

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
April 13, 2016

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, April 13, 2016, 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,
Dan Waterhouse and Rick Wegis;

Directors Absent: Todd Tracy;

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 Consultant, John Jones;
District's Legal Counsel, Ernest Conant;
District's Consulting Engineers, GEI Consultants, Inc.,
Represented by Larry Rodriguez;
W.M. Lyles Representative, Rick Amigh;
Balance Public Relations Representative, Dean Florez;
Maricopa Orchards Representatives, Jon Reiter, Jason Pucheu
and Neema Assemi;
Wonderful Orchards Representative, Andrew Edstrom;
Lend Lease Solar Representative, John Weiland;
District Landowner, Bryan Bone; and

Participating via
Conference Call: District Consultant, Will Boschman.

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

ACTION ITEMS

Approval of Agenda

It was noted that one new item came to Staff's attention after posting the Agenda and will

need action before the next meeting: Consider Amended and Restated District's Section 125 Plan.

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

Minutes

The Minutes of the Regular Board Meeting on March 9, 2016 were presented for approval.

On motion by Director Waterhouse, seconded by Director Thomson, the Minutes of the Regular Board Meeting of March 9, 2016 were approved.

Treasurer's Report

The Treasurer, Dan Waterhouse, stated that staff is changing the format of the Treasurer's Report to provide electronic review and he will need extra time this month for reviewing. Therefore, the March 2016 Treasurer's Report will be presented for approval at the May 2016 Board Meeting.

Financial Report

District Controller, Bobby Salinas, reviewed the Actual and Projected Cash Flow Report for March 2016. District staff has commenced review on the Budget update for June 2016.

Consider Entering Into Consulting Agreement with PAS Associates

Bobby Salinas reported that staff has received a proposal for a 1 year contract from PAS Associates for Human Resources training for Accounting Supervisor, Mariela Garza. The cost is \$3,575.00 which includes phone call accessibility and on-site training for one year.

On motion by Director Waterhouse, seconded by Director Toretta, the Board authorized staff to enter into a one year contract with PAS Associates to provide Human Resource training.

Accounts Payable

The Cash Disbursement List for April 13, 2016 was presented for review and payment. Discussion followed regarding certain items on the Disbursement List, including expenses for the Water Bank monitoring; environmental consulting on the well telemetry project, and consulting services for Tulare Lake Floodwater Storage and Recovery Pilot Project.

On motion by Director Portwood, seconded by Director Toretta, the Board authorized payment of the Accounts Payable as listed on the April 13, 2016 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 Entering into Agreement with Lend Lease on a Solar Project

Manager Gianquinto presented a Land Lease Option Agreement-Letter of Intent for a solar project with Lend Lease Solar. The Agreement includes terms of a non-refundable payment of \$1,000, a 5-year option term and would give the Developer the exclusive right to lease all or any portion of the property but not less than 160 acres of the 566 net acres of District property located in Section 35, Township 25 South, Range 23 East, available for a solar project lease. Discussion followed. Staff recommended that the Board consider taking the option.

On motion by Director Portwood, seconded by Director Thomson, the Board authorized Staff to execute the Land Lease Option Agreement with Lend Lease Solar for the purpose of development, installation, construction, operation and maintenance of a Solar Project on certain real property owned by the District.

Consider Landowner Request to Release Land from SWSD Boundaries

The Manager reported that Sage Creek Ranch submitted a request to the District to release its lands from Semitropic boundaries. Brian Bone, representative of Sage Creek Ranch, explained that their land is on the border of Semitropic and Buena Vista Water District and does not have a well in Semitropic boundaries. Annexing into Buena Vista would possibly provide Class II Water with restrictions on pumping capability.

Considerable discussion followed. There are numerous factors to consider before the Board can make a decision. After further investigation, the Board may consider the request again at a later date.

Consider Water Banking Agreement with Cal Water Service

President Wegis stated that due to revisions to the terms of the Agreement, this item will be taken up again in Closed Session for further discussion.

Consider Amendment to Water Purchase Agreement with Aqua Planet

Manager Gianquinto reported that an Amendment to the Agreement with Aqua Planet has been proposed which will change the term of the Agreement from 10 years to 20 years. District Consultant, Will Boschman who has been working with Aqua Planet, stated that Aqua Planet's financing has been secured and they're ready to move forward to develop the project, realizing it will take more time than previously considered.

On motion by Director Portwood, seconded by Director Thomson, the Board authorized the General Manager to execute the First Amendment to a Water Purchase Agreement between Semitropic Improvement District and Aqua Planet Utilities, Inc.

Consider Reorganization of Board Officers and Committees

Board President, Rick Wegis, stated that this was the time and place to reorganize the Board and ask if there were any nominations from the floor.

There being none and on motion by Director Fabbri, seconded by Director Portwood, the Board unanimously approved the slate of Board officers which are as follows:

President	Fredrick A. Wegis
Vice President	Philip Portwood
Treasurer	Dan Waterhouse
Secretary	Todd Tracy
Assistant Secretary	Jason Gianquinto

Consider Resolution to Delay Fixing GASC & GPSC to May

Manager Gianquinto stated that pursuant to the Semitropic Improvement District's Rules and Regulations, Rule 6 (C-D), at the Regular Board Meeting in April or such other time as may be announced at said meeting, the Board shall consider, determine, and by resolution, fix the amount of the General Administrative and General Project Service Charges for the current fiscal year. The District is not prepared to set such charges until the Regular Board Meeting in May.

On motion by Director Fabbri, seconded by Director Portwood, the Board authorized and adopted Resolutions No. BW 16-02 and PP 16-02:

DEFERRING FIXING THE AMOUNT OF THE GENERAL ADMINISTRATION AND
GENERAL PROJECT SERVICE CHARGES FOR SAID IMPROVEMENT DISTRICT
(FOR 2016, COLLECTED 2016-2017)

Consider Landowner Request to Move Contract Water

District Contract Administrator, Becky Ortiz, gave a brief overview on the landowner request to move Contract Water. Etcheveria Farms did a land swap in 2010 reserving ownership of one half the water on the property at Turnout B115. The land has since sold to Starrh & Starrh Farms. Etcheveria has requested to move the water to Turnout B149T, all within the same system, although it will now be changed to Contract Water.

On motion by Director Fabbri, seconded by Director Portwood, the Board authorized Staff to move Etcheveria Farms' Contract Water to another Turnout within the same system.

Consider Landowner Requests to Cancel Water Service Contracts

Manager Gianquinto reported that there have been two requests recently to cancel Water Service Contracts on lands not being farmed. Mr. Tinejero has about 20 acres in joint tenancy with 3 other owners. He has never taken delivery of water but released it to be absorbed in the District.

Jessie Rodriguez has about 10 acres and has not taken Contract Water in the last several years claiming it is not worth farming. Discussion followed.

On motion by Director Portwood, seconded by Director Waterhouse, the Board authorized Staff to cancel Contract Water Service for Jessie Rodriguez and Amend the Water Service Contract for Tinejero to partially cancel the Contract for the south half of the property as not to affect the

Contract Water Service on the other landowners. Both Water Users understand and are informed of the consequences of this partial contract cancellation.

Consider GEI Task Order No. 06-2016 – Well Energy Reconciliation Assistance

Manager Gianquinto reported that Task Order No. 06-2016 was submitted by GEI Consultants to provide staff assistance in completion of energy usage reconciliation for 2015 groundwater payback program. This Task Order defines the Scope of Services, Schedule and a Budget amount not to exceed \$65,000.

On motion by Director Fabbri, seconded by Director Waterhouse, the Board authorized the General Manager to execute GEI Task Order No. 06-2016 for Well Energy Reconciliation Assistance.

Consider GEI Task Order No. 08-2016 – USBR Ag Water Conservation & Efficiency Grant

Staff Engineer, Isela Medina, reported that Task Order No. 08-2016 was submitted by GEI Consultants for Reclamation's Agriculture Water Conservation and Efficiency Grant. The Grant Project would foster District/Farmer partnerships by 1) installation of a remote data acquisition system and 2) lining a conveyance canal. This Task Order defines the Scope of Services, Schedule and Budget not to exceed amount of \$20,000 for completing a grant application to Reclamation which is due by April 26, 2016.

On motion by Director Fabbri, seconded by Director Waterhouse, the Board authorized the General Manager to execute GEI Task Order No. 08-2016 for Reclamation's Agriculture Water Conservation and Efficiency Grant.

Consider Amended and Restated District's Section 125 Plan (Cafeteria Plan)

District Controller, Bobby Salinas, stated that certain language in the Section 125 Plan (Cafeteria Plan) needed to be updated; however, there are no significant changes to the Plan.

On motion by Director Fabbri, seconded by Director Thomson, the Board authorized staff to Amend and Restate the District's Section 125 Plan (Cafeteria Plan).

CONSULTANT REPORTS

Design/Build Team Construction Update

W.M. Lyle's Representative, Rick Amigh, reported that the final documents for the remaining estate purchase/sale agreement have been signed and the probate court hearing will occur in the next few months which will complete the purchase of the easement on the Section 6 property where the well field reservoir will be located.

The Department of Water Resources completed repairs on the Aqueduct south of Semitropic and the Raw Water Processing Plant was able to resume operations during March. The District engaged a consultant to work with W.M. Lyles in April and May to analyze the Raw Water Processing Plant and investigate various options to improve performance.

On the Junction Pumping Plant Turbine Generator, work continued relating to electrical, mechanical and concrete. Fabrication of the steel turbine mounting frame was completed in March and installation of the turbine generator unit will be performed in April.

W.M. Lyles, GEI and the District continued to work on development of the final Tulare Lake Floodwater Storage and Recovery Pilot Project plans, specifications and budget. Final completion and distribution of these documents is scheduled for early April.

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 March 2016, which was accepted for filing.

Mr. Rodriguez also reported on engineering activities related to development of the annual report on groundwater conditions; staff assistance with energy reconciliations for 2014 and commence work on 2015 reconciliations; consultation with District staff regarding grant funding opportunities; completion of the Addendum to the SEIR for the SWRU; participation in the monthly regional Poso Creek IRWM Group meeting and discussion of an equitable buy-in for new participants; preparing the final draft for Board consideration and adoption of the Ag Water Management Plan; and provide preliminary model results for District staff to review on the Groundwater Model update.

The Project Description was completed on the Tulare Lake Storage and Floodwater Protection Project and the Project Concept Paper was submitted to the California Water Commission. Draft conceptual design for storage sites and the Aqueduct intertie were completed and provided to the District for review. Environmental surveys commenced in mid-March for all sites.

Groundwater Storage Services, Inc.

Will Boschman of Groundwater Storage Services, Inc. reported that a Water Purchase Agreement with Agua Via, which was approved by the Board at its March meeting, was finalized and is ready for signature.

Aqua Planet is in the final stages of securing financial backing needed to further prove its technology and initiate field work within the District using poor quality water wells.

During the month, the land lease agreement was finalized with Lend Lease Solar which was also presented for Board approval.

Mr. Boschman took calls and attended meetings as needed with landowners, staff, vendors and a variety of other water-related inquires. Other events attended included Kern Water Bank Board meeting, Delta Coalition, and Semitropic-Rosamond Water Bank Authority.

Developing Water Resources, Inc.

John Jones of Developing Water Resources, Inc. submitted a written report and presented an oral update of progress on well drilling activities. The drilling staff moved the rig to North Kern

Number 2 well site located 1 mile west of Hwy. 99 on the north side of Hwy. 46. The plan is to start running casing on April 11th.

The developing unit is located on North Kern Number 1 well site located ½ mile north of 7th Standard Road on the west side of North Kern's Lerdo Canal. Developing staff are scheduled to complete the development on April 11th.

Balance Public Relations

Dean Florez of Balance Public Relations reported on the status of various legislative Bills and the schedule of meetings slated for Lobby Days in Sacramento on April 19th and 20th where Semitropic's Board members will meet and discuss water issues with various California Congress Members and Senators.

Mr. Florez also reported on a meeting held recently with Senator Mendoza where several important issues were discussed.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During December" dated April 8, 2016 was accepted for filing. In addition, the following items were presented:

Irrigated Lands Regulatory Program

The Manager reported that the District has been working with Kern River Watershed Coalition Authority staff to refine the historic waterways located within the District boundaries. This issue has a direct impact on whether lands within the District have the potential for surface runoff entering into waterways triggering additional regulatory compliance. KRWCA submitted comments on this last week.

Delta Issues

The Kern County Water Agency sponsored a workshop led by the Cal Water Fix Team regarding alternative methods for project delivery. Currently, Department of Water Resources (DWR) is limited to developing projects under Design-Bid-Build, the workshop addressed alternative delivery mechanisms such as Design-Build.

2016 Recovery Operations

The District prepared the 2016 initial recovery/banking plan. Given the requests received to date and the allocation increase to 45%, the District is planning to recover approximately 160,000 AF. There is still a possibility of further increases in allocation and the Banking Partners have until May 1st to submit their formal recovery plan. The recovery operations should be complete in November.

Closed Session

At 2:00 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) 7 items)
 - 1) *Rosedale-Rio Bravo Water Storage District v. Kern County Water Agency et al*
 - 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*
- b. Conference with Real Property Negotiators (Govt. Code Section 54956.8)
Potential Water Supplies
Negotiator: Jason Gianquinto, General Manager
- c. Conference with legal counsel to discuss Anticipated Litigation
(Gov't Code 54956.9)
Wilbur-Ellis Requests for Amended Claims and Late Claims
High Speed Rail Update

Legal Counsel, Ernest Conant, reported on various legal issues with the Board.

At 3:25 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed, including various legal issues, agreements and proposals.

On motion by Director Portwood, seconded by Director Waterhouse, the Board at the request of Wilbur-Ellis reconsidered the timeliness of presentation of three claims from Wilbur-Ellis and found they were timely submitted; however, the Board unanimously authorized legal counsel to submit a letter to reject claims on the District's behalf related to legal actions against Wilbur-Ellis filed by J & A Solari; Woodside Teresi; and Rio Blanco.

On motion by Director Portwood, seconded by Director Waterhouse, the Board at the request of Wilbur-Ellis reconsidered the timeliness of presentation of four claims related to legal actions against Wilbur-Ellis filed by Lodi Farms; Ripken; Primasing; and Delta Blue previously returned to Wilbur-Ellis for lack of information related to the timeliness of presentation, the Board found, based upon the information provided by claimant to date, they were not presented in a timely manner and directed legal counsel to submit a letter returning the untimely claims and requesting additional information from the claimant re the timeliness of the claims.

On motion by Portwood, seconded by Director Waterhouse, the Board at the request of Wilbur-Ellis reconsidered the timeliness of presentation of a claim for past delivery of material and

payment, the claim was previously returned to Wilbur-Ellis for untimely presentation. The Board found the claim was not presented in a timely manner and directed legal counsel to submit a letter returning the untimely claim.

On motion by Director Thomson, seconded by Director Waterhouse, the Board authorized execution of an Agreement with Cal Water Service contingent upon their approval of minor language changes and final staff and legal review.

Adjournment

The meeting was adjourned at 3:30 p.m. by President Wegis until Wednesday, April 27, 2016 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Fredrick A. Wegis, President