

**PANOCHÉ DRAINAGE DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
SEPTEMBER 18, 2023**

An adjourned meeting of the Board of Directors was held on September 18, 2023, at 9:00 am. Those present at the meeting were:

Directors: Aaron Barcellos, President
 Michael Linneman, Vice President
 Steve Fausone, Secretary
 Wayne Western, Director

Staff: Marlene Brazil
 Chris Carlucci
 Lorena Chagoya
 Josh Marquez
 Patrick McGowan
 Sandra Reyes

Others: Neill Callis, Turlock Fruit
 Steve Creighton, Landowner Representative
 Chase Hurley, Water & Land Solutions, LLC
 Palmer McCoy, GBA
 Phil Williams, Legal Counsel

CALL TO ORDER

President Barcellos called the meeting to order at 9 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.

BOARD TO REVIEW AND CONSIDER APPROVAL OF THE AUGUST 8, 2023, BOARD MEETING MINUTES

On a motion by Director Linneman and seconded by Director Western, the Board approved the August 8, 2023, board meeting minutes. The vote on the motion was as follows:

Ayes: Barcellos, Linneman, Fausone, Western
Nays: None
Absent: Correia
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 Fausone and seconded by Director Linneman, the board approved the financial report as presented by Ms. Brazil. The vote on the motion was as follows:

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

THE BOARD TO REVIEW AND CONSIDER APPROVAL OF A REIMBURSEMENT TO PANOCHÉ WATER DISTRICT, THROUGH THE GRASSLAND BASIN DRAINERS, FOR EXPENSES FROM 2017-2020 IN THE AMOUNT OF \$931,012.39

Mr. Hurley reviewed a negotiated settlement agreement between Panoche Water District (Panoche) and the Grassland Basin Authority (Authority) in the total amount of \$1,700,000. This settlement covered a list of expenses incurred by Panoche on lands within the San Joaquin River Improvement Project in the time frame of FY's 2017-2020. Panoche was asking for payment in arrears yet had a difficult time establishing documentation for various line-item expenses. The initial reimbursement request was much larger than the agreed upon \$1,700,000. As part of the Grassland Basin Authority, Panoche Drainage District would be responsible for \$931,012.39 of the total amount. Panoche also agreed to allow the five member entities to pay back their obligation over five years at an interest rate of 1.75%. The funds would be collective by the Grassland Basin Authority, who would then in turn cut an annual reimbursement check to Panoche. Upon a motion by Director Fausone, and seconded by Director Linneman, the board approved a reimbursement payment in the amount of \$931,012.39 to the Grassland Basin Authority to cover past expenditures made by Panoche for the benefit of all the Grassland Basin Drainers. The vote on the motion was as follows:

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

BOARD TO REVIEW AND CONSIDER ADOPTING RESOLUTION #827-23, REVISING THE DISTRICTS AUTHORIZED BANK SIGNED

Upon a motion by Director Fausone, and seconded by Director Linneman, the board approved Resolution #827-23 to revise the District's authorized bank signees. The vote on the motion was as follows:

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

THE BOARD TO REVIEW AND CONSIDER AUTHORIZING EXECUTION OF A PERMANENT EASEMENT TO PACIFIC GAS AND ELECTRIC FOR JOSE CARRILLO, TO CROSS ALTHEA DRAIN

Upon a motion by Director Linneman, and seconded by Director Western, the board approved an easement for PG&E, with the understanding that it doesn't interfere with District operations, and that legal counsel had full review and providing comments, if necessary, of the document prior to signatory. The vote on the motion was as follows:

Ayes: Barcellos, Linneman, Fausone, Western
Nays: None

Absent: Correia
Abstain: None

OPERATIONS & MAINTENANCE

Mr. Carlucci reported on the following operations and maintenance activities for the month of August:

- General Maintenance
- Cleaned the Outside Drain from PE-14 to 4 poles
- Spot Cleaned Millux Drain
- Weed control – Sprayed Courtney, Russell, Buick, 11-44, Millux, Hammond, Davidson, and Sabetti Drains
- In Charleston Drainage District - Checking oilers on CH-2 pumps
- On the San Luis Drain – Picked up tires from Russell Avenue to 152. Weed control sprayed from Hwy 152 to Check 14

DRAINAGE MANAGEMENT

Mr. Hurley stated that the Mud Slough Water objectives for 2023 are continuing to be met daily.

GRASSLAND BASIN AUTHORITY

Mr. McCoy reported on the following:

- The Jose Tall Wheat Grass revenue will continue to be less than budgeted.
- There is some uncertainty on if the Authority will be able to produce a second cutting of wheat grass based on limited drain water irrigation supplies.
- Mr. McCoy was very appreciative of the Drainage District agreeing to pay their share of the \$1,700,000 of attributable operations costs that were incurred during the 2017-2020 time period.
- The next GBA meeting will be held in November of 2023.

GENERAL MANAGER'S REPORT

Due to Mr. McGowan's short time as a General Manager, he asked the former interim General Manager Mr. Hurley to report on the following:

A. Prop 84 Grant for Westside Regional Drainage Plan

- i. Reimbursement Summary: The District is still waiting on multiple reimbursement requests made to the Department of Water Resources (DWR). Staff continues to press DWR for a more efficient process to reimburse the District in a timely manner.
- ii. Cash Flow Analysis: Panoche Water District continues to take on the full responsibility of paying all the contractors for all the Prop 84 reimbursable expenses. These payments also include a 10% withholding that Panoche cannot ask for reimbursement until the entire Prop 84 funds are expended. This ten percent withholding, along with the monthly contractor payments, along with the minimum 90-day reimbursement from DWR is putting a strain of the District's cash flow position. President Barcellos stated that he thought the GBA should investigate scenarios where they could help Panoche cash flow all the expenditures. Mr. McCoy interjected that he would have this conversation with his board to see if they have an idea on how they can help from a cash perspective. Mr. Hurley requested of Mr. McCoy that he help provide Panoche a monthly cash flow analysis for the remainder of the Regulating Pond project and the land leveling and planting of the new acreage on the west side of Russell Avenue. Mr. Palmer agreed to have the cash flow analysis available for Panoche to review at their October board meeting and the GBA board to review in November.
- iii. Tile Sump Scada Project: Mr. Marquez stated that the contractor has made progress on initial construction on the two antenna sites locations. Summers Engineering, along with

Panoche staff are still having conversations with PG&E on the issue they have with hanging hardware on existing poles at the individual time sump locations.

- iv. Land Acquisition: Staff, along with the District consultant are still working on the appraisal of the Koda/Miles property.
- v. Other: None

B. Annexation

Mr. Hurley has briefed Mr. McGowan on the status of the annexation and discussed next steps with the board. The board gave Mr. McGowan direction to (1) call Fresno County LAFCO and discuss with them if they are open to the idea of hop-scotching the Nelson property in order to annex in the other existing three properties and (2) discuss with Joe McGahan the long-term drainage implications of the Nelson property if they don't join with PDD.

C. San Joaquin Valley Drainage Authority: Nothing new to report

D. Sunset Exploration Proposed Project:

Mr. Hurley and Director Fausone discussed a carbon sequestration project being promoted by Sunset Exploration (Sunset). Sunset has been working with Redfern Ranches on an initial Letter of Intent that would cover the initial stages of executing an agreement to sequester carbon on large portions of their ranch. Sunset is looking for additional properties adjacent to the Redfern ranch and Mr. Fausone thought the six-thousand acres within the GBA might be a good fit. If the project is "non-evasive" to the existing farming practices within the GBA, then perhaps monthly or annual payments from Sunset could be a good revenue source to GBA members. The board asked staff to have Sunset join them at their October board meeting and give a more thorough presentation.

E. Other Matters: None

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

There were no other items.

CLOSED SESSION: The Board met in closed session and took no recordable action.

PANOCHÉ WATER & DRAINAGE DISTRICTS JOINT CLOSED SESSION: At 11:55 am Conference with Legal Counsel. The Board met in closed session and took no recordable action.

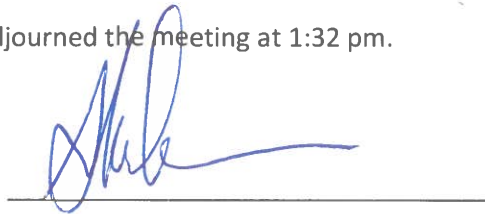
REPORT FROM JOINT CLOSED SESSION (GOVERNMENT CODE SECTION 54957.1) at 1:30 pm.

ADJOURNMENT

With no further business, President Barcellos adjourned the meeting at 1:32 pm.



Aaron Barcellos, President



Steve Fausone, Secretary