted the 97% offset occurred during the 2021 irrigation season, which was the District's lowest energy consumption year in the five-year analysis by about 25%. Azhderian reintroduced Brian Taylor with ForeFront Power and Jeremiah Seng with the School Project for Utility Rate Reduction (SPURR) joint powers authority. Taylor and Seng responded to specific questions from the Directors about appropriate sizing and offset levels, system reporting, potential downsides of oversizing, managing upside costs, and the early purchase option. Palmer McCoy, with the Grassland Basin Authority, requested the District consult with the GBA prior to settling on the Solar Site 2 location. After consideration, the Board directed staff to work with the GBA on the Site 2 location and with ForeFront to finalize the feasibility analysis based on the 1.9 megawatt system to target a 90% solar offset. With public comment exhausted, President Bennett adjourned the public hearing at approximately 11:45 a.m.

THE BOARD TO REVIEW AND CONSIDER A RESOLUTION AUTHORIZING EXECUTION OF AN ENERGY SERVICE CONTRACT WITH FOREFRONT POWER, LLC., AND MAKING CERTAIN FINDINGS OF EXEMPTION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

General Manager Azhderian presented the Board the draft Resolution. He explained adoption of the Resolution would allow for execution of the Energy Services Agreements with ForeFront Power so as to transition from the feasibility analysis to construction design and permitting in support of submitting the inter-connection applications to Pacific Gas & Electric under the current Public Utility Commission’s Net Energy Metering 2 rules. Azhderian noted another important advantage of entering into a power purchase agreement is that the District would receive significant “year-1” savings while not tying up capital that could then be otherwise committed to water supply and/or infrastructure modernization projects. General Counsel Williams reviewed the California Environmental Quality Act findings and key sections of the Agreements. After consideration, on a motion by Director Correia, seconded by Director Fausone, the Board unanimously agreed with the CEQA findings and authorized execution of the Energy Services Agreement, subject to the General Manager’s final negotiations.

The vote on the matter was as follows:

Ayes:	Bennett, Barcellos, Stearns, Fausone, Correia
Nays:	None
Abstain:	None
Absent:	None

PANOCHÉ WATER & DRAINAGE DISTRICTS’ JOINT CLOSED SESSION

General Counsel Williams announced that the Panoche Water and Drainage Districts Boards would meet jointly in closed session for a conference with legal counsel on anticipated litigation pursuant to Government Code Section 54956.9, Subdivision (d), Paragraphs (1), (2), or (3).

At approximately 12:10 p.m., President Bennett called the joint closed session to order.

At approximately 2:28 p.m., President Bennett adjourned the joint closed session.

JOINT CLOSED SESSION REPORT

General Counsel Williams reported the Boards met jointly with legal counsel in closed session and took no reportable action.

PANOCHÉ WATER DISTRICT ONLY CLOSED SESSION

General Counsel Williams reported there was no need for a Water District only closed session.

THE BOARD TO REVIEW AND CONSIDER A RESOLUTION ADOPTING AN AMENDED AND RESTATED PANOCHÉ WATER DISTRICT RETIREMENT PLAN AND TRUST

General Manager Azhderian presented the Board the draft Resolution. He explained the reason for this amendment and restatement was to comply with the Internal Revenue Service regulations that require periodic review to address clerical and conforming changes that may have occurred since the last review of the Plan and that the substance of the Plan, a 3% contribution and 4% match, were unchanged. After consideration, on a motion by Director Stearns, seconded by Director Fausone, the Board unanimously accepted the recommendation.

The vote on the matter was as follows:

Ayes:	Bennett, Barcellos, Stearns, Fausone, Correia
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Nays: None
Abstain: None
Absent: None

THE BOARD TO REVIEW AND CONSIDER A RESOLUTION DETERMINING THAT DURING THE GOVERNOR'S PROCLAIMED STATE OF EMERGENCY DUE TO THE COVID-19 PANDEMIC, MEETING IN PERSON WOULD PRESENT IMMINENT RISK TO THE HEALTH OR SAFETY OF ATTENDEES

General Manager Azhderian explained this Resolution was identical to previous versions adopted over the past few months pursuant to Assembly Bill 361, except that it further extended the timeframe in which the Board and public may meet virtually to April 7, 2022. After consideration, on a motion by Director Barcellos, seconded by Director Correia, the Board unanimously adopted the Resolution as presented.

The vote on the matter was as follows:

Ayes: Bennett, Barcellos, Stearns, Fausone, Correia
Nays: None
Abstain: None
Absent: None

THE BOARD TO REVIEW AND CONSIDER APPROVING A HARDSHIP REQUEST FROM TURLOCK FRUIT TO TRANSFER 200 ACRE-FEET TO WESTLANDS WATER DISTRICT

General Manager Azhderian presented the Board with the request and explained that Turlock Fruit was working to implement supplemental water acquisitions and would, again, likely be a net importer of water into the District during the 2022 irrigation season but timing differences between when these supplemental sources would be available and their immediate needs in Westlands Water District was driving the request. Azhderian noted Turlock Fruit has sufficient water on their account to cover the transfer and that the District's Operations & Maintenance Rate would be collected thereby mitigating redirected financial impacts to other District growers. After consideration, on a motion by Director Correia, seconded by Director Stearns, the Board unanimously approved the transfer request.

The vote on the matter was as follows:

Ayes: Bennett, Barcellos, Stearns, Fausone, Correia
Nays: None
Abstain: None
Absent: None

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING EXECUTION OF A SERVICES AGREEMENT WITH PANOCHÉ DRAINAGE DISTRICT

General Manager Azhderian explained that the Services Agreement now being presented to the Water District Board was identical to the one presented, discussed, and authorized by the Drainage District Board earlier in the day. After consideration, on a motion by Director Barcellos, seconded by Director Stearns, the Board unanimously authorized execution of the Services Agreement as presented.

The vote on the matter was as follows:

Ayes: Bennett, Barcellos, Stearns, Fausone, Correia
Nays: None
Abstain: None
Absent: None

THE BOARD TO REVIEW AND CONSIDER ACCEPTING THE GENERAL MANAGER’S ANNUAL REVIEW OF THE DISTRICT’S INVESTMENT POLICY

General Manager Azhderian explained that the Policy requires annual review by the Board and that, in the current absence of the Controller, he had reviewed the Policy with the District’s staff and financial consultants and that no changes were being recommended at this time. After consideration, on a motion by Director Correia, seconded by Director Barcellos, the Board unanimously accepted the General Manager’s recommendation.

The vote on the matter was as follows:

Ayes: Bennett, Barcellos, Stearns, Fausone, Correia
Nays: None
Abstain: None
Absent: None

THE BOARD TO REVIEW AND CONSIDER APPROVING PAYMENT OF BILLS

General Manager Azhderian presented the Board with the District’s accounts payable. After consideration, on a motion by Director Barcellos, seconded by Director Correia, the Board unanimously approved payment of the bills.

The vote on the matter was as follows:


Ayes: Bennett, Barcellos, Stearns, Fausone, Correia
Nays: None
Abstain: None
Absent: None

FUTURE MEETING DATES

A special meeting of the Board was scheduled for March 29, 2022 at 9:30 a.m. The next regular meeting of the Board was scheduled for March 8, 2022, at 9:30 a.m.

ADJOURNMENT

With no further business on the agenda, President Bennett adjourned the meeting at 2:50 p.m.



John Bennett, President



Mike Stearns, Secretary