

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
January 11, 2017

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, January 11, 2017, 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, Todd Tracy;
Tom Toretta, Dan Waterhouse and Rick Wegis;
Directors Absent: None;
Others Present: General Manager, Jason Gianquinto;
District O & M Superintendent, John Lynch;
District Controller, Bobby Salinas;
Staff Engineer, Water Resources, Isela Medina;
Staff Engineer, Craig Wallace;
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 and Ward Van Proosdij;
W.M. Lyles Representative, Rick Amigh;
Balance Public Relations Representative, Dean Florez;
Maricopa Orchards Representative, Jon Reiter;
Wonderful Orchards Representative, Tim Gobler;
California Electric Supply Representative, Todd Falk;
Aviva Energy Representative, Greg Allen;
Renewable Resource Group Representative, Jim James;
District Landowner Representatives, Keith Starrh, Brent
Starrh and Doug Jackson.

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) Consider Revised Lease on Delta Wetlands, and 2) Consider Non-Contract Water Rate for 2017.

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

Minutes

The Minutes of the Regular Board Meeting on December 14, 2016 were presented for approval.

On motion by Director Tracy, seconded by Director Portwood, the Minutes of the Regular Board Meeting on December 14, 2016 were approved.

Treasurer's Report

The Treasurer's Report for December 2016 was presented for review and approval.

On motion by Director Waterhouse, seconded by Director Portwood, the December 2016 Treasurer's Reports for Semitropic Water Storage District and Semitropic Improvement District were approved for filing.

Financial Report

District Controller, Bobby Salinas, reviewed the Actual and Projected Cash Flow Report for the end of the year 2016. The balance was approximately \$19.8 M as previously projected. Discussion followed regarding the projected 2017 CIP Capital expenditures that were rolled over from 2016.

Accounts Payable

The Cash Disbursement List for January 11, 2017 was presented for review and payment. Discussion followed regarding expenses on the ET Remote Sensing Project which will be partially reimbursed by grant funds; electrical connections on wells drilled for North Kern; and energy assessments on Kern Water Bank.

On motion by Director Portwood, seconded by Director Waterhouse, the Board authorized payment of the Accounts Payable as listed on the January 11, 2017 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 Resolution Determining No Election Be Held & Request Appointment of Directors for Divisions 2, 5 & 7

District's legal counsel, Ernest Conant, reviewed the Director's election procedure. He stated that the following Directors' terms of office expire at the regular meeting to be held April 12, 2017:

Division No. 2:	Tom Toretta
Division No. 5:	Phil Portwood
Division No. 7:	Rick Wegis

Petitions have been submitted and reviewed for Tom Toretta, Phil Portwood and Rick and found to be in order.

Mr. Conant advised that since no other nominating petitions were filed, the Board could request that the Kern County Board of Supervisors appoint Tom Toretta, Phil Portwood and Rick Wegis to serve another four year term of office.

On motion by Director Tracy, seconded by Director Waterhouse, the Board approved the nomination petitions and adopted Resolution No. ST 17-01:

DETERMINE THAT NO ELECTION BE HELD
ON March 7, 2017 FOR DIVISIONS 2, 5 AND 7 AND REQUESTING
APPOINTMENT OF DIRECTORS THEREFORE

Consider Resolution to Authorize Execution of a Contract with USBR for Section 215 Water

Manager Gianquinto reported that in years past, temporary water was made available from the U.S. Bureau of Reclamation. With a forecast of winter storms on the way and possible flood water, the Board was asked to consider a Resolution to authorize the purchase of surplus water, known as CVP Section 215 Water, if and when it becomes available this year.

On motion by Director Fabbri, seconded by Director Portwood, the Board authorized execution of a standard agreement with USBR to purchase Section 215 Water, if and when it becomes available under Resolution SID 17-01:

RESOLUTION AUTHORIZING EXECUTION OF CONTRACT WITH
U.S. BUREAU OF RECLAMATION PROVIDING FOR SECTION 215 WATER

Consider GEI Task Order 01-2017 for General Services

Manager Gianquinto presented Task Order 01-2017 from GEI Consultants for General Engineering Services. This Task Order defines the Scope of Services, Schedule and Budget for General Engineering Services and Expenses for 2017.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized execution of GEI Task Order 01-2017 for General Engineering Services and Expenses for 2017.

Consider GEI Task Order 02-2017 for Poso Creek IRWM Implementation – 2017 Activities

Staff Engineer, Isela Medina, presented Task Order 02-2017 from GEI Consultants for Poso Creek Integrated Regional Water Management Plan Implementation. This Task Order defines the Scope of Services, Budget and coordinated general activities of the Poso Creek IRWM Group. The Task Order contains two tasks for a total of \$30,000 which includes a working budget of \$20,000 for 2017 and \$10,000 towards a grant application to Reclamation’s Drought Planning Program.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized execution of GEI Task Order 02-2017 for Poso Creek IRWM Plan Implementation, 2017 Activities.

Consider Resolution for Acceptance of Grant Under Prop. 1 Ag Water Use Efficiency Grant Program (ET Remote Sensing)

Isela Medina reported that the District submitted an application for a Technical Assistance Grant to the Department of Water Resources under the 2015 Agricultural Water Use Efficiency Grant Program for funding assistance for implementation of the District’s multi-year ET Remote Sensing Program. The District received official notice they it will be awarded \$300,000 in grant funding for implementation of the Project. The District is required to adopt a resolution accepting the grant award and agreeing to enter into a Grant Agreement as part of the funding process.

On motion by Director Waterhouse, seconded by Director Toretta, the Board authorized staff to enter into a Grant Agreement with DWR in the form of Resolution No. SID 17-02:

ACCEPTANCE OF A GRANT AWARD FOR A TECHNICAL ASSISTANCE GRANT
UNDER THE 2015 PROPOSITION 1 AGRICULTURAL WATER USE EFFICIENCY
GRANT PROGRAM

Consider Candidate for Election of Southern Board Member of California Farm Water Coalition

Manager Gianquinto reported that the District received a ballot for the election of the Southern Member of the Board of the California Farm Water Coalition. There are two positions open with one candidate each.

On motion by Director Fabbri, seconded by Director Waterhouse, the Board authorized the General Manager to vote to re-elect the candidates listed on the ballots, David Fenn, Director at Cawelo Water District, and Gene Lundquist, Director at Kern County Water Agency.

Consider Extension of Consultant Service Agreement with Balance Public Relations

Manager Gianquinto stated that there are two Consulting Service Agreements with Balance Public Relations, with monthly retainer fees of \$4,000 for an Education Project and another for

\$12,000 month fee for Legislative & Regulatory Advocacy. It was proposed that the Education Project amount be reduced to \$2,000 per month and a fee of \$12,000 per month continue for Legislative & Regulatory Advocacy. Discussion followed.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized extension of a Consultant Service Agreement with Balance Public Relations for 2017 at a fixed retainer fee of \$2,000 per month for Education Project and \$12,000 per month for Legislative and Regulatory Advocacy.

Consider Extension of Consultant Service Agreement with Strategic Policy Advisors

Manager Gianquinto reported that it is also time to consider an extension on the Consulting Service Agreement with Joe Rosso of Strategic Policy Advisors in Washington D.C. For a number of years the monthly retainer fee has remained at \$3,000. The Manager proposed an additional \$1,000 for a total monthly fee of \$4,000 and extending the Service Agreement from January 1, 2017 to December 31, 2019. Mr. Rosso has represented the District well concerning water issues and public policy issues on a Federal level and will be a valuable consultant with the new Administration in Congress and the Executive Branch.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized an extension of a Consultant Service Agreement with Strategic Policy Advisors of \$4,000 per month retainer fee, commencing January 1, 2017 and expiring December 31, 2019.

Consider Consultant Services Agreement with MKN to Assist with HSR Conflict Resolution

The Manager presented a Consulting Services Agreement with Michael K. Nunley & Associates (MKN) for the Board to Consider. District staff has been working with the California High Speed Rail Authority and its contractors on the HSR Project which has required an immense amount of time to review all documentation. MKN has submitted a proposal to perform engineering services associated with providing engineering support to the District for resolving utility conflicts for the HSR design and construction related to Utility Agreements. A Task Order sets forth the scope of services along with the schedule and a not to exceed budget amount of \$30,000. Discussion followed.

On motion by Director Waterhouse, seconded by Director Toretta, the Board authorized execution of Task Order # 2017-001 under a Consulting Services Agreement with Michael K. Nunley (MKN) to assist with the High Speed Rail conflict resolution.

Consider Revised Lease on Delta Wetlands

The Manager stated that a revised lease on the Delta Wetlands has been submitted by Metropolitan Water District which will need further discussion by the Board at a later time.

Consider Non-Contract Water Rate for 2017

Manager Gianquinto reminded the Board that the Non-Contract Water Rate for 2017 was set in October at \$112.00 per acre-foot. Given that water conditions have changed considerably since that time, there has been a good amount of interest from the District Banking Partners to store water. In the interest to start recharging now to avoid a possible spill at San Luis Reservoir, lowering the Non-Contract Water Rate to \$60.00 per acre foot and bring as much water into the District as possible would be beneficial for all. Discussion followed.

On motion by Director Fabbri, seconded by Director Waterhouse, the Board authorized the 2017 Non-Contract Water Rate to be revised to \$60.00 per acre-foot.

CONSULTANT REPORTS

Design/Build Team Construction Update

W.M. Lyle's Representative, Rick Amigh, reported that SWRU designs and budget are currently being reviewed and updated on the North/South Conveyance. Modifications will be made to accommodate the current operating program for the SWRU project. After the final probate hearing is held, the District will own the property where the SWRU reservoir will be located.

The Raw Water Processing Plant is undergoing minor modifications to improve pH monitoring and polymer mixing. On the Junction Pumping Plant Turbine Generator, Lyles installed draft tube braces in December to reduce vibration during operation. Operation software will also be updated in January 2017.

The Tulare Lake Storage and Recovery Project capacity has been increased to 2,100 cfs and the water supply will now come via the So. Kings Canal. Surveying and engineering is in progress to reflect this change and the budgets will be revised upon receipt of preliminary drawings.

Construction field work is expected to commence in February on the Meter Calibration Facility. Submittals, purchase orders and subcontracts are 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 December 2017, which was accepted for filing.

Mr. Rodriguez also reported on engineering activities related to: the monitoring report for the next Groundwater Monitoring Committee meeting; documentation of the District's land retirement program and preparation of a groundwater modeling RFP; preparation for the Poso Creek Integrated Regional Water Management Group (IRWMG) public meeting; energy reconciliation staff assistance; and completing the report on the Delano Wastewater Recycling Project.

GEI representatives supported the Tulare Lake Project, focusing on the California Water Commission process for defining the requirements for a Prop. 1-Water Storage Investment fund application. The Engineering team has been conducting topographic surveys of the project site to support continued engineering and design of project facilities. Work also began in developing alternative facility configurations which are focused on maximizing conveyance capacity.

Groundwater Storage Services, Inc.

Will Boschman of Groundwater Storage Services, Inc. reported that Agua Via continues on developing a project that would work for them and for Semitropic. Two of the remaining issues are disposal of waste product and the financial structure for producing 16,000 acre-feet per year.

Agua Via also hosted a workshop at Semitropic's offices on January 5, 2017 with about 20 people in attendance from their offices in London, California and local experts including representatives from DWR.

Aqua Planet representatives continued the search for funding needed for initial field testing of the new technology.

Mr. Boschman met again with Cal Water Service executives, including the new CEO in San Jose that was attended by about 10 people. Cal Water is having the agreement reviewed by Provost and Prichard; however, there were no particular concerns expressed.

Mr. Boschman attended several meetings on the District's behalf, including the Kern Water Bank, Semitropic Rosamond Water Bank Authority, State Water Contractor's Board meeting and committee meetings.

Developing Water Resources, Inc.

John Jones of Developing Water Resources, Inc. submitted a written report and presented and oral update of progress on well drilling activities.

The drilling staff completed drilling the well located ¼ mile south of Woollomes Avenue and east of Palm. The water cleaned up within 3 days. The rig, tanks and air compressor were moved to the District's drilling yard and the yearly maintenance was started.

The developing rig completed developing the well 1 mile west of Magnolia on Woollomes Avenue.

Staff completed video logging several wells in the recharge basin.

Balance Public Relations

Dean Florez of Balance Public Relations reported on upcoming meetings where legislators will be visiting the District to discuss California water issues and specifically, Semitropic's efforts to capture and store water for a dry year supply.

Mr. Florez gave a report on the new legislators and the importance of developing relationships as some of the legislators could possibly be in office until 2024.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During December" dated January 6, 2017 was accepted for filing. In addition, the following items were presented:

Kern Groundwater Authority

The Kern Groundwater Authority is working on the Special Activities agreement for the formation of the Kern GSA and associated outreach activities. GEI is expected to provide the first 10 years of historical ET data from ITRC as broken down by District by the end of January 2017.

2017 Water Supply

The year ended with approximately 5,700 acre-feet of District carryover in San Luis Reservoir. The 2017 water year began with an allocation of 45%. On January 6th the State Water Contractors held a conference call to discuss the potential of spill at San Luis Reservoir due to increased pumping from the Delta. The DWR pumps at Banks Pumping Plant are permitted to pump up to 6,680 cfs plus 1/3rd of the San Joaquin River flow as measured at Vernalis which would provide for Banks to operate at up to 10,000 cfs which is the total installed capacity at Banks. Under this scenario, DWR could fill the State's share of San Luis Reservoir as early as January 20th.

ET Remote Sensing Program

Greg Allen gave a presentation on the ET Remote Sensing Program which Aviva is helping to implement for the District. District staff is installing the meters and equipment to the on-farm wells which will transmit data to the District.

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 to discuss pending litigation (Gov't Code Section 54956.9(a) 9 items
 - 1) *Wilbur-Ellis Co. v. Semitropic Water Storage Dist., et al., and related actions*
 - 2) *Central Delta Water Agency et al v. California Department of Water Resources et al*
 - 3) *Rosedale-Rio Bravo Water Storage District & Buena Vista Water Storage District v. California Department of Water Resources et al*
 - 4) *Central Delta Water Agency et al v. Kern County Water Agency, et al*
 - 5) *State Water Contractors v. Salazar (Delta Smelt BO)*
 - 6) *San Joaquin County Resources Conservation District, et al. v. California Regional Water Quality Control Board, Central Valley Region*

- 7) *North Kern Water Storage District, et al v. City of Bakersfield and North Kern Water Storage District, et al, v. Kern Delta Water District*
- 8) *County of San Joaquin, et al. v. Metropolitan Water Dist. Of Southern Cal., et al and related actions*
- 9) *Center for Food Safety, et al, v. Department of Water Resources, et al.*
(Sac Sup #34-2016-80002469)

- b. Conference with Real Property Negotiators (Govt. Code Section 54956.8)
 - Potential Water Supplies
 - Purchase and Sale Agreement for Purchase of Tulare Lake Easements and related matters
 - Negotiator: Jason Gianquinto, General Manager
- c. Conference with legal counsel to discuss Anticipated Litigation
(Gov't Code Section 54956.9)

At 3:45 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed, including legal issues, agreements and proposals.

The only reportable action was, by general consensus, the Board agreed with proposed closing of escrow procedures regarding the Purchase and Sale of Easement Agreement and Joint Escrow Instructions dated December 7, 2016 for the Tulare Lake Easement.

Adjournment

The meeting was adjourned at 3:50 p.m. by President Wegis until Wednesday, January 25, 2017 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Fredrick A. Wegis, President