

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,
April 10, 2019

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, April 10, 2019, at 12:30 p.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

Directors Present: Tim Thomson, Tom Toretta, Todd Tracy,
Dan Waterhouse and Rick Wegis;

Directors Absent: Jeff Fabbri and Phil Portwood;

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;
District's Legal Counsel, Steve Torigiani;
District's Consulting Engineers, GEI Consultants,
Inc., Represented by Larry Rodriguez;
W.M. Lyles Representative, Rick Amigh;
REDTrac Representative, Greg Allen;
North-West Kern Resource Conservation
District Representative, Brian Hockett;
Agua Via Representative, Floyd Wicks;
Maricopa Orchards Representatives Jon Reitter
Lindsay Cederquist and Kevin Assemi;
District Landowners, Representatives and
Others: John Wedel, Pres Brittian, Scott
Hamilton, Don Wright, Garrett Busch and Molly
Saso.

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

ADMINISTER OATH OF OFFICE

Manager Gianquinto reported that the Kern County Board of Supervisors officially reappointed four Directors whose terms were up for re-election. Those reappointed for another 4-year term included:

Director Jeff Fabbri	Division 1
Director Dan Waterhouse	Division 3
Director Tim Thomson	Division 4
Director Todd Tracy	Division 6

The Oath of Office was administered and the Directors officially assumed full privileges and responsibilities of their reappointed positions.

ACTION ITEMS

Approval of Agenda

There being no new items to consider, the Agenda for the April 10, 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 March 13, 2019 were presented for approval.

On motion by Director Waterhouse, seconded by Director Tracy, the Minutes of the Regular Board Meeting on March 13, 2019 were approved as presented.

The Minutes of the GSA Board Meeting of March 13, 2019 were presented for approval.

On motion by Director Waterhouse, seconded by Director Tracy, the Minutes of the GSA Board Meeting on March 13, 2019 were approved as presented.

Treasurer’s Report

The Treasurer’s Reports for March 2019 were presented for review and approval.

On motion by Director Waterhouse, seconded by Director Toretta, the Treasurer’s Reports for March 2019 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. An updated Budget will be presented at the June Board Meeting for consideration.

Accounts Payable

The Cash Disbursement List for April 10, 2019 was presented for review and payment. Discussion followed regarding payment to Metropolitan Water District for reimbursement of recovery shares acquired by Montecito Water District and payment to the Department of Water Resources on a Prop 13 Groundwater Recharge Bond.

On motion by Director Tracy, seconded by Director Toretta, the Board authorized payment of the Accounts Payable as listed on the April 10, 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 Reorganization of Board Officers & Committees

Manager Gianquinto stated that this was the time and place to reorganize the Board and asked if the Board President, Rick Wegis, had any changes.

President Wegis stated that he would like to reorganize the Board Slate of Officers as follows:

President	Fredrick A. Wegis
Vice President	Dan Waterhouse
Treasurer	Tom Toretta
Secretary	Todd Tracy
Assistant Secretary	Jason Gianquinto

On motion by Director Tracy, seconded by Director Waterhouse, the Board authorized the reorganization of the Board Officers as stated above, with the composition of the Board Committees remaining the same.

Consider Resolution to Delay Fixing GASC and GPSC

Manager Gianquinto stated that pursuant to the Semitropic Improvement District’s Rules and Regulations, Rule 6 (C-D), at the Regular Board Meeting in April or such other time as may be announced at said meeting, the Board shall consider, determine, and by resolution, fix the amount of the General Administrative and General Project Service Charges for the current fiscal year. The District is not prepared to set such charges until the Regular Board Meeting in May.

On motion by Director Tracy, seconded by Director Thomson, the Board authorized and adopted Resolutions No. BW 19-01 and PP 19-01:

DEFERRING FIXING THE AMOUNT OF THE GENERAL ADMINISTRATION AND
GENERAL PROJECT SERVICE CHARGES FOR SAID IMPROVEMENT DISTRICT
(FOR 2019, COLLECTED 2019-2020)

Consider Landowner Banking Agreement

Manager Gianquinto presented a Draft Landowner Banking Agreement for the Board's consideration. Recently, the Water Supply and Banking Committee met to review and discuss the Agreement and several changes were made. Considerable discussion followed, after which, by general consensus, the Board requested that the Committee meet again to make further changes in the Agreement.

Consider Amending the SWSD Energy Rates for Calendar Year 2019

District Engineer, Isela Medina, reported that due to increases in the PG&E tariffs, staff has evaluated the current power charges currently charged to the District power customers and has considered increases in the District's energy rates for calendar year 2019.

The cost to the District to operate its Energy Project is based upon the following: 1) the cost to purchase power directly from PG&E; 2) Energy Project debt service; and 3) cost to operate the Energy Project. Based on analysis of 2018 costs, staff recommends that the new power charges for Semitropic customer energy sales for 2019 be set at \$0.157/Kwh.

On motion by Director Tracy, seconded by Director Thomson, the Board authorized amending the Semitropic energy rates for calendar year 2019 to \$0.157/Kwh.

Consider Authorization for General Manager to Acquire Supplemental Water

The Manager asked the Board to consider giving authorization to acquire supplemental water on behalf of the District either by acre-feet or a set dollar amount. Some situations require a quick decision in order to acquire water when its available. Discussion followed.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized the General Manager to acquire Supplemental Water at his discretion, if and when it becomes available, up to an amount of \$2.5 M on behalf of the District.

Consider Authorization of GEI Task Order 04-2019

The Manager presented GEI Task Order 04-2019 for Poso Creek Managed Aquifer Recharge Project Reconnaissance Evaluation. The preliminary budget estimate is set at \$22,000.

On motion by Director Tracy, seconded by Director Waterhouse, the Board authorized GEI Task Order 04-2019 for Poso Creek Managed Aquifer Recharge Project Reconnaissance Evaluation.

Consider Authorization of GEI Task Order 05-2019

Manager Gianquinto presented GEI Task Order 05-2019 for the Cox Canal Pump Station and Intertie. The purpose of the Cox Canal Intertie Project is to construct a permanent interconnection between the District's Intake Canal and Buena Vista Water District's Cox Canal.

The Project will be broken into 4 main tasks including 1) Project Management, 2) Investigations, 3) Preliminary Design, and 4) Final Design. The budget amount is \$290,000 which will be partially funded by a grant through the Bureau of Reclamation's WaterSMART Drought Response Program.

On motion by Director Tracy, seconded by Director Thomson, the Board authorized GEI Task Order 05-2019 for Cox Canal Pump Station and Intertie with a budget amount of \$290,000 which will be partially funded by a grant through the Bureau of Reclamation.

Consider Canceling Emergency Declaration for the District's Assistance in Addressing Poso Creek Flood Impacts

It was recognized that the Poso Creek flood event was over and the Emergency Declaration was no longer needed, the Manager requested that the Board cancel the Emergency Declaration.

On motion by Director Tracy, seconded by Director Waterhouse, the Board cancelled the Emergency Declaration for the District's Assistance in Addressing Poso Creek Flood Impacts.

SEMITROPIC GSA UPDATE

At 1:20 p.m., the Board President, Rick Wegis, declared a meeting of the Semitropic Groundwater Sustainability Agency. Manager Gianquinto reviewed the 2018 Et statements that are currently being finalized for mailing. A short discussion followed.

The GSA meeting concluded at 1:30 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 under Amendment 15 of the SWRU XYZ Project, the various components of the project have been completed or are near completion, including pipeline installation, electrical, SCADA and painting. PG&E is scheduled to install their transformer and meter to energize the X-C station on April 18th and the station will be operational soon thereafter. The P667-B1 was connected to District power in March and will also be operational in April.

The application for the Pond Road Solar Interconnection Facilities has been submitted and will be finalized after the District executes the EPC contract for the solar facility.

Mr. Amigh reported that the McCrometer Insertion Magmeter at the Junction Pumping Plant will not be able to handle the upper ranges of the operating conditions of the SWRU pipeline. After investigating other flow meter options, a revised budget was submitted to District staff for the Accusonic 8-path ultrasonic flow meter which has been used by the State and found to work well in high flows with very accurate readings.

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 March 2019, which was accepted for filing.

As-requested services activities included review of the Groundwater Sustainability Charges model and development of a procedure to generate individual landowner invoices, as well as completion of a Technical Memo regarding Valley Floor Water that provides a summary of water quality sampling methods and guidelines.

A Poso Creek IRWM Group meeting was held where specific projects were discussed for upcoming grant funding possibilities. DAC projects eligible for Tulare-Kern Funding Area DACIP funding were also identified.

Activity on the Diltz Intertie continued on design of pipeline laterals and final draft plans. Coordination with Reclamation on the environmental document continued.

SGMA Compliance support included development of a preliminary water budget and establishment of a draft monitoring network, minimum thresholds and measurable objectives. The Chapter GSP for the District has also been drafted and is being reviewed before it is submitted to the District.

Groundwater Storage Services, Inc.

Will Boschman of Groundwater Storage Services, Inc. reported that Agua Via is currently in the process of zeroing in on a preferred alternative for the environmental documentation. The initial step in that endeavor is to settle on a preferred location for constructing recovery wells and related treatment plant. They are seeking Semitropic's concurrence for study purposes only.

Mr. Boschman represented the District at various meetings during the month, including the Kern Water Bank Authority where items of discussion included progress on a minor amendment to the KWB HCP. At the ACWA Energy Committee meeting, items of discussion included the abundant hydro generation for this year; a Bill in Sacramento recognizing large hydro as a renewable energy source; direct access; and impacts of wildfires and PG&E bankruptcy.

A presentation was given and a tour was conducted by Mr. Boschman for French Journalists that are traveling the world to write a comprehensive report on water marketing and water supply in various countries. He explained the history of developing Semitropic and its groundwater storage program. Then Jason met with them to discuss the current and future of water in California.

The next Southern California Water Bank Authority Board meeting is scheduled for April 17, at which time there may be documentation presented authorizing the County of Kern to replace Semitropic as a new Member of the Authority.

REDTrac

Greg Allen reported that REDTrac has completed the Pre-Commissioning work of the telemetry panels and remote telemetry units (Input and Output devices). TEDTrac will conduct start-

up and site performance testing for each site following the General Contractor's Notice of Completion.

REDTrac has calculated and provided Semitropic and its General Contractor with mechanical installation instruction for each mechanical water flow meter in order to match the indicated flow rates of existing Semitropic water meters.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During March" dated April 5, 2019 was accepted for filing. In addition, the following items were presented:

Irrigated Lands Regulatory Program

Manager Gianquinto along with representatives from Wheeler Ridge WSD, Rosedale Rio Bravo WSD, Kern Delta WD, and the Kern River Watershed Authority, met with Central Valley Regional Water Quality Control Board Executive Officer, Mr. Patrick Palupa and his staff regarding the request by CVRWQCB staff to include water district canals in the surface water monitoring requirements under the Irrigated Lands Regulatory Program. Mr. Palupa identified a pathway for de-designation recognizing water district canals convey water for irrigation use.

Delta Issues

We expect to have an updated schedule from DWR and the SWC's within the next 45 to 90 days.

State Water Project

On March 20, 2019 DWR announced an increase in the 2019 SWP Allocation from 35% to 70%. Article 21 water from the State Water Project was made available on February 27, 2019 on an allocated basis to eligible State Water Contractors then was terminated on April 1, 2019.

There has been no update regarding the appeal of the FEMA Funding decision relative to the Oroville emergency in 2017.

Significant discussions continued relative to the SWP Contract Amendment for the Extension of the SWP Contracts. The Kern County Water Agency is seeking a decision as to each member unit's position on the Contract Extension.

Kern Groundwater Authority

The KGA Board met on March 27th and discussions included options for addressing the County of Kern's withdrawal from the KGA and how to provide coverage to "White Lands" within the basin; and a draft Landowner/District template for inclusion of White Lands into planning purview of member Districts.

Closed Session

At 2:05 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. 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. (Sac Sup # 34-2017- 00215965, coordinated as part of JCCP No. 4942) Re: WaterFix Bonds*
- 6) *Food & Water Watch, et al. v. Metro. Water Dist. (MWD) and All Persons Interested, Case No. BC720692 (Los Angeles Superior Court) Re: MWD WaterFix Resolutions*
- 7) *Cal. Dep't Water Res. v. All Persons Interested, Case No. 34-2018-00246183 (Sacramento Superior Court) Re: SWP Contract Extension Amendment*
- 8) *Buena Vista Water Storage District, v. Kern Water Bank Authority, et al. Re: KWBA Kern River EIR (Case No. BCV-19-100122) Re: KWBA Kern River EIR*
- 9) *State of CA Dept. of Trans. v. Semitropic WSD, Case No. BCV-19-100326*

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

- 1) One Potential Case

c. Conference with legal counsel Re: Anticipated Litigation: Possible exposure to 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

b. Under Negotiation: Price and Terms

At 4:50 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed; however, no action was taken.

Adjournment

The meeting was adjourned at 4:50 p.m. by President Wegis. The next Adjourned Meeting was scheduled for Wednesday, April 24, 2019 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Fredrick A. Wegis, President