

AGENDA
PANOCHÉ FINANCING AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING
August 10, 2021 – 9:00 a.m.

**JOIN THE OPEN SESSION MEETING FROM YOUR COMPUTER, TABLET OR SMARTPHONE
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PRESIDENT’S ANNOUNCEMENT: Pursuant to Government Code Section 54952.3, let it be known that Board Members receive no compensation or stipend for simultaneous or serial order meetings of the Panoche Water District, Panoche Drainage District, Panoche Financing Authority, and/or the Panoche Resource Conservation District.

- 1. CALL TO ORDER**
- 2. REVIEW OF AGENDA:** The Board will consider corrections and/or additions to the Agenda of items requiring immediate action that came to the attention of the Board after the Agenda was posted.
- 3. ROLL CALL:** A quorum will be confirmed and the Board will consider appointment of an acting Officer(s) in the event the President, Vice-President, and/or Secretary is absent from the meeting.
- 4. POTENTIAL CONFLICTS OF INTEREST:** Any Board member who has a potential conflict of interest may now identify the Agenda Item and recuse themselves from discussing and voting on the matter. [Government Code Section 87105]
- 5. PUBLIC COMMENT:** The Board of Directors welcomes participation in Board meetings. The public may address matters under the jurisdiction of the Board that have not been posted in the Agenda. The public will be given the opportunity to address the Board on any item in the Agenda at this time or before the Board’s consideration of that item. If members of the public desire to address the Board relative to a particular Agenda item at the time it is to be considered, they should so notify the President of the Board at this time. Please note, California Law prohibits the Board from taking action on any matter during a regular meeting that is not on the posted Agenda unless the Board determines that it is an emergency or one of the other situations specified in Government Code Section 54954.2. During a special meeting, the Board may not take action on any matter that is not on the posted Agenda. The President may limit the total amount of time allocated for public comment on particular issues to 3 minutes for each individual speaker.

6. DIVISION REPORTS:

- A. Water Operations & Maintenance – Juan Cadena
- B. Administration – John Paul Otollo
- C. Ethics, Compliance, & Human Resources – Lorena Chagoya

At approximately 9:20 a.m., it is anticipated President Bennett will suspend the Panoche Drainage District and Panoche Financing Authority meetings and continue the Panoche Water District-ONLY meeting.

At approximately 11:45 a.m., it is anticipated President Bennett will resume the Panoche Financing Authority meeting.

7. CONSENT CALENDAR

All matters listed on the Consent Calendar are considered to be routine and non-controversial and will be acted upon by a single action of the Board of Directors, unless a Board Member requests separate consideration of the item. If such a request is made, the item may be heard as an Action Item at this meeting. The Board will review and consider (Tab 2):

- Approval of DRAFT minutes from the January 12, 2021, regular meeting of the Board;
- ~~Approval of DRAFT minutes from the June 08, 2021, regular meeting of the Board;~~
- Approval of DRAFT minutes from the June 22, 2021, special meeting of the Board;
- ~~Approval of DRAFT minutes from the July 16, 2021, special meeting of the Board;~~
- ~~Acceptance of the monthly financial statements for the period ending July 31, 2021;~~
- ~~Acceptance of Director's Monthly Credit Card Usage Report.~~

8. FUTURE MEETING DATES

- A. Board to Consider Action to Set Special Meeting Date(s): *No staff request.*
- B. Next Regular Meeting Date: September 14, 2021

9. ADJOURNMENT

- ❖ Items on the Agenda may be taken in any order.
- ❖ Action may be taken on any item listed on the Agenda.
- ❖ Writings relating to open session: Agenda items that are distributed to members of the Board of Directors will be available for inspection at the District office, excluding writings that are not public records or are exempt from disclosure under the California Public Records Acts.

Americans with Disabilities Act of 1990: Under this Act, a qualifying person may request that the District provide a disability-related modification or accommodation in order to participate in any public meeting of the District. Such assistance includes alternative formats for the agendas and agenda packets used for any public meetings of the District. Requests for assistance shall be made in person, in written form, or via telephone by calling (209) 364-6136. Requests must be received at least 18 hours prior to a scheduled public meeting.

**PANOCHÉ FINANCING AUTHORITY MEETING MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
January 12, 2021, at 9:00 A.M.**

A regular meeting of the Board of Directors was held in accordance with Governor Newsom’s Executive Orders N-25-20 and N-29-20 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, Chair
Sue Redfern-West, Vice-Chair
Mike Stearns, Secretary
Michael Linneman, Director
Ross Koda, Director
- Directors Absent: None
- District Staff Present: Ara Azhderian, General Manager
John Paul Otollo, Treasurer
Juan Cadena, Panoche Water District, Water Resources Manager
Lorena Chagoya, Panoche Water District, Ethics & Compliance Officer
- Others Present: Philip Williams, General Counsel
Diane Rathmann, Of Counsel
Doug Brown, Bond Counsel
Jonathan Guz, Bond Counsel
Robert Porr, Municipal Advisor
Lora Carpenter, Municipal Advisor
Doug Dove, Proposition 218 Special Benefits Engineer
Palmer McCoy, Grassland Basin Authority

ANNOUNCEMENT PURSUANT TO GOVERNMENT CODE SECTION 54952.3

Pursuant to the Brown Act, let it be known that Directors do not receive compensation or a stipend for simultaneous or serial order meetings of Panoche Water District, Panoche Drainage District, the Panoche Financing Authority, and/or the Panoche Resource Conservation District.

CALL TO ORDER

Chair Bennett called the regular meeting to order at 9:04 a.m.

REVIEW OF AGENDA

General Manager Azhderian reported the draft minutes under the Consent Calendar were not available for consideration and that a clerical error in Agenda Item 8 needed to be corrected to include the addition of a Purchase Contract and an Indenture of Trust.

ROLL CALL

A quorum of the Board and presence of the District’s Officers were confirmed.

POTENTIAL CONFLICTS OF INTEREST

No conflicts were reported.

PUBLIC COMMENT

There was no public comment.

DIVISION REPORTS

- A. Water Resources Manager, Juan Cadena reported deliveries were slow and that staff were working on various maintenance projects including repair of leaking pipes at Station 3 and cleaning of the Contour, Old Main, and T-Canals.
- B. Controller, JP Otollo reported accounting staff were performing calendar year-end functions including preparing annual tax forms, reviewing vendor contracts, and updating insurance certificates. Staff were also analyzing 2021 fiscal-year Operations and Maintenance costs to help inform the 2022 fiscal-year budget. The water department, he said, was processing the December billing, updating water supply balances, and communicating with growers about rescheduling, supplemental water, and new water year applications and Reclamation Reform Act reporting. Lastly, Otollo reported that the San Joaquin River Water Quality Improvement Project accounting function transitions from the Drainage District to the Grassland Basin Authority on December 1, 2020, and that work continued on pending SJRIP related costs.
- C. Ethics & Compliance Officer, Lorena Chagoya reported the District experienced no liability nor workers compensation claims, including COVID cases, in the month of December. She also reported that there have been no activity on the Speak Up Hotline. She stated the job postings for the electrician and accounting specialist positions had closed and staff were working to set interview dates and that the Field Safety & Compliance Officer, Pat Fuentes, was no longer employed by the District and that his tasks were being delegated to other employees to ensure continuity. She reported on trainings being performed for District staff, safety inspections, and other compliance activities.

At approximately 9:30 a.m., Chair Bennett adjourned the Panoche Drainage District and Panoche Resource Conservation District meetings to Wednesday, January 13, 2021, suspended the Panoche Financing Authority meeting, and continued the Panoche Water District-ONLY meeting

At approximately 10:42 a.m., Chair Bennett suspended the Panoche Water District meeting and resumed the Panoche Financing Authority-ONLY meeting.

THE BOARD TO REVIEW AND CONSIDER APPROVING AS TO FORM 1) AN INSTALLMENT PURCHASE AGREEMENT, 2) A PURCHASE CONTRACT AND 3) AN INDENTURE OF TRUST IN SUPPORT OF ANTICIPATED FUTURE FINANCING FOR THE REPAYMENT OF PANOCHÉ WATER DISTRICT'S ALLOCATED COSTS FOR CONSTRUCTION OF THE CENTRAL VALLEY PROJECT AND OTHER ACTIVITIES

General Counsel Williams introduced Jonathan Guz, an associate in Stradling's Public Finance group, the District's Bond Counsel, and explained the Stradling team had prepared the various documents in anticipation of future financing of the District's pre-payment of its CVP capital obligation and other activities necessary to implement the District's forthcoming 9(d) CVP contract. Guz presented the Board with the various documents and reviewed each in detail. He noted the Installment Purchase Agreement was the core document and that the Board's consideration today was as to the form of the various documents; the blanks in each would be filled in at the time of bond issuance when the actual numbers

and other information would be available. After consideration, on a motion by Director Stearns, seconded by Director Redfern-West, the Board unanimously approved the form of the Installment Purchase Agreement, the Purchase Contract, and the Indenture of Trust.

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 AUTHORIZING 1) THE ISSUANCE OF REVENUE BONDS OF A SUM NOT TO EXCEED \$38,000,000 IN AGGREGATE PRINCIPAL; 2) APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND AUTHORIZING CERTAIN OTHER MATTERS; AND 3) MAKING FINDINGS OF EXEMPTION UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

General Manager Azhderian presented the Board with the draft Resolution and explained the amount being considered was an up-to and that the actual amount ultimately would likely be less. General Counsel Williams noted the Board’s consideration was not about the form of the Resolution, as had been the case with the previous documents, but rather its substance. He invited Mr. Guz to review the Resolution in detail with the Board. After consideration, on a motion by Director Stearns, seconded by Director Koda, the Board unanimously approved the Resolution authorizing the issuance of bonds, approving related actions, and finding the actions exempt under CEQA.

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 A JOB DESCRIPTION FOR THE EXECUTIVE DIRECTOR

General Counsel Williams presented the Board the draft job description. He explained the job description would be part of the submission of the Authority’s draft Conflict of Interest Code to the California Fair Political Practices Commission for its review and approval. After consideration, on a motion by Director Stearns, seconded by Director Linneman, the Board unanimously approved the job description.

The vote on the matter was as follows:

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

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

There was no report.

FUTURE MEETING DATES

The next regular meeting of the Board was scheduled for January 26, 2021, at 9:00 a.m.

ADJOURNMENT

With no further business on the agenda, Chair Bennett adjourned the meeting at 10:55 a.m.

JOHN BENNETT, Chair

MIKE STEARNS, Secretary

DRAFT

**PANOCHÉ FINANCING AUTHORITY MEETING MINUTES
SPECIAL MEETING OF THE BOARD OF DIRECTORS
June 22, 2021, at 10:00 A.M.**

A special meeting of the Board of Directors was held in accordance with Governor Newsom’s Executive Orders N-25-20 and N-29-20 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
Mike Stearns, Secretary
Ross Koda, Director
- Directors Absent: Sue Redfern-West, Vice-President
Michael Linneman, Director
- District Staff Present: Ara Azhderian, General Manager
- Others Present: Philip Williams, General Counsel
Diane Rathmann, Of Counsel
Doug Brown, Bond Counsel
Jonathan Guz, Bond Counsel
Robert Porr, Municipal Advisor
Lora Carpenter, Municipal Advisor
Steve Smith, Turlock Fruit Company

ANNOUNCEMENT PURSUANT TO GOVERNMENT CODE SECTION 54952.3

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CALL TO ORDER

President Bennett called the meeting to order at 10:05 a.m.

REVIEW OF AGENDA

There was no change to the Agenda.

ROLL CALL

A quorum of the Board and presence of the District’s Officers were confirmed.

POTENTIAL CONFLICTS OF INTEREST

There was no conflict reported.

PUBLIC COMMENT

There was no public comment.

THE BOARD TO REVIEW AND CONSIDER ADOPTING A RESOLUTION APPROVING THE AUTHORITY'S PORTION OF A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH THE ISSUANCE OF REVENUE BONDS, AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH

General Manager Azhderian presented the Board a draft Resolution and explained this consideration was related to the forthcoming issuance of bonds by the Authority in support of the Panoche Water District's efforts to fund its pre-payment of existing Central Valley Project capital costs and settlement with the United States. Azhderian introduced Bond Counsel Doug Brown, a shareholder in Stradling's Public Law practice group, who reviewed the Resolution and Preliminary Official Statement in detail with the Board. He said the purpose of the Statement was to explain and disclose information regarding the bond offering and that there would be two offerings, one tax exempt for the CVP capital and the other taxable for the settlement. He explained payment for the bond would be primarily from the recent voter approved Contractual Obligation Assessment, but that general District revenues could also be used, though this was protected against by the establishment of a Rate Stabilization Fund that would hold 125% of the annual bond payment amount in reserve. Lastly, Brown reviewed Appendix A, which explained the Water District in detail. After consideration, on a motion by Director Stearns, seconded by Director Koda, the Board adopted the Resolution as presented.

The vote on the matter was as follows:

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

FUTURE MEETING DATES

The next regular meeting of the Board was scheduled for July 13, 2021, at 9:00 a.m.

ADJOURNMENT

With no further business on the agenda, President Bennett adjourned the meeting at 10:53 a.m.

JOHN BENNETT, President

MIKE STEARNS, Secretary