

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

Convened at 8:00 a.m. on Thursday,
November 14, 2019

The adjourned meeting of the Board of Directors was called to order by President Waterhouse on Thursday, November 14, 2019, at 8:00 a.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

Directors Present: Jeff Fabbri, Tom Toretta, Todd Tracy,
Dan Waterhouse and Rick Wegis;

Directors Absent: Phil Portwood and Tim Thomson;

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 Executive Secretary, Marsha Payne;
District's Consultants, Will Boschman & John Jones;
District's Legal Counsel, Steve Torigiani & Mark
Bateman of Young Wooldridge LLP;
District's Consulting Engineers, GEI Consultants,
Inc., Represented by Larry Rodriguez;
Others in Attendance: Kevin Assemi, Lindsay
Cedarquist, John Wedel, Brent Hankins, Robert
Kennah, Kash Kahn, Elias Mahfoud, Stacie Ann
Silva and Chad Carroll.

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

ACTION ITEMS

Approval of Agenda

There being no new items to consider, the Agenda for the November 14, 2019 Board of Directors' meeting was unanimously approved as posted on motion by Director Tracy, seconded by Director Toretta.

Minutes

The Minutes of the Regular Board Meeting on October 9 and Special Board Meeting of October 22, 2019 were presented for approval.

On motion by Director Tracy, seconded by Director Fabbri, the Minutes of the Regular Board Meeting on October 9 and Special Board Meeting on October 22, 2019 were approved as presented.

The Minutes of the GSA Board Meeting on October 9 and Landowner Workshop on October 23, 2019 were presented for approval.

On motion by Director Tracy, seconded by Director Toretta, the Minutes of the GSA Board Meeting on October 9 and Landowner Workshop on October 23, 2019 were approved as presented.

Treasurer's Report

The Treasurer's Reports for October 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 Wegis, the Treasurer's Reports for October 2019 for Semitropic Water Storage District and Semitropic Improvement District were approved for filing.

Financial Reports

District Controller, Bobby Salinas, reviewed the October Income Statement and Financial Reports. The Actual/Projected Cash Flow balance at the end of the year is projected to be about \$17M due to increased storage by Banking Partners and Noncontract water sales.

Accounts Payable

The Cash Disbursement List for November 14, 2019 was presented for review and payment. Discussion followed regarding water purchases from Buena Vista and the purchase of four new trucks for the District.

On motion by Director Wegis, seconded by Director Tracy, the Board authorized payment of the Accounts Payable as listed on the November 14, 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 Resolutions to Order Filing of List of Delinquent Tolls and Charges

Manager Gianquinto stated that this is the time to adopt the Resolutions to start the process to Order Filing of Delinquent Tolls and Charges for Water Year 2019.

District Controller, Bobby Salinas, reported that one landowner, Konark Ranches, has been delinquent from January 2018 to the present. With a total outstanding balance of \$43,648.17, including Noncontract Water Charges and 2018 Basin Sustainability Charges and penalties and interest charges on both. All certified mail to the last known addresses has been returned and there has been no attempt by the landowner to bring the account current.

On motion by Director Tracy, seconded by Director Fabbri, the Board adopted Resolutions BW 19-07 and PP 19-07:

ORDERING THE FILING OF LIST OF DELINQUENT
TOLLS AND CHARGES (WATER YEAR 2019)

The resolutions, among other things, authorize staff to file a notice of delinquency establishing a lien on the subject lands.

Consider Resolution in Support of Filing an Application with the USBR for an Ag Water Use Efficiency Grant Proposal for the Leonard Distribution System

District Engineer, Isela Medina, provided an overview of the proposed B369 System Extension Project for the Leonard Avenue Distribution System. The District is submitting an application with the Bureau of Reclamation for a grant of \$1M under Agricultural Water Conservation and Efficiency Grants: Fostering District/Farmer Partnerships for operational flexibility and efficiency to deliver surface water to growers depending on groundwater.

On motion by Director Wegis, seconded by Director Toretta, the Board authorized Staff to submit an application for grant funding with the Bureau of Reclamation for the proposed B369 System Extension Project for the Leonard Avenue Distribution System and adopted Resolution No. SID 19-04:

IN SUPPORT OF FILING AN APPLICATION WITH THE BUREAU OF
RECLAMATION FOR A GRANT UNDER AGRICULTURAL WATER
CONSERVATION AND EFFICIENCY GRANTS: FOSTERING
DISTRICT/FARMER PARTNERSHIPS

Consider Cost Proposal for Completing Repairs to the Raw Water Processing Facility

Isela Medina reported that WM Lyles Co. has been asked to submit a cost proposal to repair concrete lining of a canal section and repairs to acid tanks at the Raw Water Processing Facility. Two scenarios were proposed with the least amount of work performed at a cost of \$99,000 and a greater amount of work at \$161,000. This work would be completed during the Winter Shut-Down period. Discussion followed.

On motion by Director Tracy, seconded by Director Wegis, the Board authorized Staff to proceed with completing repairs as necessary during the Winter Shut-Down period on sections of concrete canal lining and repairs to the acid tanks at the Raw Water Processing Facility.

Consider Amendment No. 5 to the Tulare Lake Project EIR Contract

Legal Counsel requested that this item be moved to Closed Session for discussion purposes.

Proposed Amended Water Purchase Agreement with Agua Via ST Water, Inc.

Manager Gianquinto stated that a Board Committee met with legal counsel to review and discuss the Amended Water Purchase Agreement with Agua Via ST Water, Inc. (“Aqua Via”) which was proposed by Aqua Via.

It was reported that the committee recommended that the District not proceed as a party to the Amended Water Purchase Agreement with Agua Via ST Water, Inc. for several reasons, including, but not limited to, because it would not be appropriate for Semitropic to directly or indirectly act as a guarantor for Agua Via’s financing. Discussion followed.

On motion by Director Wegis, seconded by Director Toretta, the Board agreed to accept the recommendation of the Committee to not proceed as a party to said Amended Water Purchase Agreement with Agua Via ST Water, Inc.

SEMITROPIC GSA UPDATE

At 8:30 a.m., the Board President, Dan Waterhouse, declared a meeting of the Semitropic Groundwater Sustainability Agency. Manager Gianquinto reported that the comment period on Semitropic’s Groundwater Sustainability Plan will conclude on November 28, 2019. Prior to the next Board Meeting, Staff will review the comments received and will be preparing responses to comments and updates to the District’s Draft GSP as appropriate for consideration by the Board at the next Board meeting, such that the District’s Draft GSP can be submitted for inclusion in the Kern Groundwater Authority’s GSP.

Larry Rodriguez reported that the landowner workshop on October 23 at the Elks Lodge went well with good attendance and comments during the meeting.

The GSA meeting concluded at 8:35 a.m. See the separate Minutes of the Semitropic GSA Meeting for discussion topics and any action taken.

CONSULTANT REPORTS

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 2019, which was accepted for filing.

Activity during the month included review of grant opportunities and set up Task Orders for the work to complete applications. SGMA activities included preparation of materials for and participation in the SGMA landowner meeting on October 23rd.

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% Drawings, Specifications, Table of Contents and Cost Estimate.

Groundwater Storage Services, Inc.

Will Boschman of Groundwater Storage Services, Inc. reported that Aqua Planet is anticipating funding to be transferred very soon and implementation of the Project could be underway.

Mr. Boschman represented Semitropic at the State Water Contractors Board meeting in Sacramento. Items of interest included a water supply objectives report; a new contract amendment and EIR for a one tunnel Delta Conveyance project; on-going construction work at Oroville; and relicensing of the Oroville Dam.

DWR, Inc. John Jones

John Jones of DWR, Inc. reported that he spoke with the Kern County Health Department regarding wells. New rules are coming from Sacramento encouraging the destruction of non-producing wells.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During October" dated November 8, 2019 was accepted for filing. In addition, the following items were presented:

Manager Gianquinto reported that the sign in front of the office was destroyed recently by a vehicle hitting it, apparently at a high rate of speed. Discussion followed on replacement ideas with the Board indicating staff should try to replicate the sign with the original design.

Irrigated Lands Regulatory Program

The Manager reported that Kern River Watershed Coalition Authority (KRWCA) membership invoices for 2020 were mailed at the end of September and due by November 15, 2019. Winter Outreach and Educational Meetings are scheduled at various locations in the County.

Delta Conveyance Facility Project (DCF)

The Manager reported that negotiations between the State Water Project Contractors and the Department of Water Resources are continuing regarding the development of an agreement in principle for the Delta Conveyance Facility Project.

Biological Opinion

On October 21, 2019 US Fish and Wildlife Services along with National Marine Fisheries issued new Biological Opinions for the long-term coordinated operations of the CVP and SWP which included, development of a Smelt Hatchery; adjustment to the X2 criteria; and, a science-based approach rather than a calendar-based approach for limiting exports to avoid take. We are now awaiting the State's response.

Kern Groundwater Authority

The KGA Board met on October 23rd and significant issues were discussed including: the formation of GSA's by Arvin-Edison WSD, Wheeler Ridge WSD and Tejon-Castaic WD; approval of a cost share agreement for a Prop 68 Grant Application; and the current status of the guidance policy for coordinated water budgets.

Other

Reports continued on various meetings attended, 2020 water year outlook, and Winter Work Projects. Isela Medina reported that the Baywa Solar Project is proceeding on a 1megawatt facility and the Et Remote Sensing Project is going quite well.

SEMITROPIC WATER STORAGE DISTRICT
PUBLIC HEARING NOVEMBER 14, 2019
TO FIX THE SERVICE CHARGE AND
ADDITIONAL WATER USE CHARGE
FOR SURFACE WATER SERVICE FOR 2020

President Waterhouse called the hearing to order at 9:17 a.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.

Steve Torigiani, 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 2020. Mr. Torigiani 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 2020 Contract Water Charges.

Hearing no further comments or objections, the Board proceeded with fixing the charges for 2020. 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, 2019”, 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 2020, 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 2020 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, 2019 Public Hearing Fixing 2020 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 Waterhouse asked if there were any comments. There were none.

Hearing no further comments or objections, legal counsel presented resolutions for the Board’s consideration.

On motion by Director Wegis, seconded by Director Fabbri, Resolution Nos. BW 19-06 and PP 19-06 were adopted by the following vote:

AYES:	Directors Fabbri, Toretta, Tracy, Waterhouse and Wegis
NOES:	None
ABSENT:	Directors Portwood and Thomson
ABSTAIN:	None

RESOLUTION FIXING SURFACE WATER SERVICE AREA SERVICE CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2020.

The Public Hearing was closed at 9:30 a.m.

Closed Session

At 9:30 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 11:40 a.m. the Board reconvened to open session. President Waterhouse stated that several items were discussed but reportable action was only taken on the following item.

On motion by Director Wegis, seconded by Director Tracy, the Board authorized execution of agreements in substantially the form presented to the Board during closed session, contingent upon final legal review and approval by other parties, regarding settlement of the litigation described in Closed Session Item a.1) above.

Adjournment

The meeting was adjourned at 11:45 p.m. by President Waterhouse. The next Adjourned Meeting was scheduled for Wednesday, November 27, 2019 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Daniel Waterhouse, President