

# **AGENDA**

## **PANOCHÉ WATER DISTRICT ADJOURNED SPECIAL BOARD OF DIRECTORS MEETING**

**November 22, 2022 – 9:30 a.m.**

**JOIN THE OPEN SESSION MEETING FROM YOUR COMPUTER, TABLET OR SMARTPHONE  
THROUGH THE FOLLOWING MEANS:**

<https://meet.goto.com/845823485>

**AND PLEASE DIAL**

**Conference call in number: (866) 705-2554      Passcode: 148 890**

**PRESIDENT’S ANNOUNCEMENT:** Pursuant to Government Code Section 54952.3, let it be known that Board Members receive no compensation or stipend for simultaneous or serial order meetings of the Panoche Water District, Panoche Drainage District, Panoche Financing Authority, and/or the Panoche Resource Conservation District.

- 1. CALL TO ORDER**
- 2. REVIEW OF AGENDA:** The Board will consider corrections to the Agenda.
- 3. ROLL CALL:** A quorum will be confirmed and the Board will consider appointment of an acting Officer(s) in the event the President, Vice-President, and/or Secretary is absent from the meeting.
- 4. POTENTIAL CONFLICTS OF INTEREST:** Any Board member who has a potential conflict of interest may now identify the Agenda Item and recuse themselves from discussing and voting on the matter. [Government Code Section 87105]
- 5. PUBLIC COMMENT:** The Board of Directors welcomes participation in Board meetings. The public may address matters under the jurisdiction of the Board that have not been posted in the Agenda. The public will be given the opportunity to address the Board on any item in the Agenda at this time or before the Board’s consideration of that item. If members of the public desire to address the Board relative to a particular Agenda item at the time it is to be considered, they should so notify the President of the Board at this time. Please note, California Law prohibits the Board from taking action on any matter during a regular meeting that is not on the posted Agenda unless the Board determines that it is an emergency or one of the other situations specified in Government Code Section 54954.2. During a special meeting, the Board may not take action on any matter that is not on the posted Agenda. The President may limit the total amount of time allocated for public comment on particular issues to 3 minutes for each individual speaker.

### **ACTION ITEMS**

6. The Board to review and consider adopting a Resolution certifying the results of the 2022 General Election for Directors to serve on the District's Board (Azhderian/Williams/Chagoya – Tab 2);
7. The Board to review and consider authorizing execution of a Letter of Support for Reclamation's application for funding from the Bipartisan Infrastructure Law Aging Infrastructure Account for extraordinary maintenance of Central Valley Project reserved works (Azhderian – Tab 3);
8. The Board to review and consider accepting as FINAL the DRAFT 2021 Bond Continuing Disclosure Annual Report for the fiscal-year ending February 28, 2022, subject to any further Board direction (Azhderian/Carpenter – Tab 4);
9. The Board to review and consider adopting a Resolution determining that during the proclaimed state of emergency due to the COVID-19 pandemic, meeting in person would present imminent risk to the health or safety of attendees (Azhderian – Tab 5);

### **REPORT ITEMS**

10. **FINANCIAL REPORTS** (Tab 6)
  - A. FYE 2024 Budget Formulation;
  - B. Other financial matters affecting the District.
11. **FUTURE MEETING DATES**
  - A. The Board to Set Special Meeting Date(s): *None requested – Happy Thanksgiving everyone.*
  - B. Next Regular Meeting Date: December 13, 2022
12. **ADJOURNMENT**
  - ❖ Items on the Agenda may be taken in any order.
  - ❖ Action may be taken on any item listed on the Agenda.
  - ❖ Writings relating to open session: Agenda items that are distributed to members of the Board of Directors will be available for inspection at the District office, excluding writings that are not public records or are exempt from disclosure under the California Public Records Acts.

Americans with Disabilities Act of 1990: Under this Act, a qualifying person may request that the District provide a disability-related modification or accommodation in order to participate in any public meeting of the District. Such assistance includes alternative formats for the agendas and agenda packets used for any public meetings of the District. Requests for assistance shall be made in person, in written form, or via telephone by calling (209) 364-6136. Requests must be received at least 18 hours prior to a scheduled public meeting.

Investment Information Disclaimer: This agenda has been prepared as required by the applicable laws of the State of California, including but not limited to, Government Code Section 54950 et seq., and has not been prepared with a view to informing an investment decision in any of the District's bonds, notes, or other obligations. Any projections, plans, or other forward-looking statements included in the information in this agenda are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of the District's bonds, notes or other obligations and investors and potential investors should rely only on information filed by the District on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the World Wide Web at <https://emma.msrb.org/>.

## PANOCHÉ WATER DISTRICT RESOLUTION NO. 825-22

### A RESOLUTION OF THE BOARD OF DIRECTORS CERTIFYING THE 2022 DISTRICT GENERAL ELECTION AND AUTHORIZING REQUIRED ACTIONS

WHEREAS, in accordance with Resolution Number 808-22, the Panoche Water District (“District”) held its General Election on November 8, 2022 (the “General Election”); and

WHEREAS, the Election Official has conducted the canvass of the votes of the General Election and has finalized the tally of those votes timely cast; and

WHEREAS, the District Secretary has reviewed the Election Official’s final report and therefore brings this Resolution forward for the Board’s consideration and adoption.

**NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:**

1. The Board of Directors of the Panoche Water District hereby finds and determines the above Recitals are true and correct and are incorporated herein by this reference.
2. The final results of the District’s General Election are:
  - 38,635,860 votes cast for Mr. Steve Fausone; and
  - 29,735,782 votes cast for Mr. E. Neill Callis; and
  - 21,223,335 votes cast for Mr. Michael Linneman.
3. There being two seats up for election, Messrs. Fausone and Callis therefore received the most votes and shall assume the office of Director of Panoche Water District as of noon on Friday, December 2, 2022 (Election Code § 10554).
4. The Secretary of the District and District staff are authorized and directed to take any and all actions necessary in order to fulfill the purposes of this Resolution pursuant to and in compliance with California Water District law, California Elections law, and the District’s Bylaws.

PASSED AND ADOPTED this 22<sup>nd</sup> day of November 2022, in a duly noticed and open meeting of the Board of Directors by the following vote, to wit:

Ayes:

Nays:

Abstain:

Absent:

BACK

\_\_\_\_\_  
John Bennett, President

Attest: \_\_\_\_\_  
Steve Fausone, Secretary

DRAFT

**CERTIFICATE OF SECRETARY  
OF  
PANOCHÉ WATER DISTRICT,  
A California Water District**

I, Steve Fausone, do hereby certify that I am the duly authorized and appointed Secretary of the Panoche Water District, a California Water District (the “District”); that the foregoing is a true and correct copy of that certain resolution duly and unanimously adopted and approved by the Board of Directors of the District on the 22<sup>nd</sup> day of November 2022; and that said resolution has not been modified or rescinded and remains in full force and effect as the date hereof:

**IN WITNESS WHEREOF**, I have executed this Certificate on this \_\_\_\_\_ day of November 2022.

\_\_\_\_\_  
Steve Fausone, Secretary



# PANOCHE WATER DISTRICT

52027 WEST ALTHEA AVE, FIREBAUGH, CA 93622  
TELEPHONE (209) 364-6136 • FAX (209) 364-6122



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## BOARD MEETING MEMORANDUM

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**TO:** BOARD OF DIRECTORS

**FROM:** ARA AZHDERIAN, GENERAL MANAGER

**SUBJECT:** AGENDA ITEM 7  
RECLAMATION'S REQUEST FOR XM FUNDING

**DATE:** NOVEMBER 18, 2022

**CC:** JUAN CADENA, WATER RESOURCES MANAGER

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**Recommendation:** Authorize execution of a Letter of Support for Reclamation's request for Bipartisan Infrastructure Law Aging Infrastructure Account (AIA) to support extraordinary maintenance (XM) of the Central Valley Project's reserved works (Reserved Works).

**DISCUSSION:** On October 31, Reclamation issued a letter to CVP contractors requesting support for their request for funding to support XM work at various Reserved Works throughout the CVP, including at Shasta, Folsom, and Gianelli. Financial support for Reclamation's XM projects routinely comes from annual appropriations. These annual appropriations tend to be fractional amounts of what a project may need to be completed and can result in prolonged periods of time to implement the required maintenance. The AIA gives Reclamation a rare opportunity to apply for a significant sum of cash.

The annual cost to perform XM work is allocated to CVP contractors water rates on an "as go" basis for recovery. Contractors agreeing to express support for Reclamation's application for AIA funding benefit in two ways: first, the degree to which Reclamation can demonstrate support will affect the degree to which Reclamation is successful in securing the supplemental funding. In other words, if Reclamation receives support from 50% of its CVP contractors, then it may receive up-to 50% of its funding request. Second, contractors that express support will be eligible for extended repayment of the AIA funded portion of an XM project cost. So, rather than Reclamation recovering the XM cost through the water rates on an "as go" basis, the cost will be spread over the anticipated life of the project. Reclamation has provided an estimated repayment period and irrigation rate impact in Table 1 attached to their letter. Use of AIA funding will not trigger RRA acreage limitations and reporting requirements. Provision of a support letter is not binding upon the District. If Reclamation receives the requested funding, a separate repayment contract negotiation will have to occur, which, if approved by the Board, would then bind the District.

BACK







**United States Department of the Interior**  
**BUREAU OF RECLAMATION**  
 2800 Cottage Way  
 Sacramento, CA 95825-1898



IN REPLY REFER TO

**OCT 31 2022**

CGB-100  
 2.2.4.22

**Subject: FY 2023 Central Valley Project (CVP) Reserved Works Application for Funding from the Aging Infrastructure Account**

**Dear Interested Parties:**

California-Great Basin Region (CGB) of the Bureau of Reclamation (Reclamation) will process FY 2023 applications to fund extraordinary maintenance (XM) of CVP reserved works from the Aging Infrastructure Account (AIA) and to extend the associated repayment. To do so, the region needs a letter affirming each CVP contractor or power customer, that is responsible for reimbursing costs incurred by Reclamation to Operate and Maintain (O&M) reserved works, is willing to apply for extended repayment of funds from the AIA and the letter must be received by CGB no later than November 30, 2022.

The 2021 Bipartisan Infrastructure Law authorized \$3.2 billion for XM of Reclamation facilities. These funds are available to both reserved and transferred works facilities and will be administered through the AIA, a Reclamation-wide revolving fund created to sustain investment in XM. Reclamation's FY 2023 Spend Plan authorizes \$649 million from the account through a competitive funding process with the application period open from October 3, 2022, until December 1, 2022.

For a reserved works XM application to be eligible for funds from the AIA, it must be supported by the CVP water and power customers - those responsible for the repayment of the reimbursable amount of the XM. The projects included in the FY 2023 CVP reserved works XM applications are included on the attached tables which show project costs, reimbursability determinations, cost allocation, and rate impacts for CVP water contractors and power customers. The project costs, reimbursability determinations, cost allocation, and rate impacts shown on the attached tables are considered estimates and subject to change. Each individual project will be evaluated independently, and there is no guarantee of any, or all, being awarded funds from the AIA. Projects that are selected will follow established reimbursability and terms for extended repayment in accordance with project authorization and cost allocation practices. For more detail on award criteria, see the FY 2022 Report to Congress.

This funding opportunity would allow the region to fund a greater amount of XM than is possible though annual appropriations. The estimated reserved works XM need for CGB is over \$1 billion and annual appropriations are approximately \$30 million. The CGB region is not the only

## FY23 CVP Reserved Works Application for Funding from the AIA

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region with limited ability to fund XM and the account was created as a Reclamation-wide solution. As a revolving fund, the account will reinvest the costs and interest recovered into future XM need. This funding opportunity is separate from the XM rate developed by CGB earlier this year.

Enclosed is a template letter of support, that you may revise as you see fit. The letter of support can be submitted electronically to Duane Stroup, [dstroup@usbr.gov](mailto:dstroup@usbr.gov), or mailed to the address provided in the enclosure. Please respond by November 30, 2022.

If you have any questions in the meantime, please contact Duane Stroup at (559) 246-8487 or Robert Ward at (916) 978-5359.

Sincerely,



Ernest A. Conant  
Regional Director

Enclosures - 3

**Table 1. Projects included in the FY 2023 CVP Reserved Works XM Aging Infrastructure Application and Impact to Water Rates**

Project	Work to be Funded	2023 AIA Request	Total Federal Cost	Commerical Power	IRR	M&I	Non-Reimbursable	Estimated Repayment Period	Estimated FY of Completion if Funded in 2023	IRR Rate Impact	M&I Rate Impact
CVP, Trinity River Division - Power Facility Extraordinary Maintenance - GSU Transformer Replacements	Construction	\$ 32,000,000	\$ 32,000,000	\$ 25,081,166	\$ 5,676,927	\$ 1,117,369	\$ 124,538	45	2027	0.14	0.13
CVP, Delta Division - Gianelli Pumping/Generating Plant Rehabilitation	Construction in progress including rewinds, turbine refurbishment, and butterfly refurbishment	\$ 30,000,000	\$ 30,000,000	\$ 966,641	\$ 23,863,528	\$ 4,696,974	\$ 472,857	35	2027	0.67	0.64
CVP, Shasta Division - Rehab Shasta Dam 750 Foot Outlet Works	Planning, Environmental, Design, Construction	\$ 8,000,000	\$ 8,000,000	\$ 687,455	\$ 2,577,749	\$ 504,936	\$ 4,229,860	50	2026	0.06	0.06
CVP, American River Division - Folsom Pumping Plant Rehabilitation	Design, Purchase and Equipment Installation	\$ 17,800,000	\$ 17,800,000	\$ 573,540	\$ 14,159,027	\$ 2,786,871	\$ 280,562	35	2027	0.40	0.38
<b>Total</b>		<b>\$ 87,800,000</b>	<b>\$ 87,800,000</b>	<b>\$ 27,308,802</b>	<b>\$ 46,277,231</b>	<b>\$ 9,106,150</b>	<b>\$ 5,107,817</b>			<b>\$ 1.27</b>	<b>\$ 1.21</b>

**Notes**

1. Each project is evaluated independently for AIA funding and award may not be equal to request.
2. The repayment period for each project will begin the year after the project is substantially complete.
3. Most recent 7-year average will be used to calculate BIL XM rate for IR and M&I.

**Table 2. Projects included in the FY 2023 CVP Reserved Works XM Aging Infrastructure Application and Impact to Power**

Project	Work to be Funded	2023 AIA Request	Total Federal Cost	Commerical Power	IRR	M&I	Non-Reimbursable	Estimated Repayment Period	Estimated Annual Power Payment	Estimated FY of Completion if Funded in 2023
CVP, Trinity River Division - Power Facility Extraordinary Maintenance - GSU Transformer Replacements	Construction	\$ 32,000,000	\$ 32,000,000	\$25,081,166	\$ 5,676,927	\$ 1,117,369	\$ 124,538	45	\$ 1,022,940	2027
CVP, Delta Division - Gianelli Pumping/Generating Plant Rehabilitation	Construction in progress including rewinds, turbine refurbishment, and butterfly refurbishment	\$ 30,000,000	\$ 30,000,000	\$ 966,641	\$23,863,528	\$ 4,696,974	\$ 472,857	35	\$ 44,987	2027
CVP, Shasta Division - Rehab Shasta Dam 750 Foot Outlet Works	Planning, Environmental, Design, Construction	\$ 8,000,000	\$ 8,000,000	\$ 687,455	\$ 2,577,749	\$ 504,936	\$ 4,229,860	50	\$ 26,718	2026
CVP, American River Division - Folsom Pumping Plant Rehabilitation	Design, Purchase and Equipment Installation	\$ 17,800,000	\$ 17,800,000	\$ 573,540	\$14,159,027	\$ 2,786,871	\$ 280,562	35	\$ 26,692	2027
<b>Total</b>		<b>\$ 87,800,000</b>	<b>\$ 87,800,000</b>	<b>\$27,308,802</b>	<b>\$46,277,231</b>	<b>\$ 9,106,150</b>	<b>\$ 5,107,817</b>		<b>\$ 1,121,337</b>	

**Notes**

1. Each project is evaluated independently for AIA funding and award may not be equal to request.
2. The repayment period for each project will begin the year after the project is substantially complete.
3. Annual Payment Estimate includes 3% interest.

Date

Duane Stroup  
Bipartisan Infrastructure Law Coordinator  
CGB-103  
United States Bureau of Reclamation  
2800 Cottage Way  
Sacramento, CA 95825-1898

Subject: Letter of Application for FY 2023 CVP Reserved Works Funding from the Aging  
Infrastructure Account

CGB Region,

The **District/Association/ Entity Name** (**Abbreviated Name**) supports the CGB Region's proposed use of FY 2023 Aging Infrastructure Account funds for the CVP reserved works extraordinary maintenance projects detailed in your letter, and requests that this letter constitute the district's application for use of said funds.

We request extended repayment for the proposed XM work funded through the Account. If the work is selected for funding from the Aging Infrastructure Account and Reclamation advances funds, **Abbreviated Name** understands there is an obligation to repay our share of the reimbursable costs. We acknowledge that the XM is on reserved works and Reclamation will use the funds to perform the XM work and that no Federal funds will be advanced directly to us.

District Signature

Date



# **CONTINUING DISCLOSURE ANNUAL REPORT**

**FISCAL YEAR ENDED FEBRUARY 28, 2022**

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**PANOCHE FINANCING AUTHORITY  
REVENUE BONDS  
(PANOCHE WATER DISTRICT),  
SERIEIES 2021A**

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**PANOCHE FINANCING AUTHORITY  
REVENUE BONDS  
(PANOCHE WATER DISTRICT),  
SERIEIES 2021B (TAXABLE)**

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**PANOCHE WATER DISTRICT  
52027 W ALTHEA AVE  
FIREBAUGH, CA 93622**

**PANOCHÉ FINANCING AUTHORITY  
REVENUE BONDS (PANOCHÉ WATER DISTRICT),  
SERIES 2021A**

***MATURITY DATE***

***(September 1)***

***CUSIP\****

2043

698507 AA8

2051

698507 AB6

**PANOCHÉ FINANCING AUTHORITY  
REVENUE BONDS (PANOCHÉ WATER DISTRICT),  
SERIES 2021B (TAXABLE)**

***MATURITY DATE***

***(September 1)***

***CUSIP\****

2022

698507 AD2

2023

698507 AE0

2024

698507 AF7

2025

698507 AG5

2026

698507 AH3

2027

698507 AJ9

2028

698507 AK6

2029

698507 AL4

2030

698507 AM2

2031

698507 AN0

2035

698507 AP5

2040

698507 AQ3

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## INTRODUCTION

THIS CONTINUING DISCLOSURE ANNUAL REPORT, dated November 21, 2022 (the “Annual Report”) has been prepared to satisfy the obligations of the Panoche Water District (the “District”).

### Definitions

Unless otherwise required, the following are the defined terms for this Annual Report.

**Bonds.** Bonds means the Panoche Financing Authority Revenue Bonds (Panoche Water District), Series 2021A and Series 2021B (Taxable) executed and delivered on August 5, 2021.

**Disclosure Certificate.** Disclosure Certificate means that certain Continuing Disclosure Certificate, dated August 5, 2021, executed by the District in connection with the execution and delivery of the Bonds.

**EMMA.** EMMA means the Electronic Municipal Market Access, a service of the Municipal Securities Rulemaking Board.

**Fiscal Year.** Fiscal Year means the period beginning on March 1 of each year and ending on the last day of February of each subsequent year, or any other twelve-month period selected and designated by the Board of Directors as the official Fiscal Year of the District.

**Official Statement.** Official Statement means that certain Official Statement, dated July 28, 2021, with regards to the Bonds.

**Rule.** Rule means Rule 15c2-12 of the Securities Exchange Act of 1934, as amended.

### Delivery of the Annual Report

The District has agreed under the Disclosure Certificate to provide certain annual financial information and operating data and notices of significant events. These covenants have been made in order to assist the underwriter of the Bonds in complying with the Rule. As provided in Section 3 of the Disclosure Certificate, this Annual Report is being prepared for publication with EMMA for the benefit of the owners of the Bonds and the underwriter. Capitalized terms used in the Disclosure Certificate, which are not otherwise defined herein, shall have the respective meaning specified in the Official Statement.

The following is information as required under Section 4 of the Disclosure Certificate.

## AUDITED FINANCIAL STATEMENTS

The audited financial statements of the District for the Fiscal Year ending February 28, 2022 are attached hereto as Appendix A.

## PRINCIPAL AMOUNT OUTSTANDING

The following provides the outstanding principal amounts on the Bonds.

### 2021A Bonds

As of the date of this Annual Report, the outstanding principal amount on the 2021A Bonds was \$8,610,000.

### 2021B Bonds

As of the date of this Annual Report, the outstanding principal amount on the 2021B Bonds was \$7,880,000.

## FINANCIAL INFORMATION AND OPERATING DATA

### Water Deliveries

The following table summarizes water deliveries for the District for the last fiscal year.

#### PANOCHÉ WATER DISTRICT WATER DELIVERIES (acre feet)<sup>(1)</sup> Fiscal Year Ended February 28

<i><b>Fiscal Year</b></i>	<i><b>District Service Delta-Mendota Canal</b></i>	<i><b>Direct Service San Luis Canal</b></i>	<i><b>Direct Connection to District<sup>(2)</sup></b></i>	<i><b>Total</b></i>
2022	1,041	15,391	5,860	22,292

<sup>(1)</sup> During FY 2022, the District acquired 36,735 AF of water and took delivery of 22,929 AF. The remaining 14,443 AF of water inventory was rescheduled for delivery in FY 2023.

<sup>(2)</sup> Includes direct connections from Central California Irrigation District and Firebaugh Canal Water District.  
Source: Panoche Water District.

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### Water Sources

The following table summarizes the District's source of water supply and the amount of water received by the District from such sources for the last fiscal year.

**PANOCHÉ WATER DISTRICT  
WATER SOURCES (acre feet)  
Fiscal Year Ended February 28**

<i><b>Fiscal Year</b></i>	<i><b>CVP Contract Water<sup>(1)</sup></b></i>	<i><b>Supplemental Water<sup>(2)</sup></b></i>	<i><b>Total Water Sources<sup>(3)</sup></b></i>
2022	6,550	26,408	32,958

(1) May include water rescheduled from previous Fiscal Years.

(2) Includes supplemental surface water acquired by the District and acquired by water users independent of the District, and rescheduled water from the previous Fiscal Year. May not match total from the Supplemental Water Supplies Acquired because supplemental water acquired may not be used in the same Fiscal Year that such supplemental water is acquired.

(3) Total Water Sources includes metered deliveries to growers but does not include water transferred to other districts.

Source: Panoche Water District

### Supplemental Water Supplies Acquired

The following table summarizes supplemental surface water and groundwater supplies pumped by or acquired by the District, or acquired directly by District water users in the last fiscal year.

**PANOCHÉ WATER DISTRICT  
SUPPLEMENTAL WATER SUPPLIES ACQUIRED (acre feet)  
Fiscal Year Ended February 28**

<i><b>Fiscal Year</b></i>	<i><b>Supplemental Water Acquired by District<sup>(1)</sup></b></i>	<i><b>Supplemental Water Acquired by Water Users<sup>(2)</sup></b></i>	<i><b>Groundwater Supplies Pumped by Water Users<sup>(3)</sup></b></i>	<i><b>Total<sup>(4)</sup></b></i>
2022	11,996	8,462	5,950	26,408

(1) Supplemental water acquired by the District includes both surface and groundwater supplies, including groundwater developed by the District and the Drainage District as well.

(2) Supplemental water acquired by water users are quantities transferred into the District by and for specific accounts.

(3) Groundwater supplies pumped by water users for individual accounts but that use the District's facilities for conveyance. Water users pumping from wells for on-farm use is not accounted for by the District and is in addition to the quantities listed above.

(4) Total may not match the supplemental water column from the "Water Sources" table under the caption "Water Sources" because supplemental water acquired may not be used in the same Fiscal Year that such supplemental water is acquired.

Source: Panoche Water District

**Operating Results and Debt Service Coverage**

**PANOCHE WATER DISTRICT  
OPERATING RESULTS AND DEBT SERVICE COVERAGE  
Fiscal Year Ended February 28, 2022**

<b>Contractual Obligation Assessments<sup>(1)</sup></b>	787,276
<b>Series 2021 Installment Payments</b>	625,144
<b>Portion of Series 2021 Installment Payments Not Paid from Contractual Obligation Assessments</b>	-
<b>Contractual Obligation Assessments Remaining After Payment of Series 2021 Installment Payments</b>	162,132
<b>Series 2021 Installment Payment Coverage from Contractual Obligation Assessments</b>	1.26
<b>Revenues</b>	
Irrigation water sales	\$ 12,708,759
Expense reimbursements from other governments <sup>(2)</sup>	735,946
District operations and maintenance	4,648,481
Interest revenue <sup>(3)</sup>	54,400
Other revenues <sup>(4)</sup>	296,334
Grant Revenue <sup>(5)</sup>	631,567
Less Transfer to 2021 Stabilization Fund	-
Plus Transfer from 2021 Stabilization Fund	-
<b>Total Revenues</b>	<u>\$ 19,075,487</u>
<b>Operation and Maintenance Costs<sup>(6)</sup></b>	
Water cost <sup>(7)</sup>	\$ 11,386,419
Transmission and distribution	2,590,254
Administrative and general	3,323,794
General plant	1,005,571
<b>Total Operating and Maintenance Costs</b>	<u>\$ 18,306,038</u>
<b>Net Revenues</b>	\$ 769,449
<b>Net Revenues Available for Payment of Parity Obligations</b>	\$ 769,449
<b>Debt Service With Respect to Parity Obligations</b>	
Portion of 2021 Installment Payments Not Paid from Contractual Obligation Assessments	-
<b>Total Debt Service With Respect to Parity Obligations</b>	<u>-</u>
<b>Debt Service Coverage with Respect to Parity Obligations</b>	-
<b>Net Revenue Available for Other District Purposes</b>	<u><u>\$ 769,449</u></u>

*Footnotes located on the following page*

- 
- (1) Reflects proceeds from the Contractual Obligation Assessment levied at \$38.09 per acre. The District expects to levy the Contractual Obligation Assessment at \$38.09 per acre until the Contractual Obligation Assessment is enrolled in the Teeter Plans of Merced and Fresno Counties. Following the enrollment of the Contractual Obligation Assessment in the Teeter Plans of Merced and Fresno Counties, the District expects to levy the Contractual Obligation Assessment in an amount equal to at least 110% of the amount necessary to make the Series 2021 Installment Payments.
- (2) Primarily reimbursement from the Panoche Drainage District for the costs of the Panoche Water District to administer, operate, and maintain the Panoche Drainage District.
- (3) Excludes unrealized gains and losses on investments.
- (4) Includes other operating revenues, municipal and industrial water sales, capital improvement fees and sale of capital assets.
- (5) Reflects COVID-19 Relief Fund Grant received from the State of CA.
- (6) Excludes noncash operating expenses such as depreciation.
- (7) Does not include inventory adjustments. Includes amounts payable to the San Luis & Delta-Mendota Water Authority ("Water Authority") under the DHCCP Activity Agreement in connection with the Water Authority Series 2021B Bonds.

Source: Panoche Water District

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## CERTAIN DISCLAIMERS

The information contained in this Annual Report expresses only the views of the applicable party. An explanation of the significance of any such information may be obtained from the applicable party; provided, however, that no information provided by any party is incorporated in this Annual Report. The District undertakes no responsibility to revise or withdraw any of such information contained in this Annual Report.

To the extent the District provides information in this Annual Report, the District is not obligated to present or update information in future Annual Reports. Investors are advised to refer to the applicable Official Statement for the Debt Obligations for information concerning the initial issuance of and security for the Debt Obligations.

By providing the information in this Annual Report, the District does not imply or represent (a) that all information provided in this Annual Report is material to investors' decisions regarding investment in the Debt Obligations, (b) the completeness or accuracy of any financial, operational or other information not included herein or in the Official Statements, (c) that no changes, circumstances or events have occurred since the date of this Annual Report (other than as contained herein), or (d) that no other information exists which may have a bearing on the District's financial condition, the security for the Debt Obligations or an investor's decision to buy, sell or hold the Debt Obligations.

The information set forth in this Annual Report or incorporated in this Annual Report has been furnished by the District and is believed to be accurate and reliable but is not guaranteed as to accuracy or completeness. Statements contained in or incorporated by this Annual Report which involves estimates, forecasts or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained in this Annual Report or incorporated in this Annual Report are subject to change without notice and the delivery of this Annual Report will not, under any circumstances, create any implication that there has been no change in the affairs of the District. The District is relying upon and has not independently confirmed or verified the accuracy or completeness of information provided by others or other information incorporated by reference therein.

No statement contained in this Annual Report should be construed as a prediction or representation about future financial performance of the District. Historical results presented herein may not be indicative of future operating results.

## **CONCLUSION**

The information set forth in this Annual Report has been obtained from sources believed by the District to be reliable.

PANOCHE WATER DISTRICT

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Ara Azhderian, General Manager

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**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS  
FISCAL YEAR ENDED FEBRUARY 28, 2022**

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## **PANOCHÉ WATER DISTRICT RESOLUTION NO. 826-22**

### **A RESOLUTION OF THE BOARD OF DIRECTORS PROCLAIMING A LOCAL EMERGENCY, RATIFYING GOVERNOR NEWSOM'S MARCH 4, 2020, PROCLAMATION OF A STATE OF EMERGENCY, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODIES OF PANOCHÉ WATER DISTRICT THROUGH DECEMBER 22, 2022 PURSUANT TO BROWN ACT PROVISIONS**

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WHEREAS, the Panoche Water District is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of Panoche Water District's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the District's legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District's boundaries, caused by natural, technological, or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist in the District, specifically, on March 4<sup>th</sup>, 2020, Governor Newsom proclaimed a State of Emergency due to the COVID-19 pandemic and such proclamation has not as of the date of this Resolution been lifted; and

WHEREAS, due to what may be the sensitivity of some members of the public as well as to members of the Board and District staff, the contagious nature of COVID-19, including variants of the virus, and current guidance from federal, state, and local agencies that social distancing reduces the transmission of the virus, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, the Board of Directors does hereby find that the current status of the COVID-19 pandemic has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and desires to proclaim a local emergency and ratify the Proclamation of a State of Emergency by the Governor of the State of California; and

WHEREAS, as a consequence of the local emergency, the Board of Directors does hereby find that the legislative bodies of Panoche Water District shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

WHEREAS, District notices and agendas shall provide a reasonable means for members of the public to meaningful participate in public meetings of the District.

**NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:**

1. The Board of Directors of the Panoche Water District hereby finds and determines the above Recitals are true and correct and are incorporated herein by this reference.
2. The Board hereby proclaims that a local emergency now exists throughout the District, and meeting in person would present a significant risk to the health and safety of those participating in person.
3. The Board hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance on March 4, 2020.
4. The General Manager, or his designee, and legislative bodies of the District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.
5. This Resolution shall take effect on November 22, 2022, and shall be effective until the earlier of (i) December 22, 2022, or (ii) such time as the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the legislative bodies of the District may continue to teleconference without strictly complying with certain provisions of the Brown Act due to the ongoing COVID-19 pandemic and resulting State of Emergency.

**BACK**

PASSED AND ADOPTED this 22<sup>nd</sup> day of November 2022, in a duly noticed and open meeting of the Board of Directors by the following vote, to wit:

Ayes:  
Nays:  
Abstain:  
Absent:

\_\_\_\_\_  
John Bennett, President

Attest: \_\_\_\_\_  
Steve Fausone, Secretary

**CERTIFICATE OF SECRETARY  
OF  
PANOCHÉ WATER DISTRICT,  
A California Water District**

I, Steve Fausone, do hereby certify that I am the duly authorized and appointed Secretary of the Panoche Water District, a California Water District (the “District”); that the foregoing is a true and correct copy of that certain resolution duly and unanimously adopted and approved by the Board of Directors of the District on the 22<sup>nd</sup> day of November 2022; and that said resolution has not been modified or rescinded and remains in full force and effect as the date hereof:

**IN WITNESS WHEREOF**, I have executed this Certificate on this \_\_\_\_\_ day of November 2022.

\_\_\_\_\_  
Steve Fausone, Secretary

PANOCHE WATER DISTRICT					
FYE 2023 BUDGET (March 1, 2022 - February 28, 2023) - Adopted Feb 22, 2022					
March thru October 67%		Budget	Actual	REMAINING BALANCE	
Operating Revenues					
1	Supplemental Water	\$ 10,362,366	\$ 9,151,846	\$ 1,210,520	88%
2	Operations & Maintenance	\$ 5,861,058	\$ 4,041,654	\$ 1,819,404	69%
3	Fresno/Merced Counties - 2021 CVP Bond	\$ 1,509,263	\$ 651,946	\$ 857,317	43%
4	Labor Reimbursements	\$ 583,740	\$ 145,692	\$ 438,048	25%
5	Other Revenues	\$ 250,000	\$ 121,252	\$ 128,748	49%
6	Reimbursed Expenses	\$ 200,000	\$ 243,728	\$ (43,728)	122%
7	Domestic Water Treatment Plant	\$ 140,000	\$ 89,440	\$ 50,560	64%
8	Sustainable Groundwater Management <sup>1</sup>	\$ 46,497	\$ 46,726	\$ (229)	100%
9	CVP AG Water Contract	\$ -	\$ 299,315	\$ (299,315)	0%
Total Revenue		\$ 18,952,924	\$ 14,791,599	\$ 4,161,325	78%

Operating Expenses		Budget	Actual	REMAINING BALANCE	
Water					
10	Supplemental Water	\$ 10,362,366	\$ 8,185,417	\$ 2,176,949	79%
11	Planning & Engineering	\$ 150,000	\$ 149,638	\$ 362	100%
12	CVP Water Contract	\$ -	\$ 61,778	\$ (61,778)	
		\$ 10,512,366	\$ 8,396,833	\$ 2,115,534	80%
Administration					
13	2021 CVP Bond	\$ 928,866	\$ 647,783	\$ 281,083	70%
14	Legal	\$ 600,000	\$ 141,972	\$ 458,028	24%
15	2021 CVP Bond Assessment Refund	\$ 580,397	\$ -	\$ 580,397	0%
16	Salaries and Wages	\$ 569,425	\$ 400,705	\$ 168,720	70%
17	Employees' Benefits	\$ 202,961	\$ 155,811	\$ 47,150	77%
18	SLDMWA Activity Agreements	\$ 186,146	\$ 178,220	\$ 7,926	96%
19	SLDMWA DHCCP Bond Payment	\$ 148,592	\$ 22,438	\$ 126,154	15%
20	Directors' Benefits	\$ 138,352	\$ 60,601	\$ 77,751	44%
21	Insurance	\$ 127,750	\$ 60,700	\$ 67,050	48%
22	SWRCB Water Rights Fee	\$ 125,000	\$ -	\$ 125,000	0%
23	Other Supplies & Services	\$ 105,000	\$ 74,696	\$ 30,304	71%
24	Payroll Burden	\$ 68,642	\$ 57,292	\$ 11,350	83%
25	Professional Services	\$ 60,000	\$ 73,275	\$ (13,275)	122%
26	Annual Audits	\$ 50,000	\$ 31,121	\$ 18,879	62%
27	Central Delta-Mendota Region SGMA <sup>1</sup>	\$ 46,497	\$ 14,893	\$ 31,604	32%
28	Communications	\$ 45,000	\$ 26,543	\$ 18,457	59%
29	Conferences and Trainings	\$ 45,000	\$ 23,190	\$ 21,810	52%
30	Utilities	\$ 30,000	\$ 30,164	\$ (164)	101%
		\$ 4,057,629	\$ 1,999,405	\$ 2,058,224	49%

March thru October 67%		Budget	Actual	REMAINING BALANCE	
Operations & Maintenance					
31	Energy	\$ 1,440,000	\$ 1,036,325	\$ 403,675	72%
32	Salaries and Wages	\$ 1,258,610	\$ 576,624	\$ 681,986	46%
33	Employees' Benefits	\$ 431,839	\$ 224,216	\$ 207,623	52%
34	Pumps & Structures Repairs	\$ 250,000	\$ 184,008	\$ 65,992	74%
35	Payroll Burden	\$ 197,481	\$ 82,445	\$ 115,036	42%
36	Reimbursable Expenses	\$ 200,000	\$ 118,916	\$ 81,084	59%
37	Chemical Application	\$ 170,000	\$ 99,067	\$ 70,933	58%
38	Domestic Water Treatment Plant	\$ 140,000	\$ 93,717	\$ 46,283	67%
39	Fuel & Oil	\$ 90,000	\$ 153,590	\$ (63,590)	171%
40	Capital Cost - Depreciation	\$ 75,000	\$ -	\$ 75,000	0%
41	Equipment Repairs	\$ 50,000	\$ 44,766	\$ 5,234	90%
42	Vehicle Repairs & Maintenance	\$ 45,000	\$ 20,282	\$ 24,718	45%
43	Buildings Repairs & Maintenance	\$ 20,000	\$ 28,837	\$ (8,837)	144%
44	Laboratory - Water Testing	\$ 15,000	\$ 12,474	\$ 2,526	83%
		\$ 4,382,929	\$ 2,675,267	\$ 1,707,662	61%
Total Expenses		\$ 18,952,924	\$ 13,071,505	\$ 5,881,420	69%

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