

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

Convened at 12:30 p.m. on Wednesday,
July 14, 2021

The regular meeting of the Board of Directors was called to order by President Waterhouse on Wednesday, July 14, 2021, at 12:30 p.m. via Conference Call. Pursuant to Executive Orders N-29-20 and N-08-21, Issued by Governor Newsom on March 17, 2020 and on June 11, 2012 respectively, 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's Legal Counsel, Steve Torigiani and
Mark Bateman of Young Wooldridge;
District's Consulting Engineers, GEI Consultants,
Inc., Represented by Larry Rodriguez;
W.M. Lyles Representative, Rich Amigh;
Balance Public Relations Representative, Dean Florez;
REDTrac Representative, Greg Allen;
Jon Reiter, Floyd Wicks, Don Wright, Stacie Ann
Silva, Gustavo Guzman, Leta Spencer, Mike Gallow,
Travis Millwee, Tim Gobler, Ted Page, Jake Cauzza,
Leland Meibeyer, Greg Nicol, Dan McClamroch,
and John Ocana.

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

On motion by Director Toretta, seconded by Director Tracy, the Agenda was approved as posted. 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 Semitropic Water Storage District Board Meeting and GSA Board Meeting on June 9, 2021 were presented for approval.

On motion by Director Toretta, seconded by Director Tracy, the Minutes of the Regular Semitropic Water Storage District Board Meeting and GSA Meeting on June 9, 2021 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 Reports

The Treasurer's Reports for June 2021 were presented for review and approval.

On motion by Director Toretta, seconded by Director Portwood, the Treasurer's Reports for June 2021 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 for June 2021. The year-end balance is projected to be about \$13.2M, and is on track with the June 2021 Budget update.

Accounts Payable

The Cash Disbursement List for July 14, 2021 was presented for review and payment.

On motion by Director Portwood, seconded by Director Tracy, the Board authorized payment of the Accounts Payable as listed on the July 14, 2021 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 Landowner Request for Access to Property

Manager Gianquinto reported that a District landowner, Gustavo Guzman, has requested access across District land to his landlocked property. After much discussion, the Board stated that private access across District land had not been previously given to others. It was recommended that Mr. Guzman consult his title insurance policy and contact the previous owner of the land and other landowners in the area to determine how they have accessed the subject property.

No action was taken.

Consider Approval of Construction of the SWRU XYZ Pipeline Extension

District Engineer, Isela Medina, reported that the SWRU XYZ Pipeline Extension is the last piece of the SWRU XYZ System build-out. This project consists of pipeline extensions and service turnouts to provide service to two properties residing in the northwest part of the District, in the SWRU project limits. The Design-Build Contractor completed a draft of the drawings, sufficient to prepare a cost estimate for evaluation of the project. This project will support the Semitropic GSA's implementation of Management Actions under its Groundwater Sustainability Plan.

After considerable discussion, President Waterhouse tabled the item and requested the Water Supply and Banking Committee meet for further discussion and review of the project to bring a recommendation back to the Board at its August meeting.

No action was taken on this item today.

Consider Resolution ST 21-05 to Amend District’s Cafeteria Plan

Bobby Salinas stated that on December 27, 2020, H.R. 133 Consolidated Appropriations Act has been signed into law, impacting Section 125 Cafeteria Plans. District Resolution ST 21-05 Amends the District’s Cafeteria Plan and extends the revisions through 2022. Discussion followed on details of the Plan.

On motion by Director Wegis, seconded by Director Fabbri, the Board adopted Resolution ST 21-05:

**ADOPTION OF SEMITROPIC WATAER STORAGE DISTRICT
FLEXIBLE BENEFITS PLAN
CONSOLIDATED APPROPRIATIONS ACT (CAA) AMENDMENT**

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 GEI Task Order 04-2020 Amendment 2 – SGMA Implementation Support

The Manager presented GEI Task Order 04-2020 Amendment 2 for a budget augmentation for continued SGMA Implementation Support. The District’s GSP specifies numerous activities that will need to be implemented by the District to achieve sustainable groundwater management over the implementation period from 2020 to 2040. GEI provides assistance to the District for various efforts required for implementation of the District’s GSP. This Amendment will increase the previously authorized budget of \$125,00 by \$75,000 for a total budget of \$200,000.

On motion by Director Wegis, seconded by Director Toretta, the Board authorized execution of GEI Task Order 04-2020 Amendment 2 for a budget augmentation totaling \$200,000 for continued SGMA Implementation Support. 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.

Potential Approval of Utility Agreement 1.1 Between California High Speed Rail Authority, California Rail Builders, North Kern Water Storage District and Semitropic Water Storage District

District's legal counsel, Mark Bateman of Young Wooldridge, joined the meeting to review and discuss the Utility Agreement 1.1 Between CA High Speed Rail Authority (HSR), California Rail Builders (CRB), North Kern Water Storage District (NK) and Semitropic Water Storage District (Semitropic). The HSR and its contractor, CRB, are parties to a certain Design-Build Contract, HSR 14-32. NK and HSR are parties to the Master Agreement HSR 16-15 and Semitropic and HSR are parties to the Master Agreement HSR 16-17. The parties of the Design-Build Contract and the Master Agreement have designed a Utility Agreement to provide for the partnering and coordination efforts as it related to Facility Work pertaining to the Intertie Project (North Kern and Semitropic Intertie Project).

Mark Bateman reported that District Staff and legal counsel have been in negotiations with HSR Management and legal counsel on the Utility Agreement 1.1 and recommends Board approval for execution. Discussion followed.

On motion by Director Thomson, seconded by Director Tracy, the Board authorized execution of Utility Agreement 1.1 Between HSR, CRB, NK and Semitropic, contingent upon final review by legal counsel. 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.

SEMITROPIC WSD GSA UPDATE

At 1:22 p.m., the Board President, Dan Waterhouse, declared a meeting of the Semitropic Water Storage District Groundwater Sustainability Agency.

Manager Gianquinto reported that Staff and GEI Consultants continued working on implementation of the GSA's Landowner Water Budget Program (Management Action No. 1) pursuant to SGMA. Discussion followed.

District Staff continued to work with Landowners to prepare combined Et Statements, answer questions regarding the 2020 Et Statements, and process both payments and credits.

The GSA meeting concluded at 1:41 p.m. See the separate Minutes of the Semitropic Water Storage District GSA Meeting for discussion topics and any action taken.

CONSULTANT REPORTS

Build/Design Team Construction Update

W.M. Lyle's Representative, Rick Amigh, reported that the Raw Water Processing Plant is currently idle, but will resume operations once irrigation season is over and pump-back operations start again in September. Meanwhile, minor repairs and improvements are being made while the plant is shut down.

The Pond Road Solar Interconnection Facilities are ready to operate but a DC under/over voltage alarm test remains to be done per PG&E. This requires a short shut down of the Pond Road substation, which would impact the District's pump-back operations. District staff has requested approval from PG&E to operate on an interim basis until the current pump-back operations are completed. PG&E has denied operation of the facility until they could perform the testing in early 2022.

On the XYZ System Extension, engineering continued on the two new pipeline extensions and turnouts and project cost estimates will be presented to the Board.

The Torigiani Turnout was approved at the June Board meeting and construction will commence after completion of engineering work.

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 June 2021, which was accepted for filing.

GEI participated in the SWSD Monitoring Committee call and prepared minutes from the previous meeting for review by the Committee.

Construction management services on the Cox Canal Intertie continued with observation of construction activities, contract administration and coordination meetings with District Staff.

GEI continued on development of the groundwater model, including completion of the Integrated Water Flow Demand Calculator (IDC) component and integration with the MODFLOW model.

GEI continued to work on the final proposal for design and preparation of a construction bid package on the Leonard System Extension. GEI and District Staff held a meeting to coordinate scheduling of the project.

Balance Public Relations

Dean Florez of Balance Public Relations reported that the mid-year bills are moving through both houses of the State legislature. The Revis bill (AB 252) has been referred back to Rules Committee for further revisions.

Discussion followed regarding the recall effort underway for Governor Gavin Newsom, and President Biden's proposed grant program for infrastructure, including storm water and pipeline replacement.

REDTrac

Greg Allen reporting that REDTrac is still working with District landowners and PG&E to acquire authorization forms needed for the Telemetry Project.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto discussed his written report on "District Activity During June" dated July 9, 2021, which was included as part of the Board packet. 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. District staff is participating in meetings by conference call or video conferencing and wearing face coverings per the CDPH guidance. On June 11, 2021 Governor Newsom issued Executive Order N-8-21 which continues somewhat relaxed procedures as related to the Brown Act rules for teleconference meetings through September of 2021.

Manager Gianquinto reported that on July 8th the Governor updated the April 21st Drought Declaration to include nine (9) additional Counties covering Inyo, Marin, Mono, Monterey, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara and Santa Cruz, bringing the total of 50 of the State's 58 counties under the Drought State of Emergency. The Governor also directed State agencies to take further actions to preserve critical water supplies, address drought impacts and protect people, natural resources and economic activity.

The Manager reported on the 2021 Banking Operations, noting that Recovery Operations ceased on June 10th due to increased demand for wheeling within the District. Recovery will commence again in the Fall after the peak irrigation season.

District Engineer, Isela Medina, reported that the District has learned about an alternative option for evaluating property for suitability for subsurface recharge with Cone Penetration Tests (CPT's), which are believed to be more accurate because the soil samples are collected more frequently (at 20mm intervals) and are evaluated based upon mathematical calculations on quantitative parameters collected with calibrated instruments. CPT testing costs are lower and results can be received quicker. Discussion followed.

At 2:13 p.m. President Waterhouse adjourned the Regular Board meeting.

Closed Session

At 2:20 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;
District Engineer, Isela Medina;
District Contract Administrator, Becky Ortiz;
District Accounting Supervisor, Mariela Garza;
District Executive Secretary, Marsha Payne;
District's Legal Counsel, Steve Torigiani
and Mark Bateman of Young Wooldridge; and
Special Legal Counsel, Kevin O'Brien.

The District's legal counsel, Steve Torigiani, stated that a closed session was needed to discuss various closed session matters.

The District's legal counsel reported on the following items of pending and anticipated litigation:

a. Conference with legal counsel Re: Pending Litigation (Gov't. Code § 54956.9(d))

- 1) *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 Board*
- 2) *California Department of Water Resources v. All Persons Interested, "Complaint for Validation" Re: SWP Contract Extension Amendment, Sacramento Superior Court, Case No. 34-2018-00246183*
- 3) *State of CA Dept. of Trans. v. Semitropic WSD, Kern County Superior Court, Case No. BCV-19-100326*
- 4) *State v. Pond Poso Improvement District of Semitropic Water Storage District, Kern County Superior Court, Case No. BCV-19-1007686*
- 5) *Buena Vista Water Storage District v. Kern Water Bank Authority, et al. Re: KWBA Kern River EIR, Ventura County Superior Court, Case No. BCV-19-100122; Second Appellate District, Division 6, Case No. B309764*
- 6) *Sierra Club v. California Department of Water Resources, etc. Re: Consolidated CEQA Case and "Complaint for Validation" Re: Delta Program Revenue Bonds, Sacramento County Superior Court, Case No. 34-2020-80003517*
- 7) *Rosedale-Rio Bravo Water Storage District v. Kern County Water Agency, et al., Kern County Superior Court, Case No. BCV-21-100418*
- 8) *Central Delta WA v. DWR, et al., 3rd Appellate Dist., Case No. C078249; Center for Food Safety v DWR, 3rd Appellate Dist., Case No. C086215 (consolidated for oral argument)*
- 9) *KWBA, et al. v. Kern LAFCO, et al., Kern County Sup. Ct., Case No. BCV-21-101310-GP*

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

Under Negotiation: Price and Terms of Payment

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 4:05 p.m. the Board reconvened to open session.

President Waterhouse stated that several items were discussed. No reportable action was taken.

Adjournment

The meeting was adjourned at 4:10 p.m. by President Waterhouse.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Daniel Waterhouse, President