

**PANOCHÉ WATER DISTRICT MEETING MINUTES
SPECIAL MEETING OF THE BOARD OF DIRECTORS
November 22, 2022, at 9:30 A.M.**

A regular meeting of the Board of Directors was held in accordance with District Resolution 824-22 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
 Steve Fausone, Secretary
 Beau Correia, Director
 Wayne Western, Director

Directors Absent: None

District Staff Present: Ara Azhderian, General Manager

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 9:30 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.

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

General Manager Azhderian presented the Board the draft Resolution. He explained that following the November 16th canvass of the ballots, staff worked with landowners to cure a number of ballots, with the main issue being landowners forgetting to include their Authorization to Vote form.

Azhderian said the curing opportunity closed at 5:00 p.m. on November 18th and the results reflected in the Resolution represent the final count following that closure, which had Messrs. Fausone and Callis receiving the first and second most votes cast, respectively. He noted that following certification by the Board, Messrs. Fausone and Callis would assume office at noon on December 2, 2022. After consideration, on a motion by Director Barcellos, seconded by Director Correia, the Board adopted the Resolution as presented.

The vote on the matter was as follows:

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| Ayes: | Bennett, Barcellos, Fausone, Correia, Western |
| Nays: | None |
| Abstain: | None |
| Absent: | None |

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

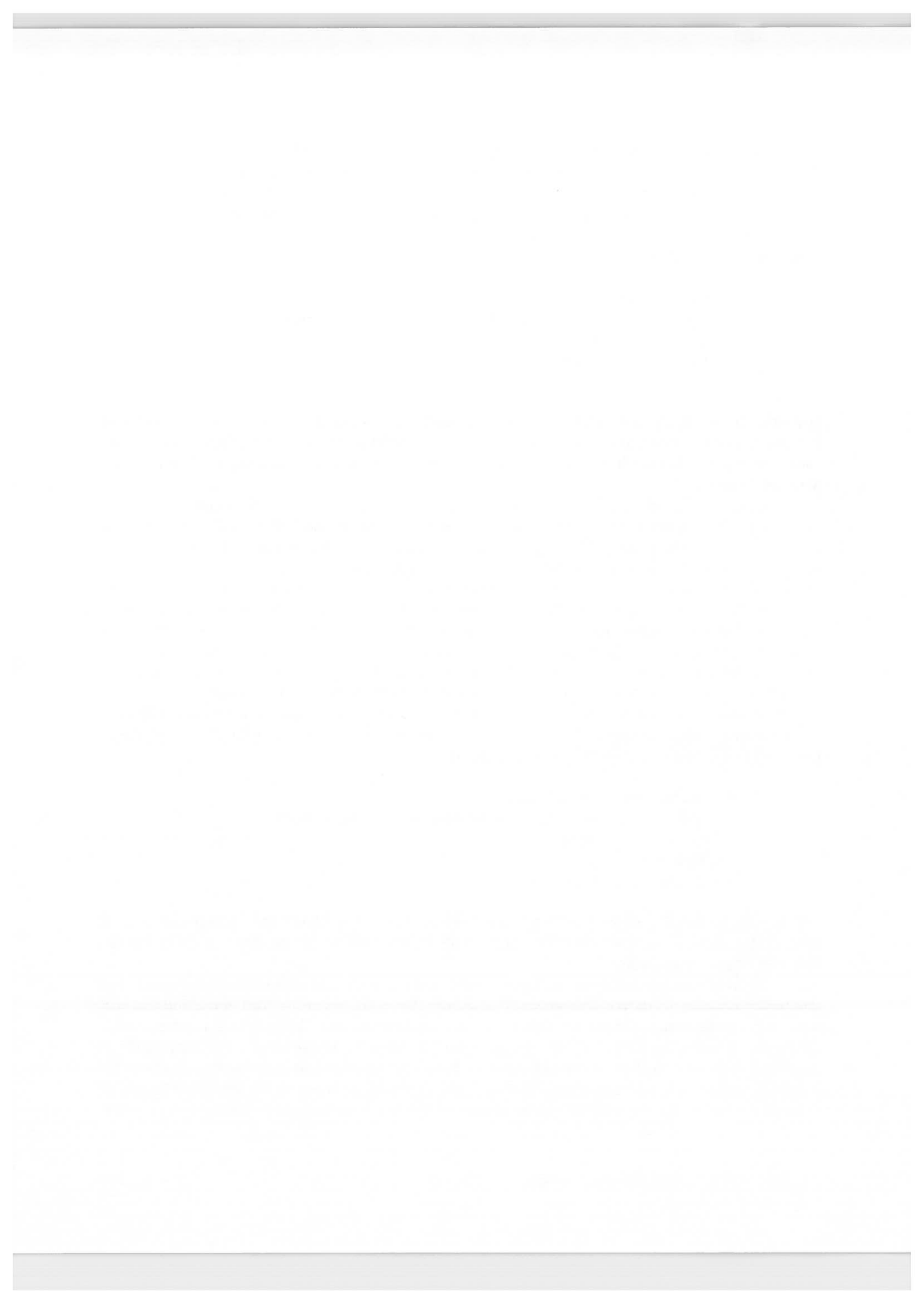
General Manager Azhderian reported the District, like many others, had received a letter from Reclamation requesting support for certain extraordinary maintenance projects Reclamation was proposing to undertake with funding from the Bipartisan Infrastructure Law Aging Infrastructure Account. He said that Reclamation performs extraordinary maintenance projects on a continuing basis at a somewhat steady rate of funding through routine appropriations and then recovers those costs on a year-after basis through water rates charged to the applicable Central Valley Project contractors. What was unusual about the letter request, Azhderian explained, is that offered contractors an opportunity to accelerate completion of extraordinary maintenance projects, potentially reducing costs, and extended repayment periods, potentially reducing CVP rates. He noted that a letter of support was not a final commitment and that, if successful in their request for funding, Reclamation would then need to negotiate repayment contracts with the affected CVP contractors, execution of which would require Board approval. After consideration, on a motion by Director Fausone, seconded by Director Western, the Board authorized execution of a Letter of Support.

The vote on the matter was as follows:

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| Ayes: | Bennett, Barcellos, Fausone, Correia, Western |
| Nays: | None |
| Abstain: | None |
| Absent: | None |

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

General Manager Azhderian presented the Board the draft Continuing Disclosure Report. He said the report is an annual requirement stemming from the covenants of the 2021 Bonds and that the report is prepared by staff and the District's bond compliance consultants, Fieldman Rolapp & Associates. Azhderian explained the covenants were made, in part, to assist the underwriter of the 2021 Bonds in complying with Rule 15c2-12 of the Securities Exchange Act of 1934 and that the Report would be published with the Electronic Municipal Market Access (EMMA), a service of the Municipal Securities Rulemaking Board, for the benefit of the owners of the 2021 Bonds and the underwriter. After



consideration, on a motion by Director Barcellos, seconded by Director Correia, the Board accepted as final the Continuing Disclosure Report.

The vote on the matter was as follows:

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| Ayes: | Bennett, Barcellos, Fausone, Correia, Western |
| Nays: | None |
| Abstain: | None |
| Absent: | None |

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

General Manager Azhderian explained the proposed Resolution was identical to ones previously adopted by the Board except that it extended the proclaimed state of emergency and ability for the Board and public to meet virtually until December 22, 2022. After consideration, on a motion by Director Barcellos, seconded by Director Western, the Board unanimously adopted the Resolution as presented.

The vote on the matter was as follows:

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| Ayes: | Bennett, Barcellos, Fausone, Correia, Western |
| Nays: | None |
| Abstain: | None |
| Absent: | None |

FYE 2024 BUDGET FORMULATION

General Manager Azhderian presented the Board hypothetical examples of how the District might allocate and recover its operating costs between water and land-based fees. He said the Board had periodically considered shifting some of its cost to land-based fees to be able to recover a portion of them from growers that were not using the District’s facilities but still benefited from the ongoing activities being paid for by the portion of growers that were taking water deliveries. Azhderian noted the San Luis & Delta-Mendota Water Authority’s Delta Habitat Conservation and Conveyance Program bond payments as an example of costs incurred for the benefit of all of the District’s growers but only paid for by the water using portion. He said that many similar districts have both water and land-based fees and that each approach is different. He then explained that, in addition to simply identifying a cost as water or land-based, the District could also allocate costs based upon a recorded level of effort, a pre-established ratio, or by formulas used by affiliated agencies. General Counsel Williams informed the Board on the various Proposition 218 requirements and said that in this case, the District would likely utilize a “majority protest” process if new land-based fees were proposed. After discussion, the Board directed staff to work up a recommendation and advised that the approach be kept simple and clear.


FUTURE MEETING DATES

The next regular meeting of the Board was scheduled for December 13, 2022, at 9:30 a.m.




ADJOURNMENT

With no further business on the agenda, President Bennett adjourned the meeting at 10:11 a.m.



John Bennett, President



Steve Fausone, Secretary