

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,
August 8, 2018

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, August 8, 2018, 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, Ernest Conant and
Steve Torigiani;
District's Consulting Engineers, GEI Consultants,
Inc., Represented by Larry Rodriguez;
W.M. Lyles Representative, Rick Amigh;
Balance Public Relations Representative, Dean Florez;
Agua Via Representative, Floyd Wicks;
Aviva Energy Representative, Greg Allen;
Stacie Ann Silva Representing New Current
Water & Land (NCWL);
District landowners and others: John Wedel,
Jason Pucheu, Molly Saso, Ty Alexander,
Geoffrey Vanden Heuvel and Preston Brittian.

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

ACTION ITEMS

Approval of Agenda

It was noted that two new items came to Staff's attention after posting the Agenda and will need action before the next Board Meeting: 1) Approve Minutes: GSA Meeting of July 17, 2018, and 2) Consider Non-Contract Water Allocation.

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

Minutes

The Minutes of the Regular Board Meeting on July 11, GSA Meeting of July 11, and GSA Meeting of July 17, 2018 were presented for approval.

On motion by Director Portwood, seconded by Director Thomson, the Minutes of the Regular Board Meeting on July 11, GSA Meeting on July 11, and GSA Meeting on July 17, 2018 were approved as presented.

Treasurer's Report

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

On motion by Director Waterhouse, seconded by Director Portwood, the Treasurer's Reports for July 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 end-of-year cash balance projects \$4.8M at this time. It was noted that there may not be a call for payment for the California WaterFix before the end of the year.

Accounts Payable

The Cash Disbursement List for August 8, 2018 was presented for review and payment. Discussion followed regarding tree trimming around the District's power lines near Semitropic School along Hwy. 46; and, the membership assessment amount due to the Committee for Delta Reliability.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized payment of the Accounts Payable as listed on the August 8, 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 Authorization for Execution of Agreement to Fund FY 2018-19 KCWA Participation in Independent Audit Association of the State Water Project

Bobby Salinas reported that the Kern County Water Agency has funded participation in the Independent Audit Association (IAA) Audit of the State Water Project (SWP) for many

years and is asking Member Units to collectively join the Agency in participation. The IAA members contract with an auditor who conducts an independent audit of the California Department of Water Resources' (DWR) annual Statement of Charges.

The project cost is around \$154,000 and the District's share of cost is roughly \$26,000. Discussion followed.

On motion by Director Portwood, seconded by Director Thomson, the Board authorized the General Manager to execute an Agreement to fund, along with other Member Units, the Agency's participation in the IAA Audit of the State Water Project and provide the District's share of cost.

Consider Water Exchange Agreement Between Westlands WD and Semitropic

Manager Gianquinto reported that Westlands Water District has requested a water exchange with Semitropic on behalf of Harris Farms of up to 15,000 acre-feet of Westlands' CVP supply. An Agreement has been drafted and reviewed for Board consideration. Upon review, it was noted that the details of money amounts were not referenced. After discussion, it was determined that legal counsel would add language to include details on costs as referenced in previous banking contracts.

On motion by Director Portwood, seconded by Director Waterhouse, the Board authorized the General Manager to execute the Water Exchange Agreement Between Semitropic and Westlands Water District of up to 15,000 Acre-Feet, contingent upon additional language and final review by legal counsel.

Consider Letter of Support for Karla Nemeth as Director of the Department of Water Resources

The Manager reported that the District received a letter from the State Water Contractors strongly recommending public water agencies to support the appointment of Karla Nemeth as Director of the Department of Water Resources. Ms. Nemeth has been a steady leader in California water policy for the entire Brown Administration, and her knowledge, vision and leadership skills are vital to ensuring that DWR meets its mission and obligations to the people and natural resources of California. Discussion followed.

On motion by Director Tracy, seconded by Director Waterhouse, the Board authorized staff to submit a letter of support for the appointment of Karla Nemeth as Director of the Department of Water Resources.

Consider Non-Contract Water Allocation

Manager Gianquinto stated that Santa Clara Valley Water District has submitted a request to bring in up to 40,000 acre-feet for storage and Harris Farms has requested from 3,500 to 15,000 acre-feet of storage in 2018. The Manager proposed to offer Non-Contract Water and target the in-lieu areas, basically to replenish the areas that were significantly pumped during the last few years. Discussion followed.

On motion by Director Tracy, seconded by Director Fabbri, the Board authorized Non-Contract Water be made available at \$110.00/acre-foot.

SEMITROPIC GSA UPDATE

At 1:05 p.m., the Board declared a meeting of the Semitropic Groundwater Sustainability Agency. Manager Gianquinto gave a presentation and an update on meetings with members of the Kern Groundwater Authority.

The meeting concluded at 1:45 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 that the District acquired the Kern County encroachment permits for the SWRU XYZ Intertie Project. The Executive Summary and HCP have been submitted to USFWS for review and those comments are currently under consideration by the District and consultants. The development of plats and legal descriptions to support the XYZ project and future XYZ facilities continued and should be finalized in late August. The construction of 3.5 miles of Lateral X-C 27" PVC pipeline and appurtenances should also be completed by late August.

In the replacement of existing canal bridges, the removal of existing bridges and setting of the new bridges is scheduled to begin in early August after the concrete pile caps reach adequate compressive strength. Field work should be complete in September.

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 July 2018, which was accepted for filing.

Mr. Rodriguez reported that activities during the past month included meeting with Agua Via and the District to review the project description and develop a strategy for CEQA and permitting compliance. In addition, landowner statements for charges based on ET were revised and maps were prepared for major conveyance facilities to support a request from Gregg Young who is representing the Kern National Wildlife Refuge on SGMA matters.

The Energy Reconciliation for 2015 well payback was completed.

SGMA activity included uploading of District groundwater data into the Database Management System (DMS); analysis of shallow groundwater and subsidence data; and updating the draft summary report. SGMA compliance activity included evaluation of subsidence in the District; importing groundwater data into the DMS; and development of presentation and relevant materials for landowner meeting.

Groundwater Storage Services, Inc.

Will Boschman of Groundwater Storage Services, Inc. reported that the agreement with Agua Via was restructured to accommodate Agua Via's financing plan and provide opportunity to develop the treatment technology during the first 3-4 years. In mid-July there was a meeting with Agua Via, consultants and District staff to discuss the current status and how to move forward with implementation. Preparation of environmental documentation will commence immediately.

Agua Planet is still optimistic about finalizing funding for its potential 100,000 AFY Project.

Mr. Boschman continued with calls, emails and meetings with staff as well as inquiries from various districts and water interests seeking storage. He also attended the meetings at Kern Water Bank, GEI Consultants and the Southern California Water Bank Authority.

Developing Water Resources, Inc.

John Jones of Developing Water Resources, Inc. reported that he worked with drilling staff and engineering to help a landowner determine the number of trees that would have to be removed for a well site and drilling operation. The drilling staff prepared the drilling rig to meet the annual inspection requirements of the Department of Transportation.

Mr. Jones met with a local water well repair contractor that was refurbishing a local landowner's well to discuss water quality test results. He also met with the county water well inspector who was in the process of inspecting various wells that had just been completed in the District.

The video camera will be video logging a repaired well next week.

Balance Public Relations

Dean Florez of Balance Public Relations reviewed current legislation and bills with the Board. He reported on a recent meeting with California Governor candidate, Gavin Newsome and the plans to bring him to the District on a "water tour". A meeting has been set in October for David Valadao and Jeff Denham to visit the District. Discussion followed.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During May" dated August 3, 2018 was accepted for filing. In addition, the following items were presented:

California WaterFix

The Kern County Water Agency continued to work on amendments to the CWF Design Construction Authority (DCA) Agreement to clarify the commitments of the members. The CWF Finance JPA has been established and provisions have been added whereby the member units of the KCWA may elect to be a member.

State Water Project

As of July 31st, the SWP export facility at Banks was operating at 3,500 CFS, the Delta is currently in balanced conditions and the requirements for Delta Outflow are controlling the export operations.

Kern Groundwater Authority

An updated schedule was presented at the Kern Groundwater Authority meeting relative to the development of the KGA GSP. The current plan is for a Draft GSP to be prepared by the end of July 2019; however, to accomplish this, the chapters for each member must be completed no later than May 2019 so the chapters can be incorporated into the master document.

Proposed Task Order for consideration include 1) Adding consultants to assist with the preparation of the GSP; 2) Analysis of potential future water supplies; and 3) GW Modeling support.

Well Telemetry Project (Phase 1 and 2)

District Engineer, Isela Medina, reported that contract documents (Plans and Specifications) to solicit bids for procurement, installation, startup, and commissioning of well telemetry well sites continued. A team meeting is scheduled in early August to conduct a final review prior to releasing the Contract Documents. A landowner meeting will be scheduled to present the project to the District landowners, including an overview of the proposed improvements for landowner-site specific sites.

Closed Session

At 2:25 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: 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)*
 - (7) *Environmental Law Foundation v. SWRCB, et al, Sac County Sup. Ct., Case No. 34-2018-80002851*
 - (8) *Protectores Del Aqua Subterranea V. SWRCB, et al., Sac. County Sup. Ct., Case No. 34-2018-80002852*

(9) *Monterey Coastkeeper, et al. v. Central Valley Regional Water Quality Control Board, et al., Sac. County Sup. Ct., Case No. 34-2018-80002853*

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) Water Supply Acquisition:

- a. Negotiating Parties: Agua Via
- b. Under Negotiation: Price and Terms

2) Water Supply Acquisition:

- a. Negotiating Parties: Pacific Resources LLC
- b. Under Negotiation: Price and Terms

3) 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

4) Real Property Negotiations – Gov't Code Section 54956.8

- a. Property: Kings County APNs 036-060-013, 036-060-020, 036-060-042, 036-070-007, 036-07-013, and 036-070-014
- b. Negotiator: Jason Gianquinto
- c. Negotiation With: Westlake Farms, Inc., Westlake Grain & Cotton, Inc., Howe Family LP, et al., Priest Valley Cattle Co.

At 4:00 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 4:00 p.m. by President Wegis. The next Adjourned Meeting was scheduled for Wednesday, August 22, 2018 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Fredrick A. Wegis, President