

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 11, 2018

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, April 11, 2018, at 12:30 p.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

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

Directors Absent: Jeff Fabbri

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 Receptionist, Alicia Reveles;
District 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;
Maricopa Orchards Representative, Jason Pucheu;
Wonderful Orchards Representative, Molly Saso;
Aviva Representative, Greg Allen;
Agua Via Representatives, Floyd Wicks and Jeremy
Pelczer; Piper Jaffray Representative, Tom Innis;
District landowners: John Wedel, Mark Payette,
Jake Cauzza and Steven Piggott.

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

PUBLIC COMMENT

Floyd Wicks introduced Jeremy Pelczer from Agua Via. Mr. Pelczer gave a presentation on Disruptive Technology and the Path to Abundant, Low Cost, High Purity Water. The presentation included the operations team, advisory team, overview of the technology, and the funding strategy. Discussion followed.

ACTION ITEMS

Approval of Agenda

It was noted that one new item (j) came to Staff's attention after posting the Agenda and will need action before the next Board Meeting: Consider Shared Well Agreement for Landowner Samarin.

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

Minutes

The Minutes of the Regular Board Meeting on March 14, 2018 were presented for approval.

On motion by Director Tracy, seconded by Director Waterhouse, the Minutes of the Regular Board Meeting on March 14, 2018 were approved as presented.

Treasurer's Report

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

On motion by Director Waterhouse, seconded by Director Portwood, the Treasurer's Report for March 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. The Budget update is in progress as the water outlook changes and requests for additional recharge are updated.

Accounts Payable

The Cash Disbursement List for April 11, 2018 was presented for review and payment. There was no discussion.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized payment of the Accounts Payable as listed on the April 11, 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 Resolutions to Delay Fixing GASC & GPSC to May

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 Portwood, seconded by Director Toretta, the Board authorized and adopted Resolutions No. BW 18-01 and PP 18-01:

DEFERRING FIXING THE AMOUNT OF THE GENERAL ADMINISTRATION AND
GENERAL PROJECT SERVICE CHARGES FOR SAID IMPROVEMENT DISTRICT
(FOR 2018, COLLECTED 2018-2019)

Consider Notice to Proceed for X, Y, Z Intertie Project

District Engineer, Isela Medina, stated Board approval is needed for the X, Y, Z Project. The District has received the remaining Intermittent Contract Agreements for three landowners with one landowner still pending. Discussion followed.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized Notice to Proceed for X, Y, Z Intertie Project.

2018 Recovery Operations and Landowners Wheeling

Manager Gianquinto stated the District Banking Partners have until May 1st to submit recovery requests. The Current State Water Project allocation is at 20%. Due to the low allocation the Manager discussed the benefits of wheeling water via District facilities and reiterated that this is a significant benefit for landowners however wheeling operations does pose unique operational challenges. Furthermore, the Manager stressed that for the wheeling operations to be successful, the pump in and deliveries need to match and there must be a clear line of communication between the Landowner, the District Dispatch and the system operators. It was also noted that due to the operational constraints of the District under wheeling operations, unauthorized turn on and offs are not acceptable. Wheeling is a benefit for Landowners that the District provides. Manager Gianquinto stated that he is not seeking any action today. A notice will be mailed out to Landowners in regarding the wheeling. Discussion followed.

Consider Acquisition of Dry Year Water Supply

Manager Gianquinto stated that the District, as a Member Unit of the Kern County Water Agency, is eligible to participate in the Dry Year Transfer Program which is coordinated through the State Water Contractors. At this time Semitropic has the opportunity to acquire up to 30,000 acre-feet which is potentially available. The manager recommended that the District seek acquisition of approximately 10,000 acre-feet through the dry year program. The estimated cost of the Dry Year water supply as delivered to Semitropic after Delta losses and operational costs is approximately \$600 per acre-feet. This assumes a 30 percent loss by the time it reaches Semitropic's gate. Discussion followed.

On motion by Director Waterhouse, seconded by Director Portwood, the Board authorized to purchase 10,000 acre-feet of water from the Dry Year Transfer Program.

Consider Shared Well Agreement for Landowner Samarin

Manager Gianquinto stated that a District landowner submitted a request for Shared Well Agreement on District property. Discussion followed.

On motion by Director Waterhouse, seconded by Director Toretta, the Board authorized a Shared Well Agreement for Landowner Harry Samarin.

CONSULTANT REPORTS

Design/Build Team Construction Update

W.M. Lyle's Representative, Rick Amigh reported on the Project 54.8719 SWRU, the raw water processing plant is currently shut down. The plant is expected to remain idle until May 2018 and will then operate through December 2018.

Rick Amigh reported SWRU XYZ Intertie Project continues, the plans, specifications and the draft surge analysis have been developed and were distributed in late March for review and comments. Plats and legal documents are currently being developed to support the project facilities.

On the Project Existing Canal Bridges have been ordered and are currently in fabrication. The canal access road has been widened on the north canal to allow crane access for installation of the new pedestrian bridge. Fieldwork is scheduled to commence in late April or early May.

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 2018, which was accepted for filing.

Mr. Rodriguez stated that the Water Commission staff is expected to publicly post a report on April 20th. In addition, the Water Commission has scheduled another round of project review meetings for all applicants and the District and GEI will meet with Commission staff on April 25th. The District will also have the opportunity to review the Project with the Water Commissioners during the WSIP workshop.

On activities related the Diltz Intertie Improvement with Shafter-Wasco ID, Semitropic, along with GEI's help, prepared and submitted a federal grant proposal to improve the operational capacity of the existing Diltz Intertie. The District was awarded \$750,000 in grant funds. Work continued during the month on design and preparation of environmental documents.

Mr. Rodriguez reported that activity during the month included evaluation of water quality conditions within the District and customizing SGMA website for Semitropic.

Groundwater Storage Services, Inc.

Will Boschman of Groundwater Storage Services, Inc. reported that work continued on preparation of two Water Purchase Agreements, one between Semitropic and Agua Via and another agreement where Semitropic landowners will be given an opportunity to purchase some of the water produced by Agua Via.

A report was submitted by Dr. Ken Schmidt regarding well location and anticipated production flow rates, all in preparation for initiating the permitting/CEQA process while long-term financing is secured.

Mr. Boschman also stated that he was not able to attend the Kern Water Bank Authority or the State Water Contractors. There was no Board meeting for the Southern California Water Bank Authority.

Developing Water Resources, Inc.

John Jones of Developing Water Resources, Inc. reported that he met with county personnel; they informed him that the County Environmental Health Department is not going to classify gravel bags as a hazardous material. The County will accept all of the bags at the county refuse area. The District has been storing over 3,000 bags. The cost to get rid of the bags will only be \$45/ton. District personnel will begin the process of transporting the bags.

Mr. Jones met with Dr. Ken Schmidt about flow path wells; they went over a variety of types of flow path wells.

Balance Public Relations

Dean Florez of Balance Public Relations was not able to attend the Board meeting due to a personal matter; however, Manager Gianquinto reported on a few legislative items. Discussion followed.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During March" dated April 6, 2018 was accepted for filing. In addition, the following items were presented:

Water Supply

Manager Gianquinto stated that the State allocation is still at 20%, and noted that with the recent precipitation received we may receive a small increase of allocation; however, it may be more likely that the State holds the allocation at 20%. Discussion followed.

SGMA – Groundwater Sustainability Activities

Manager Gianquinto presented a detailed 2017 EvapoTranspiration (Et) spreadsheet showing Et for each Semitropic Water Storage District Landowner with detailed information by parcels, part of the process to implement the Rule changes adopted last year by means of a pilot project this year for 2017 usage.. It was noted that there are over 5,000 parcels and the information presented today is the work of Land IQ which prepared the analytical interpretation

of the remote sensing data which was then incorporated into the District's GIS system by Jeff Kenney that allowed for reporting of total and average Et by Parcel and by Landowner for the calendar year 2017 . The Manager noted that the next step is to prepare summary and detailed Et statements for each landowner Discussion followed.

Other

Due to the ACWA May Conference in May 7 – 11, 2018, the next Regular Board Meeting will be moved to Wednesday, May 16, 2018.

Closed Session

At 2:30 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: Existing Litigation Govt. Code § 54956.9(d))

- 1) *Wilbur-Ellis Co. v. Semitropic Water Storage Dist., et al., and related actions*
- 2) *Central Delta Water Agency et al v. Ca. Department of Water Resources et al*
- 3) *San Joaquin County Resources Conservation District, et al. v. California Regional Water Quality Control Board, Central Valley Region*
- 4) *North Kern Water Storage District, et al v. City of Bakersfield and North Kern Water Storage District, et al, v. Kern Delta Water District*
- 5) *Center for Food Safety, et al, v. Department of Water Resources, et al. (Sac Sup #34-2016-80002469)*
- 6) *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.*
- 7) *California Department of Water Resources v. All Persons Interested, etc. (Sac Sup #34-2017-00215965)*

b. Conference with legal counsel Re: Potential Litigation (Govt. Code § 4956.9(d))

- 1) Two Potential Suits

c. Conference with Real Property Negotiator (Govt. Code § 54956.8)

District's Designated Representative: General Manager

1) Water Supply Acquisition:

- a. Negotiating Parties: West Stanislaus
- b. Under Negotiation: Price and Terms

2) 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 4:15 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 4:15 p.m. by President Wegis. The next Adjourned Meeting was scheduled for Wednesday, April 30, 2018 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Fredrick A. Wegis, President