

MINUTES OF THE REGULAR  
MEETING OF THE BOARD OF  
DIRECTORS OF THE  
SEMITROPIC, BUTTONWILLOW, POND-POSO,  
AND WILDLIFE IMPROVEMENT DISTRICTS  
OF SEMITROPIC WATER STORAGE DISTRICT

Convened at 12:30 p.m. on Wednesday,  
October 9, 2019

The regular meeting of the Board of Directors was called to order by President Waterhouse on Wednesday, October 9, 2019, at 12:30 p.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

Directors Present: Jeff Fabbri, Phil Portwood, Tom Toretta,  
Todd Tracy and Dan Waterhouse;

Directors Absent: Tim Thomson and Rick Wegis;

Others Present: General Manager, Jason Gianquinto;  
District O & M Superintendent, John Lynch;  
District Controller, Bobby Salinas;  
District Engineer, Isela Medina;  
District Contract Administrator, Becky Ortiz;  
District Accounting Supervisor, Mariela Garza;  
District Executive Secretary, Marsha Payne;  
District's Consultants, Will Boschman & John Jones;  
District's Legal Counsel, Steve Torigiani;  
District's Consulting Engineers, GEI Consultants,  
Inc., Represented by Ron Eid;  
W.M. Lyles Representative, Rick Amigh;  
Balanced Public Relations Representative, Dean Florez;  
REDTrac Representative, Greg Allen;  
Agua Via Representatives, Floyd Wicks & Brian Allum;  
Wells Fargo Securities, Michael Engelbrecht;  
KutakRock Representative, Albert Reyes;  
Others in Attendance: Scott Hamilton, Lindsay  
Cedarquist, Jon Reiter, Garrett Busch, Molly  
(Saso) Thurman; Pres Brittian and Kathryn  
VanderPoel.

President Waterhouse opened the meeting with the flag salute, then introduced and welcomed all guests.

**ACTION ITEMS**

**Approval of Agenda**

A motion was made by Director Tracy, seconded by Director Toretta, and unanimously approved by all board members, to table and refer to committee two items on the Agenda:

“Consider Landowner Request to Reclassify Lands (Dan Hernstedt)”, and “Consider Water Purchase Agreement with Agua Via ST Water, Inc.”

### **Minutes**

The Minutes of the Regular Board Meeting on September 11, 2019 were presented for approval.

On motion by Director Tracy, seconded by Director Toretta, the Minutes of the Regular Board Meeting on September 11, 2019 were approved as presented.

The Minutes of the GSA Board Meeting of September 11, 2019 were presented for approval.

On motion by Director Tracy, seconded by Director Toretta, the Minutes of the GSA Board Meeting on September 11, 2019 were approved as presented.

### **Treasurer’s Report**

The Treasurer’s Reports for September 2019 were presented for review and approval. The Treasurer, Director Toretta, stated that he reviewed the reports with District staff and recommended approval.

On motion by Director Toretta, seconded by Director Portwood, the Treasurer’s Reports for September 2019 for Semitropic Water Storage District and Semitropic Improvement District were approved for filing.

### **Financial Reports**

District Controller, Bobby Salinas, reviewed the September Income Statement and Financial Reports. The Actual/Projected Cash Flow balance is anticipated to be higher at the end of the year due to increased storage by Banking Partners.

### **Accounts Payable**

The Cash Disbursement List for October 9, 2019 was presented for review and payment. Discussion followed regarding the purchase of sulfuric acid to adjust PH balance in facilities, and backhoe service for repairs to landowner reservoir due to overflow.

On motion by Director Portwood, seconded by Director Tracy, the Board authorized payment of the Accounts Payable as listed on the October 9, 2019 Disbursement List for Semitropic Water Storage District and Semitropic Improvement District. A copy of the Disbursement List presenting the payments that were approved is attached hereto as "Exhibit A."

**Consider Approval of Advanced Refunding of 2012A Revenue Bonds**

Manager Gianquinto stated that at its September Meeting, the Board authorized staff to pursue refunding of the 2012A Bonds. Staff has been working with Michael Engelbrecht of Wells Fargo Securities reviewing financing that had been done in the past, analyzing today’s market and interest rates and determined that there could be a substantial savings on debt service to the District.

Michael Engelbrecht gave a presentation, reviewing the outstanding 2012 Water Banking Revenue Bonds. The 10-year Treasury Bonds are at a new all-time low. Standard and Poors gave the District an A+ rating and Fitch Ratings assigned an AA- rating with Bond Insurance.

Director Toretta reported that the Finance Committee met with Staff and Michael Engelbrecht on September 26, 2019 to review and discuss Water Banking Refund Revenue Bonds 2019 Series A and recommends the Board move forward with pricing for refunding the 2012 A Water Banking Refunding Bonds. Discussion followed.

Albert Reyes, the District’s Bond Counsel presented the Bond Documents and Resolution Needed to proceed.

On motion by Director Toretta, seconded by Director Tracy, the Board authorized Resolution No. SID 2019-09:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SEMITROPIC IMPROVEMENT DISTRICT OF SEMITROPIC WATER STORAGE DISTRICT APPROVING AN INDENTURE OF TRUST, A CONTINUING DISCLOSURE AGREEMENT, A PURCHASE CONTRACT, ESCROW INSTRUCTIONS AND AN OFFICIAL STATEMENT; MAKING CERTAIN DETERMINATIONS RELATING THERETO; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

On motion by Director Toretta, seconded by Director Portwood, the Board authorized the purchase of Bond Insurance as requested by Standard and Poors and Fitch Ratings.

**Consider Approval of 2020 Budget, Setting Preliminary Water Rates and Adoption of Related Resolutions**

Manager Gianquinto reported that the Finance Committee met with staff to review the 2020 Budget. Controller Bobby Salinas reviewed the highlights of the 2020 Budget to the Board based on a 60% water allocation from the State, no banking activity, as well as projected income, expenses, capital and debt service. GASC & GPSC rates would remain the same as 2019. The 2020 cost of State Water Project Contract Water would be about \$15.8M.

It was the consensus of the Board that the Contract Water rates remain at \$107/AF (SWP Charge \$58 and Additional Water Use Charges \$49) as consistent with the methodology adopted for setting the contract water rate per the Semitropic Water Storage District Resolution No. 15-10 adopted on December 9, 2015, and the subsequent Proposition 218 hearing held on February 10, 2016.

Director Toretta stated that the Finance Committee had reviewed the 2020 Budget and Water Rates with staff and recommended adoption of the Budget and Water Rates as presented.

On motion by Director Toretta, seconded by Director Fabbri, the Board approved the 2020 Budget and adopted Resolution No. ST 19-04 and Resolution No. SID 19-02 in accordance with staff recommendations:

RESOLUTION ADOPTING 2020 BUDGET

On motion by Director Portwood, seconded by Director Tracy, the Board approved Resolution No. BW 19-05 and Resolution No. PP 19-05:

RESOLUTION FIXING PRELIMINARY SWP WATER CHARGE AND  
PRELIMINARY ADDITIONAL WATER USE CHARGE FOR 2020 AND  
SETTING NOTICED PUBLIC HEARING THEREON

**Consider Resolutions to Adopt Annual Investment and Reserve Policies**

Controller Bobby Salinas reported that the District's Annual Investment and Reserve Policies have been reviewed and updated accordingly for 2020. There were no significant changes on either the Annual Investment or the Reserve Policies.

On motion by Director Portwood, seconded by Director Toretta, the Board adopted Resolution ST 19-05:

ADOPTING AN ANNUAL INVESTMENT POLICY  
FOR THE  
SEMITROPIC WATER STORAGE DISTRICT

On motion by Director Portwood, seconded by Director Toretta, the Board adopted Resolution ST 19-06:

ADOPTING AN ANNUAL RESERVE POLICY  
FOR THE  
SEMITROPIC WATER STORAGE DISTRICT

**Consider Approval of 2020 Noncontract Water Rates**

District Engineer, Isela Medina, presented an Applied Water Cost Analysis which was prepared to help determine the 2020 Noncontract Water Rates. Mrs. Medina and Staff proposed setting the Noncontract Water rates at \$106/AF Winter, \$112/AF Summer and \$117/AF Allocated (based on 3.5AF/AC). Discussion followed.

On motion by Director Portwood, seconded by Director Tracy, the Board authorized setting the 2020 Noncontract Water Rates at \$106/AF Winter, \$112/AF Summer and \$117/AF Allocated (based on 3.5AF/AC), subject to the hearing process to follow in November.

### **Consider Amending Wheeling Rates for Calendar Year 2020**

Isela Medina submitted a Memo to the Board amending the Semitropic wheeling charges for calendar year 2020. According to the Rules and Regulations, wheeling of groundwater within the District service areas is permitted for the benefit of the District Water Users to maximize efficient use of water and/or to achieve energy cost savings. An Administrative Charge of \$0.50 per acre-foot has been administered to all Water Users who has requested to wheel water within the District service since adoption of the wheeling policy by the Board in March 8, 1989.

The Conveyance Charge (which includes operation and maintenance) is only administered to a Water User if and when the water to be wheeled is lifted by a pumping plant and is currently \$16.50 per acre-foot. Staff has evaluated the current wheeling charge to consider increases in the PGE tariffs and increased ops and maintenance costs. The proposed Conveyance Charge is \$18.00 per acre-foot. Discussion followed.

On motion by Director Fabbri, seconded by Director Toretta. The Board authorized the Amended Wheeling Rates for Calendar Year 2020 to be \$0.50 per acre-foot Administrative Charge and \$18.00 per acre-foot Conveyance Charge.

### **Consider Approval of GEI Task Order 07-2019 for Engineering Services to Support HSR Peer Review**

Isela Medina presented GEI Task Order 07-2019 for Engineering Peer Review of the 60% Design Package and Basis of Design Report by Othon Consulting Engineers for California Rail Builders LLC, High Speed Train Project, Fresno to Bakersfield, Contract Number HSR-32, Construction Package 4, Semitropic Canal P-1030 Crossing, plans dated September 24, 2019. The Budget for this Task Order is a not-to-exceed amount of \$28,000 for time and material.

On motion by Director Toretta, seconded by Director Tracy, the Board authorized GEI Task Order 07-2019 for Engineering Services to Support HSR Peer Review with a not-to-exceed Budget amount of \$28,000 for time and material.

### **Consider Approval of GEI Task Order 08-2019 for Engineering Services to Support the Preparation of a USBR Grant Proposal**

Isela Medina presented GEI Task Order 08-2019 for Engineering Services to Support the Preparation of a USBR Grant Proposal. Two grant opportunities are available under a project tied to the B369 System to be submitted as separate components. Due November 1, 2019 is for the Leonard Distribution System B369 Extension for BOR-MP-19-F003, Agricultural Water Conservation and Efficiency Grants, Fostering District/Farmer Partnerships up to \$1,000,000. Due December 2, 2019 is the Leonard Intertie Extension with SWID for Bor-MP-19-F002, Bay-Delta Restoration Program CalFed Water Use Efficiency Grants up to \$500,000. All funding agreements have a required minimum 50-percent cost match, with federal funding allowed to match with state and local funds. The Budget estimate is not to exceed \$25,000.

On motion by Director Tracy, seconded by Director Toretta, the Board authorized GEI Task Order 08-2019 for Engineering Services to Support the Preparation of a USBR Grant Proposal for the Leonard Distribution System B369 Extension with a not-to-exceed Budget amount of \$25,000.

**Consider Easement Agreement with Buena Vista WSD for NAP Pipeline Crossing**

Manager Gianquinto reviewed the terms of an easement agreement with Buena Vista Water Storage District for a Water Pipeline Easement across District property near the Intake Canal. More specifically, the agreement provides for a Permanent Easement for a NAP Pipeline Crossing located in Section 28, Township 27 South, Range 22 East, M.D.M. near the Intake Canal. Discussion followed.

On motion by Director Tracy, seconded by Director Toretta, the Board approved and authorized execution of said easement agreement.

**Consider Sale of Excess Material (Compressor)**

The Manager reported that a District-owned compressor has failed and is of no use to the District. Bakersfield Well and Pump has made an offer of \$12,000 for the compressor to use it for spare parts.

On motion by Director Toretta, seconded by Director Tracy, the Board authorized staff to sell the compressor to Bakersfield Well and Pump for an amount of \$12,000.

**Consider Agreement with Barbich Hooper & King for 2019 Audit**

Controller Bobby Salinas presented a consulting service agreement submitted by Barbich, Hooper & King (BHK) for preparation of the 2019 Annual Audit. The letter agreement is for a not-to-exceed amount of \$40,000 including expenses. This amount is a slight increase over last year's audit due to more complex water accounting, fixed assets and increase in general accounting work.

On motion by Director Tracy, seconded by Director Portwood, the Board authorized the Manager to execute the consulting services agreement with BHK for the 2019 Audit for the District.

**SEMITROPIC GSA UPDATE**

At 1:37 p.m., the Board President, Dan Waterhouse, declared a meeting of the Semitropic Groundwater Sustainability Agency. Manager Gianquinto reported that a landowner meeting is scheduled for Wednesday, October 23 starting at 1:30 p.m. at the Elks Lodge for an overview of the Groundwater Sustainability Plan.

The GSA meeting concluded at 1:45 p.m. See the separate Minutes of the Semitropic GSA Meeting for discussion topics and any action taken.

## **CONSULTANT REPORTS**

### **Design/Build Team Construction Update**

W.M. Lyle's Representative, Rick Amigh, reported that the casing bore under Pond Road was installed for the Pond Road Solar Interconnection Facilities. The Solar EPC expects to commence with their work in October. The interconnection electrical equipment has been delivered and is in storage until needed.

The Junction Pumping Plant Flow Meter has been converted to an AC power supply. The Meter final calibration is underway to make the facility operational. SCADA programming and communication will be completed by the end of October.

### **Consulting Engineer's Report**

Ron Eid from GEI Consultants, Inc. presented the "Consulting Engineers' Report on Projects for Semitropic Water Storage District" for work during September 2019, which was accepted for filing.

Activity during the month included preparation of a grant Proposal for the next round of funding for Poso Creek IRWM projects.

GEI coordinated with District staff and California Rail Builders (CRB) on the construction phase of the Pond-Poso Spreading Grounds – Phase V with activities including monitoring construction activity and performing quality assurance on the project.

Support on the Cox Canal Intertie Project included project management, monthly status calls with the District and preparation of 30% drawing, Specifications' Table of Contents and Cost Estimate.

### **Groundwater Storage Services, Inc.**

Will Boschman of Groundwater Storage Services, Inc. reported that Agua Via has had principals and experts from out of town working locally towards completion of preliminary design locating facilities, etc., all in preparation of a Project Description that would become part of environmental documentation.

It is anticipated that financing will be in place soon and implementation of Aqua Planet's Project could be underway.

Mr. Boschman represented Semitropic in the ACWA Energy Committee meeting where updates were reported on PG&E's mitigation measures associated with catastrophic wildfires.

### **DWR, Inc. John Jones**

John Jones of DWR, Inc. reported that the Duck Clubs have been taking water deliveries and building up to normal water elevations; however, deliveries are starting to wind down.

Well drilling staff went over safety procedures on testing the drilling rig systems. Tailgate meetings on drilling safety continued on a regular schedule. Two different companies submitted quotes for refurbishing a pilot hole bit and a hole-opener bit.

### **REDTrac**

Greg Allen of REDTrac reported that testing and calibration at about 55 sites in Phase One of the Meter Flow Rate Calibration Project were deferred because of the high cost of PG&E Demand Charges associated with running the wells during Summer On-Peak periods. Field tests and meter calibrations will resume on Friday November 1 during the utility winter season.

REDTrac is pilot testing certain metering and communication hardware for possible inclusion in the Phase Two RFP. The revised hardware is expected to significantly reduce capital and installation costs for Phase Two.

### **Balance Public Relations**

Dean Florez of Balance Public Relations reported that only a few bills of interest were signed during the last legislative session. Governor Newsome appears to want to work with farmers, thus his veto on SB 1. The Manager thanked Mr. Florez for his hard work on SB 1. Discussion followed on PG&E blackouts during high winds which are causing major problems.

### **INFORMATIONAL AND UP-DATE ITEMS**

Manager Gianquinto's written report on "District Activity During September" dated October 4, 2019 was accepted for filing. In addition, the following items were presented:

#### **Irrigated Lands Regulatory Program**

The Manager reported that KRWCA membership invoices for 2020 were mailed at the end of September and due by November 15, 2019. With regard to the Groundwater Water Quality Trend Monitoring Program, a number of reimbursement requests were received and approved relative to the operation wells triggering a standby charge from the local electrical utility which may be an on-going issue.

#### **Delta Conveyance Facility Project (DCF)**

The Manager reported that negotiations between the State Water Project Contractors and the Department of Water Resources were initiated on July 24, 2019 and continuing regarding the development of an agreement in principle for the Delta Conveyance Project. The Board reviewed a copy of the latest estimate of Kern County Water Agency member unit level of interest in DCF participation and allocation of estimated planning costs.

## **Kern Groundwater Authority**

The KGA Board met on September 25<sup>th</sup> and significant issues were discussed including: Approval of a cash call under Special Activity Agreement Number 4 in the amount of \$275,000; approval to execute jurisdiction agreements between the KGA and member districts; and approval of a guidance document/policy for the preparation of a coordinated water budget for the members of the KGA.

## **Winter Work**

District Engineer, Isela Medina, reported on the projects expected to be completed during the shutdown period: 1) Wildwood Siphon removal, which includes removal of 200 LF of 90” RCP siphon pipeline and concrete lining of canal section; 2) Concrete liner repairs at various locations along the Pond Poso and Buttonwillow Ridge canals; 3) Landowner work order requests for new service turnouts and relocated service connections; 4) preparation for a District-wide survey to support future modeling of the District system; and 5) Preparation for completion of an inspection protocol for various facilities, including check structures and pump stations, in particular aging infrastructure.

## **Closed Session**

At 2:30 p.m. the District’s legal counsel, Steve Torigiani, stated that a closed session was needed pursuant to the following:

**a. Conference with legal counsel Re: Pending Litigation (Gov’t. Code § 54956.9(d))**

- 1) *Wilbur-Ellis Co. v. Semitropic Water Storage Dist., et al., and related actions (Coordinated as JCCP 4901)*
- 2) *Central Delta Water Agency et al v. California Department of Water Resources et al. (Sacramento County Superior Court, Case No. 34-2010-80000561: Fifth Appellate District, Case No. C078249) Re: Monterey Plus EIR/Reverse Validation*
- 3) *Center for Food Safety, et al, v. Department of Water Resources, et al. (Sac Sup #34-2016- 80002469; Fifth Appellate District, Case No. C086215)) Re: Monterey Plus KWB EIR*
- 4) *Various applications filed for Kings River Water by Semitropic WSD, et al.; Petition for Change of Points of Diversion, etc. (License 11521) filed by Kings River Water Assn.; and related matters and proceedings, before the State Water Resources Control Bd.*
- 5) *California Department of Water Resources v. All Persons Interested, etc. Case No. 34-2018-00246183 (Sacramento Superior Court) Re: SWP Contract Extension Amendment*
- 6) *State of CA Dept. of Trans. v. Semitropic WSD, Case No. BCV-19-100326*
- 7) *State v. Pond Poso Improvement District of Semitropic Water Storage District, Kern County Superior Court, Case No. BCV-19-1007686*

**b. Conference with legal counsel Re: Anticipated Litigation: Possible exposure to litigation pursuant to Gov’t. Code § 54956.9 (d) (2).**

- 1) Two Potential Cases

**c. Conference with legal counsel Re: Anticipated Litigation: Possible initiation of litigation pursuant to Gov’t. Code § 54956.9 (d) (4).**

- 1) One Potential Case

**d. Conference with Real Property Negotiator (Gov't. Code § 54956.8)**

District's Designated Representative: General Manager

1) *Property: State Water Project Supplies*

*a. Negotiation With: California Department of Water Resources, Kern County Water Agency and its Member Units, And State Water Contractors*

2) *Acquisition of Water Supplies*

*a. Negotiation with: Multiple Sellers*

At 4:10 p.m. the Board reconvened to open session. President Waterhouse stated that several items were discussed but that no reportable action was taken.

**Adjournment**

The meeting was adjourned at 4:15 p.m. by President Waterhouse. The next Adjourned Meeting was scheduled for Wednesday, October 23, 2019 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/S/ Daniel Waterhouse, President