

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 9, 2020

The regular meeting of the Board of Directors was called to order by President Waterhouse on Wednesday, September 9, 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, Tim Thomson Tom Toretta, Todd Tracy,
Dan Waterhouse and Rick Wegis;

Directors Absent: Phil Portwood;

Other Participants: General Manager, Jason Gianquinto;
District O & M Superintendent, John Lynch;
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;
Balance Public Relations Representative, Dean Florez;
Aviva Representative, Greg Allen;
Agua Via Representative, Floyd Wicks;
Dana Munn, John Wedel, Jon Reiter, Kevin Assemi,
Lindsay Cedarquist, Molly Thurman, Garrett Bush,
Ted Page, Andrew Garcia, Alan Becker, Geoff
Vanden Heuvel and Mitch Partovi.

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

There being no new items to consider, the Agenda for the August 12, 2020 Board of Director's meeting was approved as posted on motion by Director Wegis, seconded by Director Toretta. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

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

Minutes

The Minutes of the Regular Board Meeting on August 12, 2020 were presented for approval.

On motion by Director Wegis, seconded by Director Toretta, the Minutes of the Regular Board Meeting on August 12, 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, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: Director Portwood

The President announced that the motion carried.

The Minutes of the GSA Board Meeting on August 12, 2020 were presented for approval.

On motion by Director Wegis, seconded by Director Toretta, the Minutes of the GSA Board Meeting on July August 12, 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, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: Director Portwood

The President announced that the motion carried.

Treasurer's Report

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

On motion by Director Toretta, seconded by Director Wegis, the Treasurer's Reports for August 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, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: Director Portwood

The President announced that the motion carried.

Financial Reports

Manager Gianquinto reviewed the Financial Reports along with the Actual and Projected Cash Flow Report for August 2020. The August ending balance indicates a surplus of approximately \$12.5 M; however, with upcoming expenditures for capital projects anticipated in November, there could be a deficit of approximately \$2.1 M at the end of November, although this is a cash flow issue and can be mitigated with management of our capital expenditures for our current construction projects. With anticipated income toward the end-of-the-year, the balance is still projected to be approximately \$1M at December 31, 2020.

Accounts Payable

The Cash Disbursement List for September 9, 2020 was presented for review and payment. Several items were discussed, including PG&E expenses and California Department of Water Resources for payments on loans.

On motion by Director Tracy, seconded by Director Fabbri, the Board authorized payment of the Accounts Payable as listed on the September 9, 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, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: Director Portwood

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 Award of Construction Contract for the Pond Poso Spreading Grounds Ditch Lining Project

District Engineer, Isela Medina, reported that two proposals were received for the Pond Poso Spreading Grounds Ditch Lining Project. The lowest bid proposal, submitted by Western Ag Enterprises, Inc. who specializes in membrane installation, was found to be in conformance with the bidding provisions of the Contract Documents and deemed as a "responsible bidder".

Mrs. Medina reviewed the bid analysis with the Board and recommended the Award of Contract. for the Pond Poso Spreading Grounds Ditch Lining Project be awarded to Western Ag Enterprises, Inc. Discussion followed.

On motion by Director Wegis, seconded by Director Tracy, authorized the General Manager to execute the Award of Construction Contract for the Pond Poso Spreading Grounds Ditch Lining Project and award the contract to Western Ag Enterprises, Inc., subject to the review of the District's legal counsel.

Consider Amendment to GEI Task Order 03-2020 Poso Creek IRWM Activities

Mrs. Medina stated that the Amended GEI Task Order 03-2020 includes activities performed in 2020 by GEI Consultants for the Poso Creek Integrated Regional Water Management (IRWM) Group in support of the Department of Water Resources (DWR) Proposition 1 Grant that was awarded on April 23, 2020. Revisions are needed to augment the authorized budget for Task Order 03-2020 for Poso Creek IRWM Activities for 2020 which has two tasks: Task 1, General IRWM Support; and Task 2, Prop 1 Agreement Support.

The requested augmentation of \$40,000 is to rectify the expenses incurred under Task 2 Agreement Support in excess of the initial \$10,000 for a total budget of \$50,000 to complete the Support Services on the Proposition 1 Grant.

On motion by Director Toretta, seconded by Director Thomson, the Board authorized the General Manager to execute the Amended GEI Task Order 03-2020 for an additional \$40,000 for Support Services on the DWR Proposition 1 Grant which will be cost shared with other members of the IRWM Group. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

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

Consider Amendment to GEI Task Order 04-2020 SGMA Implementation Support

The Manager reported that when GEI Task Order 04-2020 for SGMA Implementation Support was signed on February 12, 2020, neither GEI or the District were sure how much time and work it would take to complete the activities required on the Groundwater Sustainability Plan. This Amendment would increase the original budget by \$50,000 from \$75,000 for a total budget of \$125,000. The total budget amount shall not be exceeded without written authorization from Semitropic.

On motion by Director Wegis, seconded by Director Fabbri, the Board authorized the General Manager to execute Amended GEI Task Order 04-2020 for SGMA Implementation for an additional amount of \$50,000 to complete support activities required on the District's Groundwater Sustainability Plan. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

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

The President announced that the motion carried.

2020 Bank Recovery Operations – Discussion and Update

The Manager gave an update on the Groundwater Banking Recovery Operations. The District has continued to work with its Banking Partners to refine their recovery requests. At this time, we have firm recovery requests of 59,094 AF of which we have returned 27,382 AF as of the end of July which leaves 31,712 AF of recovery to complete for the remainder of the year.

It is expected that the Reverse Flow Facilities on the Pond Poso Canal will be in operation by September 14,2020, at which time the District will initiate the flushing of the system so that pumpback to the Aqueduct can begin on September 21, 2020. Discussion continued on recovery operation details and water quality.

SEMITROPIC GSA UPDATE

At 1:00 p.m., the Board President, Dan Waterhouse, declared a meeting of the Semitropic Groundwater Sustainability Agency. Manager Gianquinto reported that pursuant to Management Action 1) Project Description: The Landowner Water Budget Program, legal counsel had been retained to help review same.

The GSA meeting concluded at 1:10 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 Representatives were not available to attend the Board meeting but provided their written report for review. The District Engineer reported that W.M. Lyles staff had been busy preparing the raw water processing plant for water treatment during recovery operations.

On the Pond Road Solar Interconnection Facilities, the District is currently working with PG&E to execute the conditional permission to operation agreement while the telemetry work is in progress.

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 2020, which was accepted for filing.

Activity during the month included communication with DWR regarding final funding award agreement requirements for funding on the Poso Creek IRWM Grant. The pre-construction management services on the Cox Canal Intertie included initial site mobilization and setup, as well as preparation of Change Order 001 adding a spillway.

Other services included 2020 grant applications for Semitropic's proposed Subsurface Recharge and Recovery Project for two funding levels for USBR's Drought Response Program Funding.

GEI also continued development of the Groundwater Model Project, gathered background information and data on the water system analysis tools and continued development of the new Leonard System Extension 30% design project.

Groundwater Storage Services, Inc.

Will Boschman reported that Agua Via held a conference call and discussed the location of various wells to use that are unsuitable for irrigation purposes and also located in an area where it can be reasonably conveyed through existing facilities to areas of demand. Agua Via is hoping to resume the pursuit of oilfield water in the near future and consider the best strategy for moving forward.

Agua Planet has taken some significant positive steps to funding and has commenced planning activity toward its project. A water sample was recently collected from a currently operating well in the District having the least desirable water quality for testing using the membrane technology.

Mr. Boschman also reported on several highlights of the recent ACWA Energy Committee meeting.

Balance Public Relations

Dean Florez of Balance Public Relations reported the State Legislature is currently on break. Apparently, the bills which might have significant impacts on water users and farming operations in the valley were dropped and several bills the District supported are on the Governor's desk waiting for signature. Most of the attention was focused on the current wildfires located throughout the State of California.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During August" dated September 9, 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. District staff are participating in meetings by conference call or video conferencing. On June 26th, in adherence to the updated guidance from the CDPH, the District updated its COVID 19 Policy to include the requirement to wear face coverings per the CDPH guidance.

Regarding the Delta Conveyance Project (the successor to California Water Fix), the U.S. Army Corp of Engineers issued a Notice of Intent for the development of an Environmental Impact Statement and have requested comments by October 20, 2020.

The Delta Conveyance Design and Construction Authority (DCA) has prepared a Preliminary Cost estimate for the project. At this time, it is estimated that construction costs are on the order of \$15.9 billion. The DCA has also updated its schedule for the development of the project. The Draft EIR/EIS is expected to be completed by the middle of 2021 and it is expected that the public draft of the EIR/EIS will be completed by early 2022.

The District Engineer reported on the Pond Solar Project and Point of Interconnection work. The District received and approved a contract change order to include the installation of a SCADA system to allow for ramping up or down the energy generation to match the energy demand downstream and maintain compliance with the Non-Export Interconnection Agreement (IA) and PGE Rule 21 requirements.

At 2:00 p.m. President Waterhouse adjourned the Regular Board meeting.

Closed Session

At 2:10 p.m. the meeting continued with Closed Session.

Participants included:

Directors:	Jeff Fabbri, Tim Thomson, Tom Toretta, Todd Tracy, Dan Waterhouse and Rick Wegis;
Directors Absent:	Phil Portwood;
Others:	General Manager, Jason Gianquinto; District O & M Superintendent, John Lynch; District 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) *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.*
- 2) *California Department of Water Resources v. All Persons Interested, etc. Case No. 34-2018-00246183 (Sacramento Superior Court) Re: SWP Contract Extension Amendment*

- 3) *State of CA Dept. of Trans. v. Semitropic WSD, 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 (Case No. BCV-19-100122)*
- 6) *California Department of Water Resources v. All Persons Interested, etc. "Complaint for Validation" Re: Delta Program Revenue Bonds*

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 3:27 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 3:27 p.m. by President Waterhouse. The next Adjourned Meeting was scheduled for Wednesday, September 23, 2020 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Daniel Waterhouse, President