

**PANOCHÉ DRAINAGE DISTRICT MEETING MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
August 10, 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
 Aaron Barcellos, A-Bar Ag Enterprises
 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 9:02 a.m.

REVIEW OF AGENDA

There were no correction or additions to the Agenda.

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 various water delivery and maintenance activities. He said deliveries for July had averaged about 100 cfs and that flows were dropping in August as more fields come into harvest. He said crews were performing maintenance on the San Luis Canal turnout 96.15 in advance of Reclamation's planned inspection of the facility in November and that routine excavation and grading had been performed on the 1144 drain and San Luis Drain, respectively. Lastly, Cadena stated staff had collected water quality samples from three well sites to test for boron, nitrates, and total dissolved solids, as well as performing depth-to-groundwater tests, as part of continuing implementation of the Sustainable Groundwater Management Act.
- B. Controller JP Otollo reported the water department was responding to requests for supplemental water following the District's issuance of a letter to growers regarding price and availability. He noted the billing for the supplemental water will be sent along with the routine July usage billing. He said the Water District FYE2021 audit was ongoing and proceeding well. Lastly, Otollo said accounting staff were reassessing the Drainage District's cash flow needs through the end of the fiscal-year to help inform preparation of the 2nd Drainage Service Fee installment.
- C. Ethics & Compliance Officer Lorena Chagoya reported on various risk management activities. Of note, she said there had been no worker's compensation or liability insurance claims, nor COVID-19 cases, during the month, but there were two property claims. She said the Association of California Water Agency's Joint Powers Insurance Agency visited the District to review the previous and current insurance claims and losses and introduced a job hazard analysis form to help mitigate risks, which staff was working to implement. She indicated four internal reports had been opened during the month, two of which had been closed. Regarding staffing, she explained the District's certified welder had returned to work following a medical leave of absence and that one of the chemical applicators had resigned and there were no plans currently to back-fill the position. She also reported the District had received a poor response to advertising for a part-time janitor to facilitate compliance with the District's COVID-19 policies more cost effectively than contract services and that staff was reassessing. Lastly, Chagoya updated the Board on staff trainings, such as the COVID-19 Prevention Program updates and the Injury, Illness & Prevention Program and reminded the Directors that Declaration of Candidacy forms for Water and Drainage Districts elections are due before August 13th.

At approximately 9:15 a.m., President Bennett suspended the Drainage District meeting and continued the Water District-only meeting.

At approximately 10:08 a.m., President Bennett suspended the Water District meeting and continued the Drainage District-only meeting.

CONSENT CALENDAR

General Manager Azhderian presented the Board with the Consent Calendar, which included the monthly financial statements for the period ending July 31, 2021. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board 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 APPOINTING A DIRECTOR TO FILL A TERM ON THE BOARD FOLLOWING THE RETIREMENT OF DIRECTOR SUZANNE REDFERN-WEST, EFFECTIVE AUGUST 11, 2021

General Manager Azhderian explained that following Vice-President Suzanne Redfern-West's announcement of her retirement in July, staff had posted and mailed to all of the District's landowners a Notice of Appointment explaining that the Board may take action at the August 10th meeting to appoint a new Director. He reported that only Mr. Steven Fausone responded to the Notice and that he was eligible to serve as a designated agent of Redfern Ranches. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board elected to appoint Mr. Fausone as Director to fill the term of Ms. Redfern-West.

The vote on the matter was as follows:

Ayes: Bennett, Stearns, Linneman, Koda
Nays: None
Abstain: Redfern-West
Absent: None

THE BOARD TO REVIEW AND CONSIDER EXECUTING A COMMITMENT TO EXCELLENCE WITH THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY

General Manager Azhderian explained the Commitment to Excellence program was aimed at reducing the District's insurance costs by implementing best practices and preventative measures to reduce losses. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board authorized execution of the program certificate.

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 MAKING FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND AUTHORIZING EXECUTION OF A PURCHASE AGREEMENT WITH RONALD PEREIRA, AS SOLE TRUSTEE OF THE UNIFIED CREDIT TRUST OF THE ANTONE AND MADELINE PEREIRA 2000 TRUST DATED OCTOBER 4, 2000, AND AMK PEREIRA, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY

General Manager Azhderian presented the Board the draft Resolution. He explained the Westside Regional Drainage Management Plan identified a number of strategies to manage subsurface drainage related to the Grassland Drainage Area, including the acquisition of land to expand the reuse area of the San Joaquin River Improvement Project. He noted funding for the acquisition would come from the District's Proposition 84 grant awarded to assist financing the implementation of the WRDMP. He said the District had issued a notice in the fall of 2020 soliciting interest in selling land and received a response from the Pereira family in November, upon which the Board took action to authorize an engineer's assessment and land value appraisal of the property. Subsequently, the Board authorized Christopher Brown to act as Real Property Negotiator on behalf of the District, which culminated in the successful negotiation of the Real Property Purchase and Sale Agreement and Escrow Instructions presently before the Board, Azhderian said. General Counsel Williams reviewed the lengthy California Environmental

Quality Act analytical history with the Board in detail. After consideration, on a motion by Director Stearns, seconded by Director Redfern-West, the Board adopted the Resolution making findings under CEQA, authorizing execution of the Purchase Agreement, and authorizing related actions.

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 ACCEPTING THE TREASURER’S QUARTERLY INVESTMENT REPORT FOR THE PERIOD ENDING JUNE 30, 2021

Treasurer Otollo presented the Board with the Quarterly Investment Report. He stated the majority of District funds were invested in the State of California Local Agency Investment Fund, other funds were deposited in Federal Deposit Insurance Corporation insured accounts at Mechanics Bank, and the remaining balance was held in the Fresno County Fund Account. Otollo reported the District’s financial portfolio was in compliance with the District’s Statement of Investment Policy and that he expected the District to be able to meet its expenditure requirements for the next six months based on projected revenues from Drainage Service charges, reimbursements for project costs, and with application of funds from Fresno County tax allocations. After consideration, on a motion by Director Redfern-West, seconded by Director Linneman, the Board accepted the Treasurer’s Report 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 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.

DRAINAGE MANAGEMENT REPORT

General Manager Azhderian reported on various drainage management activities, noting that the Grassland Bypass Project water quality monitoring results remain well within the Regional Water Quality Control Board’s objectives.

GENERAL MANAGER’S REPORT

General Manager Azhderian reported on various Prop 84 grant administration activities.

THE BOARD TO REVIEW AND CONSIDER ACCEPTING AS FINAL THE PRICE, PAIGE & COMPANY DRAFT AUDITED FINANCIAL STATEMENTS OF THE PANOCHÉ DRAINAGE DISTRICT FOR THE FISCAL-YEAR ENDING FEBRUARY 29, 2020

General Manager Azhderian introduced Fausto Hinojosa, Audit Principal with Price, Paige & Company, to present the audit findings. He reviewed its key conclusions and reported that the audited financial statements presented fairly the respective financial position of the District and, as such, they were providing an unmodified, clean opinion. Hinojosa also reported that the prior year’s note about the District’s ability to continue as a going concern had been revised positively as a result of management’s plan to address its liabilities and he praised staff for the good, corrective work done over the past few years to achieve an audit absent of any findings. Hinojosa responded to questions from the Board. After consideration, on a motion by Director Redfern-West, seconded by Director Stearns, the Board accepted the accepted as final the Audited Financial Statements as presented.

The vote on the matter was as follows:

Ayes:	Bennett, Redfern-West, Stearns, Linneman, Koda
Nays:	None
Abstain:	None
Absent:	None

At approximately 11:07 a.m., President Bennett suspended the Drainage District meeting and continued the Panoche Financing Authority-only meeting.

At approximately 11:09 a.m., President Bennett adjourned the Panoche Financing Authority meeting and continued a joint meeting of the Panoche Water and Drainage Districts.

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 11:09 a.m., President Bennett called the joint closed session to order.

At approximately 11:52 a.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.

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

No reports were given.

FUTURE MEETING DATES

The next regular meeting of the Board was scheduled for September 14, 2021, at 9:00 a.m.

ADJOURNMENT

With no further business on the agenda, President Bennett adjourned the meeting at 11:52 a.m.



John Bennett, President



Mike Stearns, Secretary