

**PANOCHÉ WATER DISTRICT MEETING MINUTES  
SPECIAL MEETING OF THE BOARD OF DIRECTORS  
July 16, 2021, at 9:00 A.M.**

A 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: Sue Redfern-West, Vice-President  
Mike Stearns, Secretary  
Michael Linneman, Director  
Ross Koda, Director
  
- Directors Absent: John Bennett, President
  
- District Staff Present: Ara Azhderian, General Manager
  
- Others Present: Philip Williams, General Counsel  
Lora Carpenter, Municipal Financing Advisor  
Doug Brown, Bond Counsel  
Jonathan Guz, Bond Counsel

**ANNOUNCEMENT PURSUANT TO GOVERNMENT CODE SECTION 54952.3**

Pursuant to the Brown Act, Acting President Stearns 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**

Acting President Stearns called the meeting to order at 9:03 a.m.

**REVIEW OF AGENDA**

There were no changes to the Agenda.

**ROLL CALL**

A quorum of the Board was confirmed. In the absence of President Bennett, by consensus, Secretary Stearns was named Acting President and General Manager Azhderian was named Acting Secretary.

**POTENTIAL CONFLICTS OF INTEREST**

There were no conflicts reported.

**PUBLIC COMMENT**

There was no public comment.

## **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 9:04 a.m., Acting President Stearns called the closed session to order.*

*At approximately 9:27 a.m., Acting President Stearns adjourned the closed session.*

## **CLOSED SESSION REPORT**

General Counsel Williams reported the Board met with legal counsel in closed session and approved a settlement agreement with the San Luis & Delta-Mendota Water Authority (Authority). The vote was as follows:

Ms. Redfern- West: Aye;

Mr. Stearns: Aye;

Mr. Linneman: Aye; and

Mr. Koda: Aye.

President. Bennett did not attend the meeting or participate in the vote.

The key terms of the Authority Settlement Agreement are:

Panoche agreed that the Authority sustained damages as a result of unauthorized diversions of water by Panoche during the period from January 1, 2009, through April 30, 2015, from a first location at mile marker 95.58 on the Delta Mendota Canal, a second location at mile marker 91.71 on the Delta Mendota Canal, and a third location at turnout 97.51 of the San Luis Canal, in a total quantity of approximately 53,388 acre-feet.

Panoche has agreed to pay the Authority: (1) unpaid Operations, Maintenance & Repair costs associated with the Released Conduct in the amount of \$798,653; (2) interest thereon at the long-term Applicable Federal Rates ("AFR") up through the date of payment by Panoche, which as of July 31, 2021, is \$172,253; (3) the Authority's actual costs of sealing the two Delta Mendota Canal diversion sites in the amount of \$17,766; and the costs of Authority staff and outside counsel time spent related to the mediation and negotiation of this Agreement, which is estimated to be around \$60,000. The total is referred to as the Settlement Amount and is due to be paid in one lump sum to the Authority no later than August 31, 2021, and final calculation of interest and the Authority's costs for staff and outside counsel time shall be calculated for the expected actual date of payment.

In exchange for payment of the Settlement Amount, the Authority has provided the following limited release: the Authority has released Panoche and the United States from liability for unpaid Operations, Maintenance & Repair costs related to the Released Conduct, interest thereon, closure expenses for the two sites, and staff and counsel time related to the mediation and negotiating the settlement agreement. Only liability for these specifically listed items will be released. Without limitation, the release will not encompass any claims by individual member agencies of the Authority, any claims against the United States regarding how it allocates the funds it recovers from Panoche, or any claims related to diversions outside the acre-foot, time frame, and geographic limitations of the Released Conduct.

**FUTURE MEETING DATES**

The next regular meeting of the Board was scheduled for August 10, 2021, at 9:00 a.m.

**ADJOURNMENT**

With no further business on the Agenda, Acting President Stearns adjourned the meeting at 9:31 a.m.



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Mike Stearns, Acting President



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Ara Azhderian, Acting Secretary