

**AGENDA**  
**PANOCHÉ FINANCING AUTHORITY**  
**REGULAR BOARD OF DIRECTORS MEETING**  
**April 16, 2024 – 12:00 p.m.**

**MEETING LOCATION**  
**Panoche Water District Boardroom**  
**52027 W. Althea Avenue**  
**Firebaugh, CA 93622**

**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 – Marlene Brazil
- C. Ethics, Compliance, & Human Resources – Josh Marquez
- D. General Manager’s Report – Patrick McGowan

**7. THE BOARD TO REVIEW AND DISCUSS THE PROPOSITION 218 LETTER AND PROTEST FORM SENT TO LANDOWNERS**

**8. 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 April 13, 2021 regular meeting of the Board;

**9. FUTURE MEETING DATES**

- A. Board to Consider Action to Set Special Meeting Date(s): *No staff request.*
- B. Next Regular Meeting Date: September 10, 2024

**10. 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 WATER DISTRICT

52027 WEST ALTHEA AVE, FIREBAUGH, CA 93622

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## MEMORANDUM

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**FROM: GENERAL MANAGER, PATRICK MCGOWAN**

**SUBJECT: BOND COUNSEL MEETING**

**DATE: 4/16/2024**

**CC: PANOCHÉ FINANCE AUTHORITY BOARD OF DIRECTORS**

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- 1) **Levy of Assessments** – Under Section 6.14(a) of the Installment Purchase Agreement, the District is required to levy the Contractual Obligation Assessment in an amount equal to the lesser of (i) the maximum amount provided by law or (ii) the amount reasonably expected to pay the installment payments, including any reasonable coverage requirement to account for anticipated and unanticipated delinquencies. At the time we were working on the financing, it was determined that the assessments would be levied at an amount equal to 110% of the installment payments to allow for a cushion for potential delinquencies. It should be noted that this covenant does not apply to the portion of the special benefit assessments levied for purposes of financing capital modernization projects of the District, as such assessments are specifically excluded from the definition of Contractual Obligation Assessments.

The maximum amount that the District can levy was established through the District's Proposition 218 proceedings in connection with the assessment and is provided in the resolution approving the assessment. The maximum amount of the levy for the District's obligations with respect to the 9(d) Contract is \$38.09 per assessable acre per year. The maximum amount of the levy for the District's water system modernization projects is \$21.91 per assessable acre per year.

- 2) **Rate Covenant – Rates and Charges** – Under Section 6.14(b) of the Installment Purchase Agreement, the District has covenanted to set rates and charges for District water service at the beginning each fiscal year in an amount reasonably expected to yield net revenues in an amount equal to at least 125% of debt service payable in such fiscal year. Under this section of the Installment Purchase Agreement, the amount of debt service attributable to the District's obligations with respect to the 2021 Bonds is reduced by the Contractual Obligation Assessments collected for the purpose of paying such obligations, so if the District is collecting the Contractual Obligation Assessments in an amount sufficient to pay the installment payments relating to the 2021 Bonds, the District would not be required to establish rates and charges reasonably expected to yield net revenues equal to at least 125% of such installment payments, as such installment payments would be reduced to 0 for purposes of the covenant.
- 3) **Release of Surplus Contractual Obligation Assessments** - Under Section 5.02(b) of the Installment Purchase Agreement, if the District has paid the installment payment coming due on the last day of February of a fiscal year and has sufficient Contractual Obligation Assessment proceeds on deposit to pay

the installment payment coming due on the last day of August of the subsequent fiscal year, then, on or after the last day of the fiscal year in which the February payment was due, Contractual Obligation Assessment proceeds in excess of the amount needed to make the August payment can be applied by the District for any lawful purpose, including providing refunds to landowners. It should be noted that the refunds cannot take the form of a credit against the assessments to be paid by the landowners in the following fiscal year.

- 4) **Rate Stabilization Fund** - The District did establish a rate stabilization fund in connection with the 2021 financing. As of the date of closing of the 2021 Bonds, there was \$1,166,375 on deposit in the fund. The general ledger code for the rate stabilization fund listed in the Installment Purchase Agreement is 13465-000.
- 5) **Collection of Assessments by the District** – There is nothing in the legal documents that requires that the respective counties levy the benefit assessments, so there is no documentary restriction on the District levying and collecting the assessments. Our recollection was that the rating agency viewed the collection of the assessments by the counties as being a credit positive, so you should consult with the Fieldman Rolapp team to see if they think that a change to having the District collect the assessments would have any impact of the rating on the 2021 Bonds.



# PANOCHÉ DRAINAGE DISTRICT

52027 West Althea Ave, Firebaugh, CA 93622 – (209) 364-6136 – [panochedrainage.specialdistrict.org](http://panochedrainage.specialdistrict.org)

March 19, 2023

Subject: Panoche Drainage District Proposed Drainage Service Fees – Notice and Opportunity to Protest

Dear Landowners,

On March 12, 2024, the Panoche Drainage District Board of Directors adopted the District’s FY 24-25 Budget. As part of that process, the Board approved, subject to the requirements of Article XIII D of the California Constitution, imposing land-based charges to fund the District’s activities, which the District identifies as a “Drainage Service Fee”.

The District has identified two classes of land within the District properly subject to the Drainage Service Fee: “Regular”, and “Landlocked”. Regular lands are those lands that have full access to Panoche Drainage District facilities. Landlocked lands are those lands surrounded by parcels owned by others, with no access to District drains. To address the distinction between the two, the District has identified different Proposed Drainage Service Fees for these two types of land and has developed the following Proposed Drainage Service Fees:

Drainage Service Fee: Regular	\$64.39
Drainage Service Fee: Landlocked	\$16.97

Currently, the District funds all its activities through Drainage Service Fees and plans to fund its activities for the 2024-2025 fiscal year through the Proposed Drainage Service Fees.

In accordance with the requirements of Article XIII D of the California Constitution, known generally as “Proposition 218”, the Board will hold a public hearing on the Proposed Drainage Service Fees. The Board will hold this public hearing at 9:00 am on May 14, 2024. At that time, the Proposed Drainage Service Fees will go into effect unless a majority of owners of the identified parcels submit written protests before the close of the public hearing on May 14, 2024. If the Proposed Drainage Service Fees do not pass the protest hearing, the District will refund the difference between any fees paid for the 2024-25 fiscal year and the amount of the 2023-24 Drainage Service Fees.

Enclosed with this notice is a protest form to indicate whether you, as the landowner subject to the Proposed Drainage Service Fee, oppose the Proposed Drainage Service Fees. Please refer to the form and carefully follow the instructions provided on the form.

Sincerely,

Patrick McGowan  
General Manager



# PANOCHÉ DRAINAGE DISTRICT

52027 West Althea Ave, Firebaugh, CA 93622 – (209) 364-6136 – [panochedrainage.specialdistrict.org](https://panochedrainage.specialdistrict.org)

## PANOCHÉ DRAINAGE DISTRICT PROPOSED 2024-2025 DRAINAGE SERVICE FEES OFFICIAL PROTEST FORM

By signing below, I OPPOSE the Panoche Drainage District's Proposed 2024-2025 Drainage Service Fees.

Date:

Signature:

If applicable, check the box below. Please write/print legibly.

By checking this box, I certify I am the Landowner or the Landowner's legal representative of the following APN or Address.

Name:

APN:

Address:

Provide the Name and Address as it appears (not a post office box).

### Instructions and Requirements

- o This Form can be downloaded from: <https://panochewd.specialdistrict.org/>
- o Landowners within Panoche Drainage District may file a written protest against the Proposed 2024-2025 Drainage Service Fees at the Protest Hearing scheduled on May 14, 2024, at 9:00 am.
- o Written protests must be filed no later than the close of the Protest Hearing to be considered.
- o This form must be completely filled out, dated, and received during the Official Protest Period, which begins on March 19, 2024, and ends on April 9, 2024, at the close of the Protest Hearing.
- o This form must either be received in the Panoche Drainage District office by mail or delivered in person prior to the close of the Protest Hearing.
- o The Panoche Drainage District mailing address is 52027 West Althea Ave, Firebaugh, CA 93622.
- o Written protests cannot be accepted by fax or email.
- o Written protests that have been filed may also be withdrawn at the Landowner's request prior to the close of the Protest Hearing.

**PANOCHÉ FINANCING AUTHORITY MEETING MINUTES  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
April 13, 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, 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  
Jonathan Guz, Bond Counsel  
Robert Porr, Municipal Financing Advisor  
Lora Carpenter, Municipal Financing Advisor  
Erik Helgeson, Proposition 218 Project Manager  
Steve Smith, Turlock Fruit  
Aaron Barcellos, A-Bar Ag Enterprises  
Palmer McCoy, Grassland Basin Authority

**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 changes to the Agenda.

**ROLL CALL**

A quorum of the Board and presence of the Authority’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 on water deliveries and maintenance activities, noting that District deliveries were varying significantly between mid-week and weekends, presumably due to changes in overtime laws, and that the swings were adversely impacting canal operations and water quality. Cadena explained that the District was reaching out to growers to request that reductions in irrigation be rotated so as to smooth the impact throughout the week as opposed to concentrating it in the weekend.
- B. Controller, JP Otollo reported accounting staff were working on the 2021 fiscal year-end close-outs, monthly water usage billings, development of the 2021-22 Water District fiscal-year budget, supporting the Proposition 218 process, and supporting the financial audit of the Drainage District's for the fiscal-year ending 2020.
- C. Ethics & Compliance Officer, Lorena Chagoya reported on various risk management activities for the month of March. She stated that there were no liability, workers' compensation, COVID-19 cases, nor reports on the District's Speak-Up Hotline. However, she noted, there were six internal cases reported, of which 4 cases had been closed and 2 were still open. Chagoya also reported that various job specific safety trainings and a mandated sexual harassment training had been completed in early April. She explained that the Ethics & Compliance annual training was postponed until after the District completed the 2<sup>nd</sup> round of COVID-19 vaccinations, scheduled for the end of April; in the hopes that the training can then be conducted in person. Chagoya concluded with an announcement that the statement of Economic of Interest, Form 700, were due by April 1<sup>st</sup> and urged those who had not submitted their forms to do so as soon as possible.

## **THE BOARD TO REVIEW AND CONSIDER AUTHORIZING EXECUTION OF AN AGREEMENT WITH WELLS FARGO SECURITIES FOR INVESTMENT BANKING AND UNDERWRITING SERVICES**

General Manager Azhderian introduced the Authority's Municipal Financing Advisor, Robert Porr. Porr presented the Board a report on the proposed bond underwriter selection process and overview of the responses to the Authority's Request for Proposals. He explained important considerations when evaluating an underwriter and recommended the Authority select Wells Fargo Securities due to their superior experience with Central Valley Project 9(d) contract conversions and lower fees. After consideration, on a motion by Director Stearns, seconded by Director Redfern-West, the Board unanimously accepted the recommendation to engage Wells Fargo Securities.

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 on other items.



**FUTURE MEETING DATES**

The next regular meeting of the Board was scheduled for April 27, 2021, at 9:00 a.m.

**ADJOURNMENT**

With no further business on the agenda, President Bennett adjourned the meeting at 9:34 a.m.

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AARON BARCELLOS, President

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STEVE FAUSONE, Secretary

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