

**PANOCHE DRAINAGE DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING MINUTES
July 14, 2026**

A regular meeting of the Board of Directors was held on July 14th, 2026, at 9:00 am. Those present at the meeting were:

Directors: Aaron Barcellos, President
Neill Callis, Vice-President
Steve Fausone, Secretary

Staff: Patrick McGowan, General Manager
Marlene Brazil, Accounting Supervisor
Juan Cadena, Water Resources Manager
Chris Carlucci, Operations & Maintenance Manager
Josh Marquez, Contracts Administrator
Sandra Reyes, Water Master

Others: Scott German, Fechter & Company
Chase Hurley, Water and Land Solutions
Chris Linneman, Summers Engineering
Palmer McCoy, Grassland Basin Authority
Darryl Smith, Bryant L. Jolley Accounting Firm
Phil Williams, Legal Counselor

CALL TO ORDER

President Barcellos called the meeting to order at 9:02 am.

PLEDGE OF ALLEGIANCE

President Barcellos led those in attendance in the Pledge of Allegiance.

ROLL CALL

A quorum of the Board of Directors was present.

POTENTIAL CONFLICTS OF INTEREST

There were no conflicts of interest.

PUBLIC COMMENT

There was no public comment.

ACTION ITEMS

BOARD TO REVIEW AND CONSIDER APPROVING JUNE 9, 2026, REGULAR BOARD MEETING MINUTES

Upon a motion by Vice-President Callis and seconded by Secretary Fausone, the Board approved the June 9, 2026, Regular Board Meeting Minutes as presented.

The vote on the motion was as follows:

Ayes: Barcellos, Callis, Fausone
Nays: None

Absent: Correia, Western
Abstain: None

BOARD TO REVIEW AND CONSIDER ACCEPTING AS FINAL THE DRAFT AUDIT OF THE FINANCIAL STATEMENTS FROM FECHTER & COMPANY FOR THE FISCAL YEAR ENDING FEBRUARY 28, 2025, SUBJECT TO ANY FURTHER BOARD DIRECTION

General Manager Patrick McGowan introduced CPA Scott German with Fechter & Company. Mr. German gave a board presentation explaining the required communications and responsibilities of the District, as well as Management. A clean opinion was given by Fechter & Company for the Panoche Drainage District audit ending February 28, 2025.

After discussion by the Board and upon a motion by Vice-President Callis and seconded by Secretary Fausone, the Board approved the draft audit as final for the fiscal year ending February 28, 2025.

The vote on the motion was as follows:

Ayes: Barcellos, Callis, Fausone
Nays: None
Absent: Correia, Western
Abstain: None

FINANCIAL REPORTS

- A. Accounts Payable**
- B. Monthly Financials**
- C. FYE 2025 Budget to Actual**
- D. Other financial matters**

Upon a motion by Secretary Fausone and seconded by Vice-President Callis, the board approved the financial reports as presented by Accounting Supervisor Mrs. Brazil.

The vote on the motion was as follows:

Ayes: Barcellos, Callis, Fausone
Nays: None
Absent: Correia, Western
Abstain: None

REPORT ITEMS

OPERATIONS & MAINTENANCE

Operations and Maintenance Manager Mr. Chris Carlucci reported on the following operations and maintenance activities for the month of June:

- General Maintenance.
- Staff sprayed Hicks, Cambria, and T-Canal drains.
- Staff repaired the discharge pipe on the Buick drain off Shaw Ave.
- Charleston Drainage District – Checking oilers on CH-2 pumps.

DRAINAGE MANAGEMENT

Water Resources Manager Juan Cadena reported on the following drainage management activities for the month of June:

- There has been no activity at Mud Slough, so Site D has continued to remain below the target. No rain reported in the forecast.

GRASSLAND BASIN AUTHORITY

The General Manager of the Grassland Basin Authority (GBA) Mr. Palmer McCoy presented the Board with a report on the following activities:

I). Administrative:

- Insurance Claim – A tractor fire occurred on April 20, 2026, resulting in a total loss. Board approved using insurance claim payment towards the purchase of replacement tractor. Staff is currently looking for tractor at auctions and surrounding areas.

II). Operations and Maintenance:

- Regulating Basins – The basins remain full following storm events in late December 2025. With minimal additional rainfall forecasted, water is being retained to discourage bird habitat. The current plan is to maintain water levels through the end of June, after which migratory patterns for stilts and avocets will be reassessed in coordination with the environmental consultant.
- San Luis Drain – GBA staff continue weekly inspections, debris removal, and maintenance to fencing, gates, and signage. Staff are coordinating with Chris Linneman (Summers Engineering) to evaluate best practices for liner repairs, including the potential use of Concrete Canvas. Weed control efforts have been completed from Russell Ave to Hwy 152, the northern section is scheduled for the coming weeks.
- DMC Tile Sumps/Pumps – Repairs to tile systems K and H/J are currently underway, with an estimated completion date of late July 10th. Tile systems D/E and C will begin starting July 13th and are expected to be done by end of July.
- JTWG – Irrigation scheduling continues based on field availability. The first cutting began on May 6, 2026. Market prices remain low, though there is potential for improvement based on current water year conditions. Mr. McCoy did note that hay prices are up this year \$113 as opposed to \$73 last year.
- Old Ponds – At the April Board meeting, staff were authorized to use up to \$100,000 from reserve funds for project completion. Contractor did survey and determined the most effective approach and started moving dirt on July 6th. Updates will be provided.
- Well Pumping Program – Staff continues to work with PWD staff and deliver water as requested.

III). Prop 84:

- Funding – We were notified by Panoche Staff that they have received \$6 million plus in reimbursements which covers all invoices to date, also received \$3 million in retention funds. Staff is awaiting funding updates from DWR, expected in late June, or July.
- OD Pump Station – Coordination with Garney Construction is ongoing, with Summers Engineering assisting in completion of the project punch list.
- O'Banion Area – Work remains halted due to funding constraints. There is concern that previously ripped acreage may dry and harden, potentially impacting future planting. Following board direction at the April meeting, staff will proceed with discing the area.
- Westside Conveyance & Pumps – Work remains on hold due to funding limitations.
- Basin Project Phase 2 – This phase includes the middle siphon. License agreements with CCID were approved at the October GBA Board Meeting. McElvaney Construction has completed installation of the siphon: remaining work includes completion of the pipeline connection from the siphon to the control box for the new basins.

THE BOARD TO RECEIVE UPDATES FROM STAFF ON VARIOUS MATTERS AFFECTING THE DISTRICT

GM Mc Gowan reported on various items that had been completed, or were ongoing, on the Action Items List presented – dated June 9th, 2026, and answered any questions that the Board had.

GENERAL MANAGER'S REPORT

General Manager Mr. McGowan reported on the following:

A. Prop 84 Grant Program Fund Expiration

GM McGowan reported on the funds that had been received for invoices to date, as well as the retention money received. GM McGowan also reported that Engineer Chris Linneman followed up with our DWR Contact and was told that Prop 84 was funded in the recently passed budget and we can expect to hear soon about the restart.

B. GBD Steering Committee

GM McGowan and Engineer Chris Linneman reported that the PCFFA lawsuit was appealed to the Supreme Court, but that the Supreme Court declined to hear the case, so it is officially dead. GM McGowan and Engineer Chris Linneman also reported that the GBD staff have met with the SLDMWA staff to begin the transition process out of the SLDMWA, noting that this will be the primary topic for Friday's meeting.

C. San Joaquin Valley Drainage Authority (SJVDA)

GM McGowan and Engineer Chris Linneman reported that the CV Salts P&O Pilot Study is ramping up and that the SJVDA is waiting to see the findings of the State Board on the Expert Panel Report.

D. Other Items

GM McGowan and Legal Counsel Mr. Williams announced that Panoche Drainage District will be holding a General Election on November 3rd, 2026, to fill two vacant seats on the Board of Directors. Board directed staff to move forward working within the election timeline.

GM McGowan discussed interest charges that accumulated over past due amounts with A&H investments for June of 2026 of \$4,357.68 and July 2026 of \$346.52 totaling \$4,704.20. McGowan explained that interest was not assumed in the repayment agreement the parties entered and recommended this amount be forgiven.

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

There were no other items.

PANOCHÉ DRAINAGE DISTRICT CLOSED SESSION: Conference with Legal Counsel

At 11:46 am, the Board met in Closed Session to discuss with legal counsel on related anticipated litigation.

At 11:51 am, Mr. Williams stated that no reportable actions were taken in Closed session.

PANOCHÉ WATER AND DRAINAGE DISTRICTS JOINT CLOSED SESSION: Conference with Legal Counsel

At 11:41 am, the Boards met in Closed Session to discuss with legal counsel on related anticipated litigation.

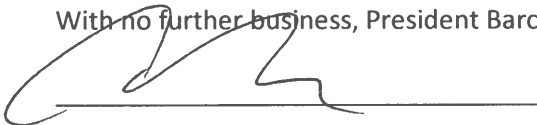
At 11:45 am Mr. Williams stated that no reportable actions were taken in Closed Session.

FUTURE MEETING DATES

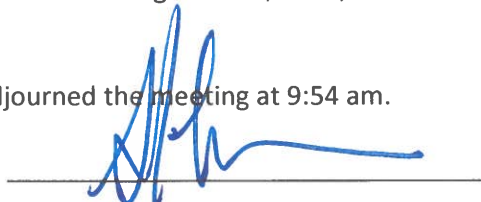
The next Regular meeting of the Board was scheduled for August 11th, 2026, at 9:00 am.

ADJOURNMENT

With no further business, President Barcellos adjourned the meeting at 9:54 am.



Aaron Barcellos, President



Steve Fausone, Secretary