

**PANOCHÉ WATER DISTRICT MEETING MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
July 13, 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 Doug Brown, Bond Counsel Steve Smith, Turlock Fruit Palmer McCoy, Grassland Basin Authority Audry Arnao, WestWater Research 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 9:01 a.m.

REVIEW OF AGENDA

General Manager Azhderian reported the draft minutes from the December 8, 2020, regular meeting of the Board were not included in the meeting packet and should be struck from the Consent Calendar.

ROLL CALL

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

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 water deliveries and maintenance activities, including various turnout repairs, weed control treatments, and cleaning of drains.
- B. Controller JP Otollo reported the water department was focused on the monthly water usage billings and closely monitoring water usage daily to avoid overdrafts and communicating frequently with growers about usage and water supply issues. Otollo also reported the accounting staff were working with field staff to update the fixed assets register and updating the depreciation values. Lastly, Otollo stated the Drainage District FYE 2020 audit was in its final stages and he expects to present a draft at the next Board meeting while preparation for the Water District FYE2021 audit was in full swing with the aim to begin the audit in August.
- C. Ethics & Compliance Officer Lorena Chagoya reported on various risk management activities for the month of June. She said there had been no worker's compensation, property, or liability insurance claims, nor COVID-19 cases, during the month. She indicated one internal report had been opened during the month while two had been closed. Regarding staffing, she explained that following the lay-off of the Human Resources Generalist, she and Contract Administrator Elisa Cardoza were redistributing the responsibilities. She also reported the District was advertising for a part-time janitor to facilitate compliance with the District's COVID-19 policies more cost effectively than contract services. Lastly, Chagoya reported on safety inspections and trainings, noting the last safety inspection scored 94%, and that the District's Declaration of Candidacy Forms would be available to landowners on July 19th.

CONSENT CALENDAR

General Manager Azhderian presented the Board with the Consent Calendar items, which included the draft minutes from the November 10, 2020, regular meeting of the Board, the November 24, 2020, special meeting of the Board, and the December 28, 2020, special meeting of the Board; and, the monthly financial statements for the period ending June 30, 2021. 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, Koda
Nays:	None
Abstain:	None
Absent:	None

THE BOARD TO REVIEW AND CONSIDER ADOPTING A LAND BASED CHARGES DELINQUENCY POLICY

General Manager Azhderian requested the Board consider adopting the Property Related Fees & Charges Delinquency Policy to facilitate implementation of the recently, voter approved Contractual Obligation Assessments expected to be billed and collected by the counties to fund repayment of the District's 2021 Bonds issued to pay the U.S. Bureau of Reclamation for the District's capital obligation

under its Central Valley Project water service contract and the related Settlement Agreement. He said the District currently has no land-based charges and, if a landowner does not pay the soon to be imposed assessment, the District would have no clear recourse. The Policy, Azhderian explained, would allow the District to suspend water service for unpaid property related fees in addition to any other penalty provided for by law. He said the Policy would not only better protect the District from delinquencies, but the counties as well, which should improve the District's ability to become eligible to participate in the counties Teeter Plans. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board unanimously adopted the subject Policy 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 ADOPTING A RESOLUTION REQUESTING FRESNO COUNTY ADMINISTER THE DISTRICT'S CONTRACTUAL OBLIGATION ASSESSMENT AND PARTICIPATION IN THE FRESNO COUNTY TEETER PLAN, AND AUTHORIZING RELATED ACTIONS

General Manager Azhderian requested the Board consider adopting the draft resolution placing the District's relevant Contractual Obligation Assessments on the Fresno County secured tax roll. He explained it would be more cost effective for the counties to collect the assessment and, by doing so, the District could also benefit from future inclusion into the counties Teeter Plans, which essentially ensure payment of the Assessments. Azhderian said inclusion in the Teeter Plans would improve the District's financial security, which would likely be viewed positively by the District's investors and rating agencies. After consideration, on a motion by Director Stearns, seconded by Director Redfern-West, the Board unanimously adopted the Resolution 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 ADOPTING A RESOLUTION REQUESTING MERCED COUNTY ADMINISTER THE DISTRICT'S CONTRACTUAL OBLIGATION ASSESSMENT AND PARTICIPATION IN THE FRESNO COUNTY TEETER PLAN, AND AUTHORIZING RELATED ACTIONS

General Manager Azhderian requested the Board consider adopting the draft resolution placing the District's relevant Contractual Obligation Assessments on the Merced County secured tax roll. He explained this Resolution was essentially the same as the Fresno County Resolution just adopted. After consideration, on a motion by Director Redfern-West, seconded by Director Linneman, the Board unanimously adopted the Resolution 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 A REQUEST FROM ALMENDRA PROPERTIES, LP, TO TRANSFER 331 ACRE-FEET TO SAN LUIS WATER DISTRICT

General Manager Azhderian presented the Board a memorandum conveying the Almendra request and recommending approval of the request without applying the District's normally due Operations and Maintenance charge because Almendra had secured replacement surface water supplies to cover the requested transfer resulting in no net reduction in their anticipated in-District deliveries thus no redirected financial impact. After consideration, on a motion by Director Stearns, seconded by Director Linneman, 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 APPROVING A REQUEST FROM GRANDLAND PISTACHIO, LP, TO TRANSFER 200 ACRE-FEET TO SAN LUIS WATER DISTRICT

General Manager Azhderian presented the Board a memorandum conveying Grandland's request. He reported that Grandland was planning to substitute the transferred supply with groundwater and blend it with their remaining surface water supplies; therefore, Azhderian recommended that if the request were approved, the District apply its routine Operations and Maintenance charge to avoid redirected financial impact. After consideration, on a motion by Director Redfern-West, seconded by Director Stearns, 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 APPROVING A REQUEST FROM IMPERIAL MERCHANTS, USA, LLC, TO TRANSFER UP-TO 18 ACRE-FEET TO SAN LUIS WATER DISTRICT

General Manager Azhderian presented the Board a memorandum conveying Imperial's request. He reported that Imperial was planning to substitute the transferred supply with groundwater; therefore, Azhderian recommended that if the request were approved, the District apply its routine Operations and Maintenance charge to avoid 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 APPROVING A REQUEST FROM CREEKSIDE FARMING CO. INC., TO TRANSFER UP-TO 242 ACRE-FEET TO WESTLANDS WATER DISTRICT

General Manager Azhderian presented the Board a memorandum conveying Creekside's request. He reported that Creekside was planning to substitute the transferred supply with groundwater; therefore, Azhderian recommended that if the request were approved, the District apply its routine Operations and Maintenance charge to avoid 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 AUTHORIZING EXECUTION OF THE FIRST AMENDED AND RESTATED LOS VAQUEROS RESERVOIR EXPANSION PROJECT ACTIVITY AGREEMENT WITH THE SAN LUIS & DELTA-MENDOTA WATER AUTHORITY

General Manager Azhderian presented the Board the draft Activity Agreement. He reported the District had been participating in the Los Vaqueros Expansion Project through an Activity Agreement with the San Luis & Delta-Mendota Water Authority (SLDMWA) since January 2019. He explained the Expansion Project had progressed to the point where its participants were now working to form a new joint powers authority (JPA) to govern the project going forward and that the primary purposes of the Amended and Restated Activity Agreement were to provide the SLDMWA authority to execute the new JPA on behalf of the Activity Agreement members, which also includes Byron-Bethany, Del Puerto, and Westlands, and to define how representatives from the SLDMWA membership would be selected to serve as representative on the new JPA. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board unanimously authorized execution of the Amended and Restated Activity Agreement.

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 REVISIONS TO THE DISTRICT'S EMERGENCY COVID-19 PANDEMIC RESPONSE POLICY

General Manager Azhderian presented the Board the proposed changes to the COVID policy. He explained the changes had been prepared in consultation with counsel to conform with updated guidance from the Centers for Disease Control and CalOSHA. Azhderian said if adopted, the District would provide staff additional training on the COVID policy. After consideration, on a motion by Director Redfern-West, seconded by Director Stearns, the Board unanimously adopted the COVID policy revisions 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 AMENDING THE DISTRICT'S GROUNDWATER CONVEYANCE POLICY

General Manager Azhderian reviewed the Groundwater Conveyance Policy with the Board to again discuss the trade-off between maintaining a certain water quality versus increasing the District's drought limited water supply with additional groundwater pumping. He explained that while water quality in June had occasionally exceeded the District's salinity standards, boron levels were the bigger concern among some growers due to its potential impact on certain crops production and quality. Azhderian reported other growers growing less sensitive crops were requesting the District allow more wells to use the District's system, as was done in the 2014-2016 drought period, but that doing so would exacerbate the water quality concerns. He also noted that limited demand and changes in the demand pattern resulting from changes in California overtime laws were complicating the water quality management effort. After discussion, the consensus of the Board was to maintain the status quo; therefore, no further action was taken.

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING EXECUTION OF A PROPOSED PRICE, PAIGE & COMPANY ENGAGEMENT LETTER TO CONDUCT A FINANCIAL AUDIT OF THE DISTRICT'S FISCAL-YEAR ENDING FEBRUARY 28, 2021

General Manager Azhderian presented the Board the proposed engagement letter. He explained this financial audit would bring the District current and that it was a requirement of the District's 2021 Bond covenants that it be completed prior to the end of November 2021. Azhderian recommended maintaining service with Price Paige for this audit, as their knowledge of the District would result in a very efficient process, and to issue a Request for Proposals in 2022 to compare costs and services offered by other potential vendors. After consideration, on a motion by Director Stearns, seconded by Director Redfern-West, the Board unanimously authorized execution of the engagement letter.

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 June, the CVP Operations Update and water supply forecasts prepared by Westlands Water District, and the District's water quality monitoring reports.

REPORTS ON OTHER ITEMS PURSUANT TO GOVERNMENT CODE SECTION 54954.2(a)(3)

Vice-President Sue Redfern-West announced her intention to retire from the Board of Directors effective August 11, 2021. She expressed her gratitude to the other Directors for their support and ongoing commitment to service. The Directors expressed their appreciation for Sue's leadership and directed staff to develop a succession plan.

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 10:34 a.m., President Bennett called the closed session to order.

At approximately 11:22 a.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.

At approximately 11:22 a.m., President Bennett called a 10-minute break.

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 11:37 a.m., President Bennett called the joint closed session to order.

At approximately 12:17 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.

FUTURE MEETING DATES

A special meeting of the Board was scheduled for June 16, 2021, at 9:00 a.m. 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, President Bennett adjourned the meeting at 12:18 p.m.



John Bennett, President



Mike Stearns, Secretary