

**PANOCHÉ WATER DISTRICT MEETING MINUTES  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
August 10, 2021, at 9:00 A.M.**

A regular meeting of the Board of Directors was held 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:        John Bennett, President  
                                 Sue Redfern-West, Vice-President  
                                 Mike Stearns, Secretary  
                                 Michael Linneman, Director  
                                 Ross Koda, Director
- Directors Absent:        None
- District Staff Present:    Ara Azhderian, General Manager  
                                 Juan Cadena, Water Resources Manager  
                                 John Paul Otollo, Treasurer & Controller  
                                 Lorena Chagoya, Ethics & Compliance Officer
- Others Present:         Philip Williams, General Counsel  
                                 Diane Rathmann, Of Counsel  
                                 Robert Porr, Municipal Financing Advisor  
                                 Lora Carpenter, Municipal Financing Advisor  
                                 Jonathan Guz, Bond Counsel  
                                 Aaron Barcellos, A-Bar Ag Enterprises  
                                 Will Gleason, West Hills Farms

**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 9:02 a.m.

**REVIEW OF AGENDA**

General Manager Azhderian reported Nellore Farms had submitted an emergency request to transfer water after the Agenda had been posted. He requested the Board take action to add the request as Agenda Item 12. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board unanimously approved the request.

The vote on the matter was as follows:

- Ayes:                    Bennett, Redfern-West, Stearns, Linneman  
Nays:                    None  
Abstain:                None

Absent: Koda

#### **ROLL CALL**

Director Koda joined the meeting at Agenda Item 9. During his absence, a quorum of the Board and the District's Officers were present.

#### **POTENTIAL CONFLICTS OF INTEREST**

There were no conflicts reported.

#### **PUBLIC COMMENT**

There was no public comment.

#### **DIVISION REPORTS**

- A. Water Resources Manager Juan Cadena reported on various water delivery and maintenance activities. He said deliveries for July had averaged about 100 cfs and that flows were dropping in August as more fields come into harvest. He said crews were performing maintenance on the San Luis Canal turnout 96.15 in advance of Reclamation's planned inspection of the facility in November and that routine excavation and grading had been performed on the 1144 drain and San Luis Drain, respectively. Lastly, Cadena stated staff had collected water quality samples from three well sites to test for boron, nitrates, and total dissolved solids, as well as performing depth-to-groundwater tests, as part of continuing implementation of the Sustainable Groundwater Management Act.
- B. Controller JP Otollo reported the water department was responding to requests for supplemental water following the District's issuance of a letter to growers regarding price and availability. He noted the billing for the supplemental water will be sent along with the routine July usage billing. He said the Water District FYE2021 audit was ongoing and proceeding well. Lastly, Otollo said accounting staff were reassessing the Drainage District's cash flow needs through the end of the fiscal-year to help inform preparation of the 2<sup>nd</sup> Drainage Service Fee installment.
- C. Ethics & Compliance Officer Lorena Chagoya reported on various risk management activities. Of note, she said there had been no worker's compensation or liability insurance claims, nor COVID-19 cases, during the month, but there were two property claims. She said the Association of California Water Agency's Joint Powers Insurance Agency visited the District to review the previous and current insurance claims and losses and introduced a job hazard analysis form to help mitigate risks, which staff was working to implement. She indicated four internal reports had been opened during the month, two of which had been closed. Regarding staffing, she explained the District's certified welder had returned to work following a medical leave of absence and that one of the chemical applicators had resigned and there were no plans currently to back-fill the position. She also reported the District had received a poor response to advertising for a part-time janitor to facilitate compliance with the District's COVID-19 policies more cost effectively than contract services and that staff was reassessing. Lastly, Chagoya updated the Board on staff trainings, such as the COVID-19 Prevention Program updates and the Injury, Illness & Prevention Program and reminded the Directors that Declaration of Candidacy forms for Water and Drainage Districts elections are due before August 13<sup>th</sup>.

**CONSENT CALENDAR**

General Manager Azhderian presented the Board with the Consent Calendar items, which included the draft minutes from the January 12, 2021, regular meeting of the Board, draft minutes from the June 08, 2021, regular meeting of the Board, draft minutes from the June 22, 2021, special meeting of the Board, and draft minutes from the July 16, 2021, special meeting of the Board; the monthly financial statements for the period ending July 31, 2021; and the Director’s Monthly Credit Card Usage Report. After consideration, on a motion by Director Stearns, seconded by Director Redfern-West, the Board unanimously accepted the Consent Calendar as presented.

The vote on the matter was as follows:

Ayes: Bennett, Redfern-West, Stearns, Linneman  
Nays: None  
Abstain: None  
Absent: Koda

**THE BOARD TO REVIEW AND CONSIDER APPOINTING A DIRECTOR TO FILL A TERM ON THE BOARD FOLLOWING THE RETIREMENT OF DIRECTOR SUZANNE REDFERN-WEST, EFFECTIVE AUGUST 11, 2021**

General Manager Azhderian explained that following Vice-President Suzanne Redfern-West’s announcement of her retirement in July, staff had posted and mailed to all of the District’s landowners a Notice of Appointment explaining that the Board may take action at the August 10<sup>th</sup> meeting to appoint a new Director. He reported that only Mr. Steven Fausone responded to the Notice and that he was eligible to serve as a designated agent of Redfern Ranches. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board elected to appoint Mr. Fausone as Director to fill the term of Ms. Redfern-West.

The vote on the matter was as follows:

Ayes: Bennett, Stearns, Linneman  
Nays: None  
Abstain: Redfern-West  
Absent: Koda

*Director Koda joined the meeting.*

**THE BOARD TO REVIEW AND CONSIDER AUTHORIZING EXECUTION OF A LOAN AGREEMENT WITH DELGADO FARMING, INC., TO RESTRUCTURE EXISTING AGRICULTURAL DRAINAGE LOAN PROGRAM CONTRACT PAYMENTS**

General Manager Azhderian explained that in 2014 and 2016, the District issued two Agricultural Drainage Loan Program Contracts to Delgado Farming and the accounts have fallen in arrears. He said he had met with Delgado Farming to determine a mutually acceptable resolution of the outstanding debt and that Delgado Farming was proposing a 7-year repayment schedule to clear the outstanding balance. Azhderian presented the Board a draft Promissory Note and Settlement Agreement, which he reviewed with the Board. The Board discussed the proposal and decided that a 5-year term at a current interest rate was more appropriate. After consideration, on a motion by Director Stearns, seconded by Director Koda, the Board unanimously authorized execution of a 5-year loan agreement with Delgado Farming.

The vote on the matter was as follows:

Ayes: Bennett, Redfern-West, Stearns, Linneman, Koda  
Nays: None

Abstain: None  
Absent: None

**THE BOARD TO REVIEW AND CONSIDER ADOPTING A SURPLUS EQUIPMENT POLICY**

General Manager Azhderian reported that while the District did have a vehicle disposal policy, it did not apply to other surplus assets of the District's such as office equipment or machinery. He said the District had surplus and obsolete property that staff would like to begin thinning out. Azhderian explained the draft policy was patterned on Westland's and that it included multiple levels of review before, during, and after the disposal process to ensure transparency and compliance. After review, the Board asked to include language to provide for reporting to the Board before disposal of property then, with that change, on a motion by Director Stearns, seconded by Director Linneman, the Board unanimously adopted the Policy.

The vote on the matter was as follows:

Ayes: Bennett, Redfern-West, Stearns, Linneman, Koda  
Nays: None  
Abstain: None  
Absent: None

**THE BOARD TO REVIEW AND CONSIDER EXECUTING A COMMITMENT TO EXCELLENCE WITH THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY**

General Manager Azhderian explained the Commitment to Excellence program was aimed at reducing the District's insurance costs by implementing best practices and preventative measures to reduce losses. After consideration, on a motion by Director Redfern-West, seconded by Director Linneman, the Board authorized execution of the program certificate.

The vote on the matter was as follows:

Ayes: Bennett, Redfern-West, Stearns, Linneman, Koda  
Nays: None  
Abstain: None  
Absent: None

**THE BOARD TO REVIEW AND CONSIDER APPROVING A REQUEST FROM NELLORE FARMS TO TRANSFER 50 ACRE-FEET TO SAN LUIS WATER DISTRICT**

General Manager Azhderian reported staff had received an emergency request from Nellore Farms to transfer 50 acre-feet to San Luis Water District. He said they had 153 acre-feet on their account and intended to make up the for the transfer with well water, so Azhderian also recommended the District's Operations and Maintenance cost be billed to avoid any redirected financial impact. After consideration, on a motion by Director Stearns, seconded by Director Redfern-West, the Board unanimously approved the transfer request and recommendation.

The vote on the matter was as follows:

Ayes: Bennett, Redfern-West, Stearns, Linneman, Koda  
Nays: None  
Abstain: None  
Absent: None

**THE BOARD TO REVIEW AND CONSIDER ACCEPTING THE TREASURER'S QUARTERLY INVESTMENT REPORT FOR THE PERIOD ENDING JUNE 30, 2021**

Treasurer Otollo presented the Board with the Quarterly Investment Report. He stated the majority of District funds were invested in the State of California Local Agency Investment Fund with the balance deposited in Federal Deposit Insurance Corporation insured accounts at Mechanics Bank. Otollo reported the District's financial portfolio was in compliance with the District's Statement of Investment Policy and that he expected the District to be able to meet its expenditure requirements for the next six months based on projected revenue from water sales and reimbursements from other agencies. After consideration, on a motion by Director Linneman, seconded by Director Stearns, the Board accepted the Treasurer's Report as presented.

The vote on the matter was as follows:

Ayes:	Bennett, Redfern-West, Stearns, Linneman, Koda
Nays:	None
Abstain:	None
Absent:	None

**THE BOARD TO REVIEW AND CONSIDER APPROVING PAYMENT OF BILLS**

Controller Otollo presented the Board with the District's accounts payable. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board unanimously approved payment of the bills.

The vote on the matter was as follows:

Ayes:	Bennett, Redfern-West, Stearns, Linneman, Koda
Nays:	None
Abstain:	None
Absent:	None

**CONTROLLER'S REPORT**

Controller Otollo reviewed the District's Budget-to-Actual report with the Board.

**REPORTS UNDER DISTRICT POLICIES**

General Manager Azhderian reported on staff participation in other Brown Act meetings including the San Luis & Delta-Mendota Water Authority, Central Delta-Mendota Subbasin Groundwater Sustainability Agency, and the Grassland Basin Authority.

**GENERAL MANAGER'S REPORT**

General Manager Azhderian reviewed the District's Water Accounting Report for July, the CVP Operations Update and water supply forecasts prepared by Westlands Water District, and the District's water quality monitoring reports.

*At approximately 10:08 a.m., President Bennett suspended the Water District meeting and continued the Drainage District-only meeting.*

**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 (2), or (3).

*At approximately 11:09 a.m., President Bennett called the joint closed session to order.*

*At approximately 11:52 a.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.

**CLOSED SESSION**

General Counsel Williams announced that the Panoche Water District's Board would meet in closed session for a conference with legal counsel to discuss those items listed on the Agenda pursuant to Government Code Section 54956.9, Subdivision (d), Paragraphs (1), (2) or (3).

*At approximately 11:53 a.m., President Bennett called the closed session to order.*

*At approximately 12:15 p.m., President Bennett adjourned the closed session.*

**CLOSED SESSION REPORT**

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

**FUTURE MEETING DATES**

The next regular meeting of the Board was scheduled for September 14, 2021, at 9:00 a.m.

**ADJOURNMENT**

With no further business on the agenda, President Bennett adjourned the meeting at 12:16 p.m.



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John Bennett, President



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Mike Stearns, Secretary