

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,
May 13, 2020

The regular meeting of the Board of Directors was called to order by President Waterhouse on Wednesday, May 13, 2020, at 12:30 p.m., via Conference Call. Pursuant to Executive Order N-29-20, Issued by Governor Newsom on March 17, 2020, and guidance by the California Department of Public Health dated March 16, 2020, the meeting was conducted by teleconference due to the COVID-19 Virus Pandemic. The District offices are located at 1101 Central Avenue, Wasco, California. Those joining the meeting included:

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

Directors Absent: None;

Other Participants: 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 Consultant, Will Boschman;
District's Legal Counsel, Steve Torigiani;
District's Consulting Engineers, GEI Consultants,
Inc., Represented by Larry Rodriguez;
WM Lyles Representative, Rick Amigh;
REDTrac Representative, Greg Allen;
Balance Public Relations Representative, Dean Florez;
Agua Via Representative, Floyd Wicks;
Shafter-Wasco I.D. Representative, Dana Munn;
Jon Reiter, Kevin Assemi, Lindsay Cedarquist,
Molly Thurman, John Wedel, Don Wright,
Stacie Ann Silva, Garrett Bush, Greg Wegis,
Geoff Vanden Heuvel, Andrew Garcia, Craig
Fulwyler, Eric Ruckdashel, Marty Henson, Todd
Ayerza, and a number of other unidentified
participants.

President Waterhouse opened the meeting and welcomed all guests. Roll call was taken for Board Members, District Staff and Consultants.

ACTION ITEMS

Note: The President announced all Action Items will be conducted by a Roll Call vote.

Approval of Agenda

General Manager, Jason Gianquinto, stated that one item listed on the Agenda was revised to include a Resolution on the action item: 5 (k) Consider Resolution Clarifying Resolution ST 16-04 that Adopted Mitigated Negative Declaration for Pond Road Solar Facility Project.

On motion by Director Portwood, seconded by Director Toretta, the Board approved the Amended Agenda. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: None

The President announced that the motion carried.

Minutes

The Minutes of the Regular Board Meeting on April 8, 2020 were presented for approval.

On motion by Director Wegis, seconded by Director Tracy, the Minutes of the Regular Board Meeting on April 8, 2020 were approved as presented. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: None

The President announced that the motion carried.

The Minutes of the GSA Board Meeting on April 8, 2020 were presented for approval.

On motion by Director Toretta, seconded by Director Thomson, the Minutes of the GSA Board Meeting on April 8, 2020 were approved as presented. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: None

The President announced that the motion carried.

Treasurer's Report

The Treasurer's Reports for April 2020 were presented for review and approval.

On motion by Director Toretta, seconded by Director Portwood, the Treasurer's Reports for April 2020 for Semitropic Water Storage District and Semitropic Improvement District were approved for filing. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: None

The President announced that the motion carried.

Financial Reports

District Controller, Bobby Salinas, reviewed the Financial Reports along with the Actual and Projected Cash Flow Report. Mr. Salinas stated that the report reflected the original 2020 Budget approved in October 2019 and that an updated Budget will be brought to the Board at its June 2020 Meeting.

Accounts Payable

The Cash Disbursement List for May 13, 2020 was presented for review and payment.

On motion by Director Wegis, seconded by Director Toretta, the Board authorized payment of the Accounts Payable as listed on the May 13, 2020 Disbursement List for Semitropic Water Storage District and Semitropic Improvement District. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: None

The President announced that the motion carried.

A copy of the Disbursement List presenting the payments that were approved is attached hereto as "Exhibit A."

Consider Cost Proposal from WM Lyles for Re-Commissioning of the Raw Water Processing Facility for 2020 Recovery Operations.

District Engineer, Isela Medina, presented a cost proposal from WM Lyles for the re-commissioning of the Raw Water Processing Facility in preparation for the 2020 pumpback operations. Mrs. Medina stated that the District is gearing up for water recovery year and the Raw Water Processing Facility is in need of repairs, beyond just maintenance work. Actual costs will not be known until the Facility is broken apart and the components have been evaluated. The total cost to re-commission the facility is estimated to be about \$150,000, assuming replacement of all components. The District will provide an initial authorization Task Order to evaluate the Facility, in the amount of \$50,000. If after evaluation, it is determined that the costs to recommission the Facility are higher, the District staff will report back to the Board. Arsenic treatment costs will be passed along to Banking Partners. Rick Amigh, from WM Lyles, said that all components have been priced and many parts need to be replaced since the facility has been sitting idle for a few years.

On motion by Director Wegis, seconded by Director Toretta, the Board authorized a maximum budget of \$150,000 for the Re-Commissioning of the Raw Water Processing Facility for the 2020 Recovery Operation, with an initial budget for evaluation of the Facility of \$50,000. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: None

The President announced that the motion carried.

Consider Wheeling and Pump-in Policy Regarding Water Quality

Manager Gianquinto presented a Wheeling and Pump-in Policy regarding water quality for the Board to consider. The District has an obligation to sample all wells with the capability of being utilized for return operations every three years. The District has implemented this by attempting to collect water quality samples from 1/3 of the wells every year so that all wells are sampled over a three-year period. In recent years, this has become an issue due to the uncertainty as to when a well is operating, and a water quality sample cannot be collected. Any well tied to the District system needs to be sampled before it is used for recovery to the Aqueduct. The new Policy would clarify that no well may be utilized for pump-in (wheeling or recovery) unless a water quality sample is current, and the water quality is acceptable relative to the District's current policies. Discussion followed.

On motion by Director Wegis, seconded by Director Tracy, the Board adopted a Wheeling and Pump-in Policy regarding water quality. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: None

The President announced that the motion carried.

Consider Resolutions Fixing GASC and GPSC and Set June Hearing

The Manager led discussion on the General Administrative and General Project Service Charges and Resolutions with the Board. No changes were proposed, the charges will remain the same as 2019. In 2017 the Board approved a \$500 per acre-foot charge for consumptive use in excess of native yield on new lands brought into production after July 1, 2017. It was noted that for the District to increase the \$500 per acre-foot charge, the District would need to comply with Proposition 218. Discussion followed.

On motion by Director Tracy, seconded by Director Toretta, the Board set the preliminary General Administrative and General Project Service Charges at \$1.50/Ac and \$137.90/Ac, respectively, set the Special General Project Service Charges at \$10.90/Ac, and make no change to the New Lands Surcharge, and adopted all resolutions and documentation necessary for processing as listed below. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: None

The President announced that the motion carried.

BW Resolution No. 20-01:

RESOLUTION FIXING CHARGES FOR GENERAL ADMINISTRATIVE SERVICE RENDERED BY THE IMPROVEMENT DISTRICT AND CHARGES FOR GENERAL PROJECT SERVICE RENDERED BY THE IMPROVEMENT DISTRICT; ORDERING THAT THE SAME BE COLLECTED FROM THE OWNERS OF LANDS RECEIVING THE BENEFIT THEREOF; ORDERING PREPARATION OF A PRELIMINARY ROLL AND PRELIMINARY RATES AND SETTING OF NOTICED HEARING
(2020; COLLECTED 2020-2021)

PP Resolution No. 20-01:

RESOLUTION FIXING CHARGES FOR GENERAL ADMINISTRATIVE SERVICE RENDERED BY THE IMPROVEMENT DISTRICT AND CHARGES FOR GENERAL PROJECT SERVICE RENDERED BY THE IMPROVEMENT DISTRICT; ORDERING THAT THE SAME BE COLLECTED FROM THE OWNERS OF LANDS RECEIVING THE BENEFIT THEREOF; ORDERING PREPARATION OF A PRELIMINARY ROLL AND PRELIMINARY RATES AND SETTING OF NOTICED HEARING
(2020; COLLECTED 2020-2021)

The NOTICE, order mailed with the adoption of the foregoing resolutions, form of letter to transmit the notice to landowners, and the following resolution, were approved by the Board.

PROCEDURE FOR CONDUCT OF PUBLIC HEARING TO COLLECT
AND FINALIZE THE ROLL FOR THE GENERAL ADMINISTRATIVE AND
GENERAL PROJECT SERVICE CHARGES FOR 2020
(COLLECTED 2020-2021)

Consider GEI Task Order 07-2020 for Services to Support the Preparation of a USBR Grant Proposal

Isela Medina reported that last month, the Board authorized staff to proceed with the necessary procedures to assess the value in developing a subsurface recharge facility on District property. Grant funding is available from USBR's WaterSMART Drought Response Program: Drought Resiliency Projects for Fiscal Year 2021. Staff is requesting GEI's services to prepare two proposals to be submitted to USBR for acquisition of grant funds for developing a subsurface recharge facility. The applications will be for up to \$300,000 and \$750,000 for the District's drought planning and participation in the Poso Creek IRWM Group's Drought Response Plan development.

On motion by Director Wegis, seconded by Director Thomson, the Board authorized GEI Task Order 07-2020 for Services to Support the Preparation of a USBR Grant Proposal with a Budget amount of \$22,500. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: None

The President announced that the motion carried.

Consider 2020 Dry Year Water Supply Program

The Manager reported that with only a 15% allocation from the State, the District has purchased approximately 15,369 AF of dry year water supply as an additional response to local water needs. Discussion followed regarding terms of allocation for the water.

On motion by Director Portwood, seconded by Director Wegis, the Board authorized approximately 15,369 AF of 2020 Dry Year Water Supply to be made available to all District landowners at \$650.00/AF and the opportunity to submit a participation request on a first come, first serve basis. Final allocations will be determined at the June 10, 2020 Board meeting. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: None

The President announced that the motion carried.

Consider Resolution Clarifying Resolution ST 16-04 that Adopted Mitigated Negative Declaration for Pond Road Solar Facility Project

Manager Gianquinto stated that in 2016, the Board adopted Resolution No. ST 16-4 adopting a Mitigated Negative Declaration for the Pond Road Solar Facility Project. Resolution ST 20-02 would clarify the Board’s purpose in adopting Resolution 16-04 and approving the Project was and remains to provide for use of GHG offsets generated from Project solar facilities as mitigation for GHG emissions generated by groundwater wells, and pumps and other surface water conveyance facilities of the District and/or its improvement districts.

On motion by Director Tracy, seconded by Director Toretta, the Board adopted Clarifying Resolution ST 20-02. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

Ayes: Directors Fabbri, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: None

The President announced that the motion carried.

Resolution ST 20-02:

RESOLUTION CLARIFYING THE PURPOSE OF THE BOARD OF DIRECTORS OF THE SEMITROPIC WATER STORAGE DISTRICT IN APPROVING RESOLUTION ST 16-04, WHICH APPROVED THE POND ROAD SOLAR FACILITY PROJECT

SEMITROPIC GSA UPDATE

At 1:27 p.m., the Board President, Dan Waterhouse, declared a meeting of the Semitropic Groundwater Sustainability Agency. Manager Gianquinto presented a “White Paper” clarifying the effects of SGMA on Shared Well Agreements with District landowners. District staff is still working to complete the Landowner Budgets.

The GSA meeting concluded at 1:45 p.m. See the separate Minutes of the Semitropic GSA Meeting for discussion topics and any action taken.

CONSULTANT REPORTS

Build/Design Team Construction Update

W.M. Lyle’s Representative, Rich Amigh, reported that crews will perform maintenance and repairs this summer to recommission the Raw Water Processing Plant for return flow operations that will begin in the Fall 2020.

Progress continued in regard to the PG&E Interconnection Agreement on the Pond Road Solar Interconnection Facilities. The protection scheme was submitted and approved; the District issued insurance certificates and set up the escrow account. PG&E’s next step will be to proceed with the evaluation and determine the suitable telemetry option for the project. Construction is

virtually complete and as soon as programming and testing are performed, the facility will be energized for operations.

The Junction Pumping Plant Flow Meter is ready for the final calibration of the flow meter which has been delayed due to travel restrictions by the manufacturer. The Technical Rep is hoping to come from Phoenix soon to perform the calibration.

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 April 2020, which was accepted for filing.

Activity during the month included work on the Pond-Poso Spreading Grounds, Phase V, where the California Rail Builders' (CRB) contractor, Papich, resumed minor grading and clean-up of embankment surfaces, ditches and keyways in preparation of restarting fill placement of the Cell 16 basin embankment construction.

GEI provided engineering support to the District in response to additional comments from CRB regarding design criteria and requirements for the P-1030 canal crossing conflict.

SGMA Implementation support included analysis of subsidence along the western boundary of the District in response to DWR's evaluation of subsidence impacts to the California Aqueduct.

GEI initiated the Groundwater Model Development for an updated groundwater model for the District capable of assessing groundwater banking conditions as well as other groundwater management and recharge projects. Other partners in the Poso Creek Regional Management Group are also considering participation in the modeling effort, which would reduce the cost to the District.

Groundwater Storage Services, Inc.

Will Boschman reported that the Amendment to the Agua Via-Semitropic Agreement was finalized and executed. Agua Via is continuing work to find a suitable project location that has a water source that is unsuitable for irrigation purposes and is also located in an area where it can be reasonably conveyed through existing facilities to areas of demand. Financing is also an issue to be resolved.

Aqua Planet is currently on hold until the worldwide COVID-19 crisis subsides, and travel is normalized.

Mr. Boschman also reported on the State Water Contractor's meeting which was conducted via conference call.

Balance Public Relations

Dean Florez of Balance Public Relations reported the State Legislature is back in session and he reported on bills that are of interest to the District. Most of the opposition bills have died in the Assembly but there are a few water and policy committee bills that are of significance. The State is facing a large Budget deficit due to COVID-19.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During April" dated May 8, 2020 was accepted for filing. In addition, the following items were presented:

The Manager reported that the District continues to operate in accordance with the Governor's Executive Order N-33-20. The District office and field office remain closed to the public and District staff are adhering to the social distancing guidelines.

On the Delta Conveyance Project, the negotiators finalized an Agreement in Principal (AIP) for the SWP Contract Amendment for Delta Conveyance. It is not clear as to the status of the Contract Amendment regarding water management tools. This amendment will be critical relative to the District's decision as to level of participation.

Since the release of the Incidental Take Permit (ITP) on March 31, 2020 for the operation of the State Water Project, a number of lawsuits have been filed challenging the validity of the ITP including breach of contract claims against DWR.

At 2:16 p.m. President Waterhouse adjourned the Regular Board meeting.

Closed Session

At 2:30 p.m. the meeting continued with Closed Session.

Participants included:

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

Others: General Manager, Jason Gianquinto;
District O & M Superintendent, John Lynch;
District Controller, Bobby Salinas;
Staff Engineer, Isela Medina;
District Contract Administrator, Becky Ortiz;
District Accounting Supervisor, Mariela Garza
District Executive Secretary, Marsha Payne; and
District's Legal Counsel, Steve Torigiani.

The District's legal counsel, Steve Torigiani, stated that a closed session was needed pursuant to the following:

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) *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.*
- 3) *California Department of Water Resources v. All Persons Interested, etc. Case No. 34-2018-00246183 (Sacramento Superior Court) Re: SWP Contract Extension Amendment*
- 4) *State of CA Dept. of Trans. v. Semitropic WSD, Case No. BCV-19-100326*
- 5) *State v. Pond Poso Improvement District of Semitropic Water Storage District, Kern County Superior Court, Case No. BCV-19-1007686*
- 6) *California Department of Water Resources v. All Persons Interested, etc. "Complaint for Validation" Re: WaterFix Bond Validation Action (JCCP 4942)*
- 7) *Buena Vista Water Storage District v. Kern Water Bank Authority, et al. Re: KWBA Kern River EIR (Case No. BCV-19-100122)*

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) Two Potential Cases

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

At 3:55 p.m. the Board reconvened to open session. President Waterhouse stated that several items were discussed but no reportable action was taken.

Adjournment

The meeting was adjourned at 3:55 p.m. by President Waterhouse. The next Adjourned Meeting was scheduled for Wednesday, May 27, 2020 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Daniel Waterhouse, President