

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,
September 12, 2018

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, September 12, 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 Controller, Bobby Salinas;
District Engineer, Isela Medina;
District Contract Administrator, Becky Ortiz;
District Accounting Supervisor, Mariela Garza;
District Executive Secretary, Marsha Payne;
District's Consultant Will Boschman;
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;
Aviva Energy Representative, Greg Allen;
Shafter-Wasco Irrigation District Representative, Dana Munn;
Representatives for Proposition 3, Gerald Meral and Kent Stevens;
Aqua Planet Representatives, Michael S. Young and Aaron Coman;
District landowners and others: John Wedel, Jeff Young, Jose Gonzalez, Dennis Slater, Molly Saso, Megan Chicoine, Alan Becker, Steven Piggitt, and Geoff Vanden Heurel.

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

Public Comment Period

The General Manager, Jason Gianquinto, introduced Gerald Meral who gave a presentation on Proposition 3, the New Water Bond which will appear on the ballot for the November 6, 2018 general election.

The major benefits to Kern County by passing Proposition 3 include \$200 million for Oroville repair; \$750 million for Friant Kern repair which would make USBR 215 water available again; \$640 million for SGMA implementation; and \$750 million for Safe Drinking Water and Wastewater Disposal for DACs. Additional funding categories would include Urban Water Conservation, Agricultural Water Conservation, Wastewater Recycling, Desalting, Flood Management, Salton Sea, Stormwater, Fish Habitat & Waterfowl Habitat, and Watershed Restoration.

Kent Stevens, representing landowners in the San Joaquin Valley spoke to the landowners and agri-business representatives present regarding fund raising opportunities for the campaign.

ACTION ITEMS

Approval of Agenda

There being no new items to consider, the Agenda for the September 12, 2018 Board of Directors' meeting was unanimously approved as posted on motion by Director Tracy, seconded by Director Toretta.

Minutes

The Minutes of the Regular Board Meeting on August 8, 2018 were presented for approval.

On motion by Director Tracy, seconded by Director Toretta, the Minutes of the Regular Board Meeting on August 8, 2018 were approved as presented.

The Minutes of the GSA Board Meeting of August 8, 2018 were presented for approval.

On motion by Director Waterhouse, seconded by Director Tracy, the Minutes of the GSA Board Meeting on August 8, 2018 were approved as presented.

Treasurer's Report

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

On motion by Director Waterhouse, seconded by Director Tracy, the Treasurer's Reports for August 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 \$5.7M at this time.

Accounts Payable

The Cash Disbursement List for September 12, 2018 was presented for review and payment.

On motion by Director Portwood, seconded by Director Thomson, the Board authorized payment of the Accounts Payable as listed on the September 12, 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 Award for Procurement of Flowmeters for the Well Telemetry Project, Phase 1

District Engineer, Isela Medina, reported that the Flowmeters are part of the Well Telemetry Project. Two proposals were received and a bid abstract was presented. TechnoFlo was the low bidder and it was Staff recommendation to award the project to TechnoFlo.

On motion by Director Tracy, seconded by Director Waterhouse, the Board authorized Award for Procurement of Flowmeters for the Well Telemetry Project, Phase 1 to TechnoFlo.

Consider Award for Well Telemetry Project, Phase 1

President Rick Wegis submitted a statement declaring no financial interest in REDTrac or Water Associates who submitted proposals on the Well Telemetry Project, Phase 1. However, Wegis left the meeting at this time.

The District Engineer stated that three proposals were received on the Well Telemetry Project, Phase 1 and submitted a bid abstract for Board review. Water Associates was the low bidder. They also met all required criteria and provided references which were contacted. It was Staff recommendation to award the project to Water Associates.

On motion by Director Thomson, seconded by Director Tracy, the Board authorized Award of Contract to Water Associates for the Well Telemetry Project, Phase 1, subject to final staff and legal review.

Consider Authorizing Staff to Retain REDTrac to Provide Commissioning, Startup and Testing Services for the Well Telemetry Project, Phase 1

Isela Medina presented a Master Services Agreement for Board consideration to retain REDTrac to provide professional services for the Well Telemetry Project, Phase 1. Under Work Orders, REDTrac would provide software customization, field services, commissioning seven Well Telemetry Pilot Project sites, configuration of Telemetry Panels, startup and testing of 130 Well Telemetry sites and water flow and energy allocation-data collection, as well as analysis and reporting.

On motion by Director Waterhouse, seconded by Director Toretta, the Board authorized the General Manager to execute a Master Services Agreement to retain REDTrac to provide professional services for the Well Telemetry Project, Phase 1, subject to final review by staff and legal counsel.

Rick Wegis rejoined the meeting at this time.

Consider Authorization to Execute an Engineering, Procurement and Construction Contract with Baywa Solar for Construction of the Pond Road Solar Project

Isela Medina stated that in 2015 the District was awarded a grant for \$750,000 for the construction of a one-megawatt Solar Facility on District-owned land just west of the Pond-Road Substation. Proposals were received from two companies and Staff selected Baywa Construction of the Project. The total cost of the Project is estimated at \$2.46M. There are 2 or 3 minor issues to work through before the contract can be finalized. Discussion followed.

On motion by Director Portwood, seconded by Director Waterhouse, the Board authorized the General Manager to execute a Contract with Baywa Solar for Construction of the Pond Road Solar Project, contingent upon final review by staff and legal counsel.

Consider Lease for Semitropic Duck Club

Manager Gianquinto reported that Ken Smith submitted a proposal to lease the Semitropic Duck Club. The terms of the 3-year lease include an annual payment of \$3,500 if no water is available in the north section, but if water is available, \$12,000 for the first year, \$15,000 for the second year and \$18,000 for the third year. If water is not available during any of the three years, the lease will be extended by an additional year under the same terms which water was not available, provided that the lease term extension does not exceed three years. Discussion followed.

On motion by Director Thomson, seconded by Director Portwood, the Board authorized Staff to enter into a 3-year lease agreement with Ken Smith for the Semitropic Duck Club.

Consider Agreement for the Acquisition of Water by the United States and the Nature Conservancy (Kern National Wildlife Refuge)

Manager Gianquinto reported that the Kern National Wildlife Refuge owns a large portion of property within the District. The District was approached by the Nature Conservancy to see if the District has any water for sale. Earlier this year the District acquired a block of water for a dry year supply which cost landowners about \$500.00 per acre-foot.

The Nature Conservancy has requested 850 acre-feet of the water on behalf of the Kern National Wildlife Refuge which has not been subscribed to by other landowners, whereby the Nature Conservancy will pay part of the charge and the Bureau of Reclamation will pay part of the charge. They have agreed to all the terms with payment upfront, the same as the landowners. Once the payment is received, the District will initiate deliveries. The water will be delivered through the intertie on the 120-inch line with Buena Vista or through exchange with Buena Vista.

On motion by Director Portwood, seconded by Director Thomson, the Board authorized the General Manager to enter into an agreement with the United States Bureau of Reclamation and the Nature Conservancy for the acquisition of water on behalf of the Kern National Wildlife Refuge.

Consider Agricultural Lease with Joe Esnoz

Director Waterhouse left the meeting at this time, indicating he may have an indirect interest in this matter but is not a party to the proposed lease with the District.

Manager Gianquinto stated that the District owns land adjacent to the Stored Water Recovery Unit facilities which it has been leased to Joe Esnoz for some time. The Manager presented a lease extension for the Board to consider which would extend the lease of approximately 36 farmable acres until 2023 at \$5,400 (in 2018 dollars) annually on the CPI with a maximum 5% increase. Discussion followed.

On motion by Director Tracy, seconded by Director Fabbri, the Board authorized extension of an Agricultural Lease until 2023 of 36 acres of farm land adjacent to the Stored Water Recovery Unit facilities to Joe Esnoz at \$5,400 for 2018 with a CPI escalator not to exceed 5%.

Director Waterhouse rejoined the meeting.

SEMITROPIC GSA UPDATE

At 1:00 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 1:15 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 final draft plats and legal descriptions to support the XYZ project and future XYZ facilities have been submitted to the District. Approximately 2.7 miles of Lateral X-C 27-inch PVC pipeline and appurtenances were installed before construction operations were halted to accommodate various almond harvest operations. This Phase of the SWRU XYZ Intertie Project is scheduled to be complete in February or March 2019.

On the Replacement of the Canal Bridges Project, the existing bridges have been removed and the new ones have been set at the north and east locations. The removal and replacement of the south bridge is scheduled for mid-September as well as the installation of the gas pipeline and final grading work. The new bridges are made of steel, 89-foot long and 9-foot wide which are stronger and longer than the old ones and should last a very long time.

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 August 2018, which was accepted for filing.

Mr. Rodriguez reported that activities during the past month included an internal strategy meeting to develop a recommendation for advancing CEQA and permit requirements for Agua Via. Various meetings were attended regarding the Poso Creek RWM Group.

Activities on the Tulare Lake Storage and Floodwater Protection Project included re-evaluation of the project. The Project Feasibility Report is being revised to support the revised project concept and sizing.

The Pond-Poso Spreading Grounds, Phase V basin design moved forward while a plan for additional geotechnical exploration was prepared and submitted to the District. It is anticipated that a design package will be completed toward the end of September.

Groundwater Storage Services, Inc.

Will Boschman of Groundwater Storage Services, Inc. reported that Agua Via continues with procurement of financing as well as preparation of Water Purchase agreements with several landowners. They are proceeding with preliminary CEQA documentation and has retained the services of several consultants to expedite the process.

Agua Planet has secured initial financing and started the implementation of the project that involves treatment and delivery of unusable water from whatever source. Agua Planet representatives, Michael S. Young and Aaron Coman, were in attendance of today's meeting to answer any questions the Board may have.

Mr. Boschman continued to represent the District at various meetings, including the Kern Water Bank Authority and a planning meeting with GEI.

Developing Water Resources, Inc.

John Jones of Developing Water Resources, Inc. was not able to attend the meeting. Manager Gianquinto reported that the drilling staff worked on the KW tractor and drilling rig to meet the annual inspection requirements of the Department of Transportation so the rig can be moved from the well yard to a new drilling site. Drilling staff also conducted a complete inventory of well casing and conductor pipe.

Mr. Jones also met with a landowner to choose a well site and with Engineering staff to review the report from Far West Corrosion.

Balance Public Relations

Dean Florez of Balance Public Relations reported on legislative issues and bills on the Governor's desk. He is working to arrange a meeting with Gavin Newsome as well as setting meetings with four Assembly Members to visit the District. A meeting has been set in October for David Valadao and Jeff Denham to visit the District. Discussion followed concerning several State and local candidate races for the November election.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During August" dated September 7, 2018 was accepted for filing. In addition, the following items were presented:

Irrigated Lands Regulatory Program

The Kern River Watershed Coalition Authority (KRWCA) met in early September and discussed the 2019 Budget and ILRP fee schedule. The fee recommended for 2019 is Membership of \$25 per member and \$2.00 per enrolled acre or \$10.50 per enrolled acre if filed late. They also

reviewed the 2019 Financial Policies which include maintaining a cash balance of \$1 million and an unrestricted reserve of \$1.3 million; the Annual Monitoring Report; and approved the draft well selection notification letter as part of the ongoing groundwater monitoring program.

California WaterFix

The Kern County Water Agency worked collectively with several Member Unit representatives to prepare a position paper relative to the needs of agriculture for participation in the California WaterFix. Work continued 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.

Well Telemetry Project (Phase 1)

District Engineer, Isela Medina, reported that a landowner meeting is scheduled for September 21st regarding the Well Telemetry Project, Phase 1.

Closed Session

At 1:45 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)*

- 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: Pacific Resources LLC
 - 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

- 3) 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.

- 4) Real Property Negotiations
 - a. Property: Kern County APN's 047-060-16 and 047-060-24
 - b. Negotiator: Jason Gianquinto
 - c. Majic Khabbaz

- 5) Water Supply Acquisition
 - a. Negotiating Parties: Aqua Planet
 - b. Under Negotiation: Price and Terms

At 4:20 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed.

On motion by Director Waterhouse, seconded by Director Thomson, the Board authorized the General Manager to execute the Settlement Agreement on Delta Wetlands with Metropolitan Water District.

Adjournment

The meeting was adjourned at 4:25 p.m. by President Wegis. The next Adjourned Meeting was scheduled for Wednesday, September 26, 2018 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Fredrick A. Wegis, President