

**PANOCHÉ DRAINAGE DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
OCTOBER 10, 2023**

A regular meeting of the Board of Directors was held on October 10, 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
Beau Correia, Director

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

Others: Neill Callis, Turlock Fruit
Palmer McCoy, GBA
Phil Williams, Legal Counsel
Bob Nunn, Sunset Exploration

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.

ACTION ITEMS

BOARD TO HEAR A PRESENTATION FROM BOB NUNN OF SUNSET EXPLORATION ON THE PANOCHÉ DRAINAGE DISTRICT CARBON SEQUESTRATION PROJECT PROPOSAL

Mr. Nunn reviewed the proposal and presented a map of the property in the Panoche Drainage District that his company is suggesting for this proposal. Sunset Exploration currently has projects in the Merced, Madera, and Fresno area. Leases would be needed from not only the landowners, but the mineral ownerships, as well. Mr. Nunn explained that there are 3, possibly 4, different 200 foot sandstones in this area that the District can try to monetize and create a revenue stream from and that we also meet the requirements that the EPA has. Once established, the EPA would mandate monitoring wells of their

choosing to ensure the carbon removal/movement is going to plan. Right now, there is robust state support for these types of projects. Initially the carbon would be moved by rail, but there are several old pipelines in place in the area to tie into. Mr. Nunn also explained that if Sunset Exploration has leases in place for at least 75% of the ground and mineral ownerships, the remaining 25% can be force-pooled by the state. There are benefits to the District, landowner, and mineral ownership leasing to Sunset Exploration. One being a tax credit of \$85 per ton available, an annual lease payment to both the landowner and mineral ownership, and injection payments with annually increases tied to the GNP index. The leases could run longer depending on the volume brought in and Sunset Exploration would bear the liability and the risk. After a few questions from the Board, it was suggested that Mr. Nunn come back with a Letter of Intent to be voted on at a future meeting.

BOARD TO REVIEW AND CONSIDER APPROVAL OF THE OCTOBER 10, 2023, BOARD MEETING MINUTES

On a motion by Director Linneman and seconded by Director Western, the Board approved the October 10, 2023, board meeting minutes. The vote on the motion was as follows:

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

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

THE BOARD TO REVIEW AND CONSIDER ADOPTING RESOLUTION # 828-23 DESIGNATING AUTHORIZED SIGNATORIES TO THE DISTRICT'S MECHANIC BANK ACCOUNT TO EXECUTE BANKING TRANSACTIONS, MAKE ACCOUNT TRANSFERS, AND WIRE TRANSFERS AND AUTHORIZING EXECUTION OF RELATED DOCUMENTS

Upon a motion by Director Correia and seconded by Director Fausone, the board approved Resolution # 828-23 to revise the District's authorized bank signees. The vote on the motion was as follows:

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

REPORT ITEMS

OPERATIONS & MAINTENANCE

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

- General Maintenance
- Put a new road crossing at PO-3
- Replaced raiser on Davidson Drain

- Weed control – Sprayed Davidson, Hicks, Hammonds, and Buick Drains
- In Charleston Drainage District - Checking oilers on CH-2 pumps – Weed control sprayed CDD Drain – CH-2 North to Cotton Gin Road
- On the San Luis Drain – Placed STOP signs at 10 locations between Russell Ave to Check # 11

DRAINAGE MANAGEMENT

Water Resources Manager Mr. Cadena reported that Site A had zero discharge and Site B had a minimal 10 cfs discharge.

GRASSLAND BASIN AUTHORITY

The General Manager of the Grassland Basin Authority Mr. McCoy reported on the following:

- The Authority will not be able to produce a second cutting of wheat grass based on limited drain water irrigation supplies.
- The Jose Tall Wheat Grass revenue will continue to be less than budgeted by approximately (\$800,000). They do have \$1 million in reserves which is able to help offset that total.
- Construction is moving forward and an electrical contractor is out there right now.
- Pistachio Harvest starts tomorrow on 4 fields.
- The next GBA meeting will be held in November of 2023.

GENERAL MANAGER'S REPORT

General Manager Mr. McGowan reported on the following:

A. Prop 84 Grant for Westside Regional Drainage Plan

On October 16th Mr. McGowan, Mr. McCoy, Mr. Linneman and DWR took a tour.

- Reimbursement Summary: The District is still waiting on a couple of reimbursement requests made to the Department of Water Resources (DWR), 13 and 14, which have already been docusigned. The District did receive payment reimbursements on 9, 10, 11, and 12.
- Cash Flow Analysis: The Board requested to see a full recap of all of the grant detail at the November meeting.
- Tile Sump Scada Project: Mr. McGowan relayed that the contractor has erected the two antenna sites locations and that PG&E is in the process of giving PDD an exemption to continue the project.
- Land Acquisition: No update.
- Other: None

B. Annexation

Mr. McGowan let the Board know that Fresno County LAFCO is not open to the idea of hopscotching the Nelson property in order to annex in the other existing three properties. We are moving forward with our discussions with LAFCO and property owners.

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

D. Other Matters:

There were no other matters discussed.

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 no reportable actions were taken.

PANOCHÉ WATER & DRAINAGE DISTRICTS JOINT CLOSED SESSION: At 11:55 am Conference with Legal Counsel. The Board met in closed session and no reportable actions were taken.

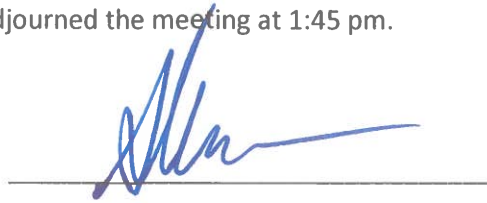
REPORT FROM JOINT CLOSED SESSION (GOVERNMENT CODE SECTION 54957.1) at 1:43 pm.

ADJOURNMENT

With no further business, President Barcellos adjourned the meeting at 1:45 pm.

A handwritten signature in blue ink, consisting of a large, stylized 'A' followed by a horizontal line.

Aaron Barcellos, President

A handwritten signature in blue ink, consisting of a stylized 'S' followed by a horizontal line.

Steve Fausone, Secretary