

**PANOCHÉ DRAINAGE DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
June 11, 2024**

A regular meeting of the Board of Directors was held on June 11, 2024, at 9:00 am. Those present at the meeting were:

Directors: Aaron Barcellos, President
 Steve Fausone, Secretary
 Beau Correia, Director
 Wayne Western, Director

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

Others: Palmer McCoy, GBA
 Phil Williams, Legal Counselor
 Makram (Mark) Hanna, Landowner
 Maureen Hanna, Landowner

CALL TO ORDER

President Barcellos called the meeting to order at 9:07 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

Mr. Makram (Mark) Hanna at this time addressed the Board of Directors. Mr. Hanna stated that he came into the District in 2015 and was surprised by the amount that the Panoche Drainage District charged for Drainage Service Fees. Hanna stated the land he owns has no drainage available, but his parcels are charged the same fees as everyone else. Mr. Hanna also informed the Board that he farms in six different Districts and none of those Districts have these same fees. The Board of Directors acknowledged Mr. Hanna's concerns and let him know that they are constantly working towards lowering the rates. The Board of Directors also encouraged Mr. Hanna to attend any of the District budget meetings, or the Grassland Basin Drainers Steering Committee meetings to help further understand the goals of the District and the Grassland Basin Drainers.

ACTION ITEMS

BOARD TO REVIEW AND CONSIDER ACCEPTING AS FINAL THE PRICE, PAIGE, & COMPANY DRAFT AUDIT OF THE FINANCIAL STATEMENTS FOR THE FISCAL-YEAR ENDING FEBRUARY 28, 2023, SUBJECT TO ANY FURTHER BOARD DIRECTION

Mr. Josh Giosa from Price, Paige, & Company stated that the audit was conducted in accordance with generally accepted accounting principles under the government auditing standards. It is the opinion of Price, Paige, & Company that the audit presented fairly in all material respects, the respective financial position of the District, as of February 28, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

After discussion by the Board and upon a motion by Director Correia and seconded by Secretary Fausone, the Board approved accepting the draft audit as presented as final for the fiscal year ending February 28, 2023. The vote on the motion was as follows;

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

BOARD TO REVIEW AND CONSIDER APPROVING THE MAY 21, 2024, REGULAR BOARD MEETING MINUTES

Upon a motion by Secretary Fausone and seconded by Director Western, the Board approved the May 21, 2024, regular board meeting minutes as presented. The vote on the motion was as follows:

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

THE BOARD TO REVIEW AND CONSIDER ADOPTING RESOLUTION # 836-24 TO FORMALIZE AND ADOPT THE DISTRICT'S PROPOSED DRAINAGE SERVICE FEES

After discussion by the Board and upon a motion by Director Correia, and seconded by Director Western, the Board approved Resolution # 836-24 formalizing and adopting the proposed drainage service fees. The vote on the motion was as follows:

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

THE BOARD TO REVIEW AND GIVE DIRECTION TO STAFF CONCERNING THE PANOCHE DRAINAGE DISTRICT DRAFT SOLAR POLICY

General Manager Patrick McGowan presented the board with the latest version of the draft Panoche Drainage District (PDD) solar policy. The Board discussed the landowner being able to add solar to APN's without affecting water holdings and being able to transfer that water to a different APN, or possibly transferring the water altogether if the grower is in good standing with the District. The Board also suggested changing the requirements from 3 acres to 10 acres. Another suggestion made was to strike a paragraph that referenced livestock operations as such did not apply to PDD. With assistance from legal counsel Mr. McGowan was directed to make appropriate revisions and bring back at a future date for review.

THE BOARD TO REVIEW AND DISCUSS THE PANOCHE DRAINAGE DISTRICT TILE LINE MORATORIUM

Water Resources Manager Juan Cadena presented the Board with documents dating back to 1984 stating that the District is not allowing additional tile lines. The question now is do we want to allow landowners to tile more drains. Grassland Basin Authority General Manager Palmer McCoy stated that if the District did allow tiles lines to be put in, the District would have the ability to shut them off through our SCADA system and manage the water that comes in. Mr. McCoy and Mr. Chris Linneman of Summers Engineering don't foresee any issues. Grassland Basin Authority will be placing proposed tile line specs on their August agenda for review and potential approval. PDD Board of Directors requested that this item be brought back for consideration post GBA Board meeting.

THE BOARD TO REVIEW AND CONSIDER ADOPTING RESOLUTION # 837-24 CALLING FOR A GENERAL ELECTION ON NOVEMBER 5, 2024, OF RESPRESENTATIVES TO SERVE ON THE DISTRICT'S BOARD OF DIRECTORS

Contracts Administrator Josh Marquez explained that Division 2, 3, and 4 will be up for re-election on November 5th. These division are represented by Secretary Steve Fausone, President Aaron Barcellos, and Director Beau Correia. Once enacted, a letter will be sent to the growers.

After discussion by the board and upon a motion by Director Western, and seconded by Secretary Fausone, the Board approved Resolution # 837-24 calling for a General Election. The vote on the motion was as follows:

- Ayes: Barcellos, Correia, Fausone, Western
- Nays: None
- Absent: Linneman
- Abstain: None

FINANCIAL REPORTS

- A. Accounts Payable**
- B. Monthly Financials**
- C. FYE 2024 Budget to Actual**
- D. Other financial matters**

Upon a motion by Director Correia and seconded by Director Western, the board approved the financial reports as presented by Accounting Supervisor Mrs. Brazil. The vote on the motion was as follows:

- Ayes: Barcellos, Correia, Fausone, Western
- Nays: None
- Absent: Linneman
- Abstain: None

REPORT ITEMS

OPERATIONS & MAINTENANCE

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

- General Maintenance
- Weed control – Staff sprayed Linneman, Russell, Hammond, Buick, and Herndon Drains.
- In Charleston Drainage District - Checking oilers on CH-2 pumps. Weed Control – Staff sprayed Charleston Drain.
- San Luis Drain Weed Control – Staff sprayed from Hwy 165 to drain outlet and filled squirrel bait stations (50lbs).
- On the San Luis Drain – Staff installed gate lock boxes from Hwy 152 to Henry Miller Road.

- Finished cleaning Bypass E Canal to San Luis Drain. (GBP)
- Weed Control for GBP – Staff sprayed Bypass from GBP inlet to SLD drain.

DRAINAGE MANAGEMENT

Water Resources Manager Mr. Cadena reported on the following drainage management activities for the month of May:

- Site D’s test results were below target – 5 parts per billion.
- Site A has zero discharge.
- Site B running less than 2 cfs and mud slough running less than 22 cfs.

GRASSLAND BASIN AUTHORITY

The General Manager of the Grassland Basin Authority (GBA) Mr. Pamer McCoy reported on the following:

- They have started the first cutting of Jose Tall Wheat Grass.
- They have projected running out of water in 40 days, so staff is looking at the fields and prioritizing the water as needed.
- Five fires were reported and one of the fires caught 80 acres in which revenue was lost.
- The GBA is working on removing the 96 acres of pistachios right now.
- The GBA has been working on merging the GBA with the Grassland Basin Drainers.
- The GBA has also been working on replacing locks that have been cut and tagging that has been going on.
-

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

Staff reported on various items that had been completed, or were ongoing, on the Action Items List presented - dated May 21, 2024. Water Resources Manager Juan Cadena presented the board with a memorandum showing the results of his findings on the Panoche Drainage District Acreage Audit.

At approximately 10:31 am, President Barcellos announced that the Drainage District meeting would be taking a five-minute break.

At approximately 10:35 am, President Barcellos announced that the Drainage District meeting would resume.

GENERAL MANAGER’S REPORT

General Manager Mr. McGowan reported on the following:

A. Prop 84 Grant for Westside Regional Drainage Plan

- i. Tile Sump SCADA Project: General Manager Patrick McGowan informed the Board that we received the estimate from Bockman & Woody for the 5 additional tile sumps and it was higher than initial project costs. Mr. Marquez and Mr. McGowan pushed back on the estimated prices and were given COVID/inflation as the explanation for the steep price increase. DWR is set to pay some invoicing in August. Our pre-audit consultant, Mr. Darryl Smith commended the job that Mr. Josh Marquez is doing with Prop 84.
- ii. Land Acquisition: Nothing to report.
- iii. Land Development: Nothing to report.

B. Annexation

- i. Mr. McGowan reported that he is continuing to work on the entities requesting to be annexed in and will have a more detailed update in Closed Session.

C. San Joaquin Valley Drainage Authority

Mr. McGowan reported that they will be holding their first meeting regarding beginning the Prioritization & Optimization (P&O) archetype study with the Delta Mendota Sub basin. McGowan reported that regarding SGMA, they are working to finalize our single GSP and EKI consultants have concerns on the modeling used by the P&O Study group. The participants are planning a meeting to ensure information is unified. The goal is to explain the modeling approach and how we manage the water and salts moving forward.

Other Matters: Mr. McGowan addressed the elections coming up and which seats were going to be open.

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 12:18 pm, the Boards met in Closed Session to meet with legal counsel on related anticipated litigation.

At 12:47 pm, Mr. Williams stated that no reportable actions were taken in Closed Session.

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

At 12:57 pm, the Boards met in Closed Session to meet with legal counsel on related anticipated litigation.

At 1:18 pm, Mr. Williams stated that no reportable actions were taken in Closed Session.

FUTURE MEETING DATES

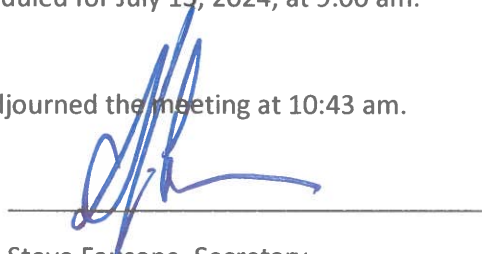
The next regular meeting of the Board was scheduled for July 15, 2024, at 9:00 am.

ADJOURNMENT

With no further business, President Barcellos adjourned the meeting at 10:43 am.



Aaron Barcellos, President



Steve Fausone, Secretary