

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,
January 9, 2019

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, January 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, 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, Steve Torigiani;
District's Consulting Engineers, GEI Consultants,
Inc., Represented by Larry Rodriguez, Cody
Trueblood & Christine Gutierrez;
W.M. Lyles Representative, Rick Amigh;
Balance Public Relations Representative, Dean Florez;
Agua Via Representative, Floyd Wicks,
Aviva Energy Representative, Greg Allen;
North Kern Water Storage District
Representative, Dana Munn;
The Chronicles Group Representative, Jim
Thebaut;
Milk Producers Council Representative, Geoff
Vanden Heuvel; and,
District Landowners, Representatives and
Others: Ryan Boschma, Tim Gobler, Mark
Payotte and Pres Britton.

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

PUBLIC COMMENT

Jim Thebaut of the Chronicles Group presented a brief video of “Beyond the Brink” which was an excerpt of the full feature film of the same name. The video specifically highlighted water needs in California’s Central Valley.

Mr. Thebaut reported that his next project will be on California’s Forest Management and its impact on water throughout the State.

ACTION ITEMS

Approval of Agenda

There being no new items to consider, the Agenda for the January 9, 2019 Board of Directors’ meeting was unanimously approved as posted on motion by Director Waterhouse, seconded by Director Tracy.

Minutes

The Minutes of the Regular Board Meeting on December 12, 2018 were presented for approval.

On motion by Director Tracy, seconded by Director Fabbri, the Minutes of the Regular Board Meeting on December 12, 2018 were approved as presented.

The Minutes of the GSA Board Meeting of December 12, 2018 were presented for approval. One correction was noted.

On motion by Director Tracy, seconded by Director Fabbri, the Minutes of the GSA Board Meeting on November 14, 2018 were approved as corrected.

Treasurer’s Report

The Treasurer’s Reports for December 2018 were presented for review and approval.

On motion by Director Waterhouse, seconded by Director Portwood, the Treasurer’s Reports for December 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 cash balance starting January 1, 2019 was \$27.7M. The end-of-year 2019 cash balance is projected to be approximately \$20.8M according to the 2019 Budget.

Accounts Payable

The Cash Disbursement List for January 9, 2019 was presented for review and payment. Discussion followed regarding the 2006 Swap Agreement with Sun Trust Bank.

On motion by Director Waterhouse, seconded by Director Toretta, the Board authorized payment of the Accounts Payable as listed on the January 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 GEI Task Order 01-2019 for General Services

District Engineer, Isela Medina, presented Task Order 01-2019 from GEI Consultants for General Engineering Services. This Task Order defines the Scope of Services, Schedule and Budget for General Engineering Services and Expenses for 2019. The total budget amount is for up to \$115,000.

On motion by Director Tracy, seconded by Director Fabbri, the Board authorized execution of GEI Task Order 01-2019 for General Engineering Services and Expenses for 2019 with a budgeted amount of up to \$115,000.

Consider GEI Task Order 02-2019 for Pond Poso Spreading Grounds Phase V Construction Management Support

District Engineer, Isela Medina, presented Task Order 02-2019 from GEI Consultants for Pond Poso Spreading Grounds Phase V Construction Management Support Services under the California Rail Builders (CRB) Borrow Agreement. The work is estimated to be completed by November 14, 2019 with a budget amount not to exceed \$100,000.

On motion by Director Portwood, seconded by Director Thomson, the Board authorized execution of GEI Task Order 02-2019 for Pond Poso Spreading Grounds Phase V Construction Management Support with a budget amount not to exceed \$100,000.

Consider Preparation of Alternative Election Roll

Manager Gianquinto stated that in reviewing California Water Code Sections 41000 to 41028 as it pertains to the process for the election of Directors, the Board may want to consider preparation of an Alternative Election Roll. Discussion followed.

President Wegis requested that a meeting of the Policy Committee be set to discuss further. The Committee will consist of Dan Waterhouse, Tim Thomson, Rick Wegis, and will also include legal counsel, Steve Torigiani, and General Manager Jason Gianquinto.

Consider Resolution Determining No Election Be Held and Request Appointment of Directors for Divisions 1, 3, 4 and 6

District’s legal counsel, Steve Torigiani, reviewed the Director’s election procedure. He stated that the following Directors’ terms of office expire at the regular meeting to be held April 10, 2019:

Division No. 1:	Jeff Fabbri
Division No. 3:	Dan Waterhouse
Division No. 4:	Tim Thomson
Division No. 6:	Todd Tracy

Petitions have been submitted and reviewed for Jeff Fabbri, Dan Waterhouse, Tim Thomson and Todd Tracy and found to be in order.

Mr. Torigiani advised that since no other nominating petitions were filed, the Board could request that the Kern County Board of Supervisors appoint Jeff Fabbri, Dan Waterhouse, Tim Thomson and Todd Tracy to serve another four year term of office.

On motion by Director Portwood, seconded by Director Toretta, the Board approved the nomination petitions and adopted Resolution No. ST 19-01:

DETERMINATION THAT NO ELECTION BE HELD
ON MARCH 5, 2019 FOR DIVISIONS 1, 3, 4 AND 6 AND REQUESTING
APPOINTMENT OF DIRECTORS THEREFORE

Consider Water Transfer/Exchange Agreement with Kern Tulare Water District Exempt per CEQA Guidelines

President Wegis moved this item to Closed Session for more in-depth discussion.

Consider Granting Permanent Easement to Caltrans for Construction of Vehicle Detection System

The District Engineer reported that Cal Trans has submitted a request for an easement to construct a Vehicle Detection System (VDS) on I-5, adjacent to District property. Cal Trans has offered \$500 for an easement to access their equipment for the VDS.

On motion by Director Portwood, seconded by Director Fabbri, the Board authorized execution of an easement offer of \$500 on District property to Cal Trans for the construction of a Vehicle Detection System on I-5.

CONSULTANT REPORTS

Design/Build Team Construction Update

W.M. Lyle’s Representative, Rick Amigh reported that construction continued on the SWRU- XYZ Intertie Project, including Lateral X-C tie-in to the P667 Lateral and Lateral Z-

B connection. Lateral X pipeline along Gun Club Road made substantial progress as well as assembly of the X-C Booster Pump Station manifold piping and pumps.

Engineering of the Pond Road Solar Interconnection Facilities continued during the month. The PG&E interconnection application has been submitted and is in progress. Amendment 16-B-1 was executed in December to authorize the expedited procurement of the electrical equipment to proceed to avoid schedule impacts.

W.M. Lyles received authorization to proceed with the development of a budget for the Junction Pumping Plant flow meter. A new flow meter was selected and after a meeting with PG&E to confirm the location of their high-pressure gas pipeline, it will be properly relocated in January.

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 December 2018, which was accepted for filing.

Activity on the Diltz Intertie Improvement with Shafter-Wasco I.D. was limited to design criteria for the SWID laterals.

The Tulare Lake Storage and Floodwater Protection Project activity included preparing revised concept drawings and calculations and providing support to the environmental consultant. Work also continued on the SGMA-hydrogeologic conceptual model and development of initial monitoring guidance of the subsurface recharge projects.

Groundwater Storage Services, Inc.

Will Boschman of Groundwater Storage Services, Inc. reported that regarding the implementation of the original Water Purchase Agreement, Agua Via is currently in the process of retaining the services of a consulting firm for developing and processing CEQA documentation for the water remediation project. They have also started with preliminary design of facilities needed including right-of-way acquisition, well location, pipeline alignments and a water treatment plant.

Regarding the Water Purchase Agreement with West Stanislaus for up to 15,000 acre-feet to be delivered before the end of February 2019, the Bureau has determined that this type of sale must be to another Federal CVP contractor. The District is currently working with a local Federal water district for some form of exchange arrangement.

Mr. Boschman represented the District at various meetings during the month, including the Kern Water Bank Authority where they discussed the EIR that the Authority prepared to acquire rights to high flow water from the Kern River.

At the State Water Contractors' Board meeting in Sacramento, it was reported that precipitation in Northern California was on the order of 10 inches.

Developing Water Resources, Inc.

John Jones of Developing Water Resources, Inc. reported that drilling staff moved the drilling rig approximately one mile to the east and prepared to drill another well. The developing rig set up and prepared for the development of a previously drilled well.

Two landowners contacted the District to utilize its video camera.

Balance Public Relations

Dean Florez of Balance Public Relations reported that it has been busy in Sacramento with the swearing-in of California's new Governor, Gavin Newsom and new appointments in various legislative positions and agencies. Discussion followed.

INFORMATIONAL AND UP-DATE ITEMS

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

Irrigated Lands Regulatory Program

Nitrogen Analysis reports were mailed to growers in October 2018. At the KRWCA meeting in December, it was noted that the SWRCB may be mailing enforcement letters concerning nitrates to larger growers. KRWCA also received comments on the revised Surface Water Monitoring plan including seeking to monitor irrigation canals.

The KRWCA will be holding Grower Meetings at various locations in the County relative to the grower filings due March 1, 2019.

State Water Project

On November 30th, DWR announced an initial water allocation of 10% for the State Water Project Contractors for the 2019 calendar year. With recent rains, exports from the Delta have increased.

DWR has circulated revised amendment language to extend the State Water Contracts from 2035 to 2085. It is expected that MWD will approve the amendments and Santa Clara Valley will also approve them. The Kern County Water Agency has not indicated when it will take action on the contract amendment.

SEMITROPIC GSA UPDATE

At 1:50 p.m., the Board President, Rick Wegis, declared a meeting of the Semitropic Groundwater Sustainability Agency. Larry Rodriguez, of GEI Consultants, gave a draft presentation of that which will be presented to District Landowners at a SGMA update meeting scheduled for January 15, 2019 at the Wasco Elks Lodge.

The GSA meeting concluded at 3:40 p.m. See the separate Minutes of the GSA Meeting.

Closed Session

At 3:40 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))**
 - 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)*
 - 6) *Food & Water Watch, et al. v. Metro. Water Dist. and All Persons Interested, Case No. BC720692 (Los Angeles Superior Court)*
 - 7) *Cal. Dep't Water Res. v. All Persons Interested, Case No. 34-2018-00246183 (Sacramento Superior Court)*

- 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) *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*
 - b. *Under Negotiation: Price and Terms*

 - 2) *Property: Water Transfer/Exchange*
 - a. *Negotiation With: Kern-Tulare Water District*
 - b. *Under Negotiation: Price and Terms*

At 4:25 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed including the following matters.

On motion by Director Waterhouse, seconded by Director Portwood, the Board authorized legal counsel to file an answer in the action to validate the extension amendment to the State Water Project Water Supply Contracts (Closed Session Item A.7.), and file an amended answer to the First Amended Complaint in the MWD reverse validation action (Closed Session Item A.6.).

On motion by Director Tracy, seconded by Director Fabbri, with regard to Agenda Item 5(j) the Board authorized the General Manager to execute an agreement for a Water Transfer/Exchange

Project (Project) with Kern-Tulare Water District for up to 15,000 acre-feet of 2018-2019 Central Valley Project South of Delta water to be banked by Semitropic with a future return obligation to Kern Tulare for one half of the water stored less losses; and determined the Project exempt for CEQA review and authorized staff and general counsel to file an Notice of Exemption with the appropriate agencies pursuant to CEQA.

Adjournment

The meeting was adjourned at 4:30 p.m. by President Wegis. The next Adjourned Meeting was scheduled for Wednesday, January 23, 2018 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Fredrick A. Wegis, President