

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,
November 14, 2018

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, November 14, 2018, 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, Tim Thomson, Tom Toretta, Todd Tracy, Dan Waterhouse and Rick Wegis;

Directors Absent: None;

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 and John Jones;
District's Legal Counsel, Ernest Conant and Steve Torigiani;
District's Consulting Engineers, GEI Consultants, Inc., Represented by Larry Rodriguez;
W.M. Lyles Representative, Rick Amigh;
Balance Public Relations Representative, Dean Florez;
Agua Via Representative, Floyd Wicks,
Aviva Energy Representative, Greg Allen;
John Hancock National Resources Representative, Megan Chicoine;
New Current Water & Land (NCWL) Representative, Stacie Ann Silva; and,
District landowners or Representatives John Wedel and Molly Saso.

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

ACTION ITEMS

Approval of Agenda

It was noted that one item inadvertently was not included in the Agenda and requires action before the next Board Meeting: Approve Treasurer's Reports for September 2018.

On motion by Director Tracy, Seconded by Director Waterhouse, the Amended Agenda was unanimously approved.

Minutes

The Minutes of the Regular Board Meeting on October 9, 2018 were presented for approval.

On motion by Director Tracy, seconded by Director Portwood, the Minutes of the Regular Board Meeting on October 9, 2018 were approved as presented.

The Minutes of the GSA Board Meeting of October 9, 2018 were presented for approval.

On motion by Director Tracy, seconded by Director Portwood, the Minutes of the GSA Board Meeting on October 9, 2018 were approved as presented.

Treasurer's Report

The Treasurer's Reports for September and October 2018 were presented for review and approval.

On motion by Director Waterhouse, seconded by Director Toretta, the Treasurer's Reports for September and October 2018 for Semitropic Water Storage District and Semitropic Improvement District were approved for filing.

Financial Report

District Controller, Bobby Salinas, reviewed the Financial Reports along with the Actual and Projected Cash Flow Report. Mr. Salinas stated that the end-of-year cash balance is projected to be about \$17M. It was also noted that Montecito Water District made the last payment of almost \$1.3M on their capital investment in October.

Accounts Payable

The Cash Disbursement List for November 14, 2018 was presented for review and payment. Discussion followed regarding the high costs for advertising and legal notices in a county-wide newspaper. It was suggested that staff compare the costs with a local newspaper.

On motion by Director Portwood, seconded by Director Toretta, the Board authorized payment of the Accounts Payable as listed on the November 14, 2018 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 Resolution to Order Filing of List of Delinquent Tolls & Charges

Manager Gianquinto reported that this is the time to adopt the Resolutions to start the process to Order Filing of Delinquent Tolls and Charges for Water Year 2018.

On motion by Director Waterhouse, seconded by Director Tracy, the Board adopted Resolutions BW 18-07 and PP 18-07:

ORDERING THE FILING OF LIST OF DELINQUENT
TOLLS AND CHARGES (WATER YEAR 2018)

Consider Approval of West Stanislaus Water Transfer Negative Declaration and Project, and filing of Notice of Determination

The Manager reported that Semitropic staff has been working with West Stanislaus on a water transfer. West Stanislaus has filed a Notice of Determination with Stanislaus County that a Negative Declaration (ND) was prepared pursuant to the provisions of CEQA and it approved the transfer project. Semitropic needs to consider said ND, project approval and filing of a like Notice of Determination. Discussion followed.

On motion by Director Waterhouse, seconded by Director Toretta, the Board upon consideration of the ND approved the transfer project and filing a Notice of Determination, as required by CEQA.

Consider Partial Refund for Unused 2018 SAW Water

Director Toretta left the meeting during discussion and any action of this item.

The Manager stated that for 2018 there was a 35% allocation from the State Water Project and a number of landowners requested Supplemental Ag Water (SAW Water) under their contracts. However, later in the year, Noncontract water was made available but not all the SAW water users used the SAW Water they requested. In the past, refunds were made to the SAW water users on the order of half of the unused portion of water. Discussion followed.

On motion by Director Tracy, seconded by Director Portwood, the Board authorized refunds to SAW water users for half of the unused portion of requested SAW Water. There were approximately 1,895 AF not used which amounted to a total refund amount of \$187,276.00 to various SAW water users in the District.

Director Toretta returned to the meeting.

SEMITROPIC GSA UPDATE

At 12:45 p.m., the Board President, Rick Wegis, declared a meeting of the Semitropic Groundwater Sustainability Agency. Larry Rodriguez, of GEI Consultants, reported on work being done to define basin-wide Minimum Threshold Criteria for Sustainable Groundwater Management.

The GSA meeting concluded at 12:50 p.m. See the separate Minutes of the GSA Meeting.

CONSULTANT REPORTS

Design/Build Team Construction Update

W.M. Lyle's Representative, Rick Amigh reported that some plant modifications are planned on the Raw Water Processing Plant during the 2018 winter shutdown. Construction work on the SWRU XYZ Project continued, completing Laterals Y-4 and Z-B in October. Construction of Lateral X pipeline is scheduled to start in late November. Earthwork on the X-C Booster Pump Station was completed in October which allowed work to commence on concrete foundations and underground conduits and piping.

A kick-off meeting was held in October supporting the Design/Build Team of WLM and A-C Electric Company for work on the Pond Road Solar Interconnection Facilities.

Consulting Engineer's Report

Larry Rodriguez from GEI Consultants, Inc. presented the "Consulting Engineers' Report on Projects for Semitropic Water Storage District" for work during October 2018, which was accepted for filing.

Mr. Rodriguez reported on activities during the past month with regard to the Tulare Lake Storage and Floodwater Protection Project.

Supplemental water level and water quality data was acquired from participating districts for the Hydrogeologic Conceptual Model. Activities on SGMA Compliance included estimation of future water supplies under climate change hydrology; evaluation of arsenic impacts; continued projections for 2040 water level conditions; compilation of well construction data; and evaluation of historical subsidence in the basin.

Groundwater Storage Services, Inc.

Will Boschman of Groundwater Storage Services, Inc. reported that implementation of the original Water Purchase Agreement with Agua Via has been restructured in order to accommodate Agua Via's financing plan and provide opportunity to develop the treatment technology during the first 3-4 years.

Agua Planet executives reported additional setbacks in financing and in water treatment technology.

With regard to the Water Purchase Agreement with West Stanislaus for up to 15,000 acre-feet to be delivered before the end of February 2019, preliminary documents seeking the Bureau's approval as well as from the State and Kern County Water Agency are in process.

Mr. Boschman continued to represent the District at various meetings, including the Kern Water Bank Authority, State Water Contractors and the Southern California Water Bank Authority. Details of each meeting were highlighted.

Developing Water Resources, Inc.

John Jones of Developing Water Resources, Inc. reported that drilling staff has been working on the drilling rig preparing to move it to the west side of the District north of Highway 46. Staff

had to remove some pistachio trees and level the ground to prepare the site for the drilling rig. Staff started drilling on November 2, 2018.

There were two inquiries from landowners on the use of the video camera after they removed their pump out of the hole.

Balance Public Relations

Dean Florez of Balance Public Relations reported on results of the election, primarily the State Senate and Assembly Representatives. There seems to be a shift to moderate Democrat representatives, many of which want to come to the District to be informed on water issues in the San Joaquin Valley.

The Governor-elect, Gavin Newsome's first action was to jointly write a letter with current Governor Jerry Brown to the State Water Resources Control Board to postpone a vote on the proposed amendments to the Bay-Delta Plan update for the Lower San Joaquin River and Southern Delta, in other words, slow down the action process on water issues.

New State legislative committees will be named in January. On the National level, Kevin McCarthy, 23rd Congressional District Representative, was elected the House Majority Leader today.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During October" dated November 10, 2018 was accepted for filing. In addition, the following items were presented:

Kern Groundwater Authority

At the October 24, 2018 the Kern Groundwater Authority meeting, items discussed included Support for the West Kern Boundary Adjustment, water trading concepts, status of the white lands and Kern County's intent to have management responsibility transfer to willing GSA's.

High Speed Rail Project

The Manager reported that District staff continued to work with HSRA to discuss the relevant issues pertaining to impacts to the District, both as an owner and a utility.

District Engineer, Isela Medina, stated that work under the previously executed Borrow Agreement, the engineering work for the Pond Poso Spreading Grounds Phase V Project has been completed. The HSR is gearing up to initiate construction of the Project in mid-to-late November and is currently securing all the prerequisite permits and making provisions for their construction water needs.

Well Telemetry Project

Isela Medina reported that the Notice of Award and subsequently a Notice to Proceed was issued to the contractor, Water Associates. The District hosted a pre-construction meeting with the

Contractor in mid-October as part of a kick off meeting. The Contractor has developed a master plan outlining implementation of the project, with initial work consisting of installation of District-furnished flowmeters, while other materials are being procured.

Duck Club Water

At the October Board Meeting, it was anticipated that water would be delivered for banking purposes and water was made available for duck club use. However, during the month, a Banking Partner back out of delivering water for banking and duck club water deliveries ceased. Noncontract water is still available for farming purposes.

SEMITROPIC WATER STORAGE DISTRICT
PUBLIC HEARING NOVEMBER 14, 2018
TO FIX THE SERVICE CHARGE AND
ADDITIONAL WATER USE CHARGE
FOR SURFACE WATER SERVICE FOR 2018

President Wegis called the hearing to order at 2:00 p.m. He noted that a quorum was present and that the attendance had been noted in the usual fashion. There were no guests present specifically for the hearing.

Ernest Conant, District's legal counsel, reported that this is the time and place set by the Board for fixing the Service Charge and Additional Water Use Charge for Surface Water Service for 2019. Mr. Conant reviewed the procedures followed by the Board and Staff for determining the rates and the appropriate action for the hearing.

Manager Gianquinto further reported on Staff's efforts to determine rates for 2019 Contract Water Charges.

Hearing no further comments or objections, the Board proceeded with fixing the charges for 2019. The following documents were presented as attachments to the Minutes:

“AFFIDAVIT OF MAILING TO WATER USERS AND PERSONS AUTHORIZED TO RECEIVE WATER BILLINGS FOR WATER SERVICE IN BUTTONWILLOW AND POND-POSO IMPROVEMENT DISTRICTS of November 1, 2018”, attaching a letter to Water Users and persons authorized to receive water billings for water service, which is enclosed, a “NOTICE OF FIXING SURFACE WATER SERVICE AREA SERVICE CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2019, AND THE TIME AND PLACE OF HEARING THEREON”.

The aforementioned affidavit is attached hereto as “Exhibit B”.

A “PROOF OF PUBLICATION” from *The Bakersfield Californian* for Buttonwillow Improvement District and Pond-Poso Improvement District of “NOTICE OF FIXING SURFACE WATER SERVICE AREA SERVICE CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2019 AND THE TIME AND PLACE OF HEARING THEREON”.

The aforementioned proof of publication is attached hereto as “Exhibit C”.

The Board reviewed “Statement of Jason Gianquinto, General Manager, at the November 14, 2018 Public Hearing Fixing 2019 Contract Water Charges”, which is attached hereto as “Exhibit D”.

Bobby Salinas, District Controller, presented the water costs and analysis of how the costs are determined.

President Wegis asked if there were any comments. There were none. Hearing no further comments or written protests, legal counsel presented resolutions for the Board’s consideration.

On motion by Director Waterhouse, seconded by Director Tracy, Resolution Nos. BW 18-06 and PP 18-06 were adopted:

RESOLUTION FIXING SURFACE WATER SERVICE AREA SERVICE
CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2019

The Public Hearing was closed at 2:10 p.m.

Closed Session

At 2:10 p.m. the District’s legal counsel, Ernest Conant, 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))**
 - 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. Ca. Department of Water Resources et al. (Sacramento County Superior Court, Case No. 34-2010-80000561; Fifth Appellate District, Case No. C078249)*
 - 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)*
 - 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 Assn.; and related matters and proceedings, before the State Water Resources Control Board.*
 - 5) *California Department of Water Resources v. All Persons Interested, etc. (Sac Sup #34-2017-00215965, coordinated as part of JCCP No. 4942)*

- b. Conference with legal counsel Re: Potential Litigation (Gov’t. Code § 54956.9(d)(2) and/or 54956.9(d)(4))**
 - 1) Two Potential Suits

- c. Conference with Real Property Negotiator (Gov’t. Code § 54956.8)**

District’s Designated Representative: General Manager

1) State Water Project:

- a. Negotiation Parties: California Department of Water Resources, Kern County Water Agency and its Member Units, and State Water Contractors
- b. Under Negotiation: Price and Terms

At 3:25 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed.

On motion by Director Portwood, seconded by Director Fabbri, the Board authorized legal counsel to file the appropriate proceedings as related to the California WaterFix as discussed in closed session.

Adjournment

The meeting was adjourned at 3:30 p.m. by President Wegis. The next Adjourned Meeting was scheduled for Wednesday, November 28, 2018 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Fredrick A. Wegis, President