

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 10, 2016

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, August 10, 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,  
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;  
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 Legal Counsel, Ernest Conant and Steve Torigiani;  
District's Consulting Engineers, GEI Consultants, Inc.,  
Represented by Dick Rhone and Larry Rodriguez;  
Balance Public Relations Representative, Dean Florez;  
Maricopa Orchards Representatives, Jon Rieter;  
Redtrac Representative Greg Allen;  
Wonderful Orchards Representative, Andy Edstrom;  
California Electric Supply Representative, Todd Falk; and,  
Duck Club Owner, Steve Dent.

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

**ACTION ITEMS**

**Approval of Agenda**

There being no new items to consider, the Agenda was unanimously approved as posted on Motion by Director Tracy and seconded by Director Waterhouse.

## **Minutes**

The Minutes of the Regular Board Meeting on July 13, 2016 were presented for approval. One correction was noted.

On motion by Director Tracy, seconded by Director Toretta, the Minutes of the Regular Board Meeting of July 13, 2016 were approved as corrected.

## **Treasurer's Report**

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

On motion by Director Waterhouse, seconded by Director Tracy, the July 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 July 2016, including the revenue and expense. It appears that the Transmission and Distribution (PG&E) expenses have already exceeded the amount budgeted for the year. Discussion followed.

Mr. Salinas also reported that Fitch Ratings of San Francisco affirmed Semitropic's \$83.3 million water banking revenue bonds, series 2012A and 2012B current rating at 'AA-'. The Rating Outlook is stable.

## **Accounts Payable**

The Cash Disbursement List for August 10, 2016 was presented for review and payment. Discussion followed regarding certain items on the Disbursement List, including repairs and maintenance on the generators; safety boot reimbursement; member contribution to cover expenses on Kern Groundwater Management Committee; and breakdown of disbursements on various projects.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized payment of the Accounts Payable as listed on the August 10, 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."

## **Authorize Award of Duck Club Lease**

Controller Bobby Salinas reported that the District released a Request for Proposals (RFP) for Lease of the Duck Club for 2016-2019. Three proposals were received. Mr. Salinas presented a summary of the details and on that basis, made a recommendation to the Board to approve the proposal from Steve Dent. Discussion followed

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized execution of a 3 year Lease Agreement with Steve Dent for the Duck Club (2016-2019 hunting seasons) at \$20,501 per year for the Spillway Basin. The Lease also includes various maintenance work such as mowing ponds, maintaining ponds and roads and cleaning the property.

## **CONSULTANT REPORTS**

### **Design/Build Team Construction Update**

W.M. Lyle's Representative, Rick Amigh, reported that the Raw Water Processing Plant continued to import water in July. The Plant is scheduled to remain off through the summer and currently not expected to resume operations this fall/winter. Laboratory analysis is being performed to confirm accuracy of the field testing equipment and minor modifications will be made soon to improve pH monitoring and polymer mixing.

The start-up and commissioning of the Junction Pumping Plant Turbine Generator was successfully completed in July. Final closeout documents are being assembled.

W.M. Lyles submitted the initial preliminary budget on development of the Tulare Lake Project and will develop the construction schedule and impact analysis in August.

### **Consulting Engineer's Report**

Richard "Dick" Rhone from GEI Consultants, Inc. presented the "Consulting Engineers' Report on Projects for Semitropic Water Storage District" for work during July 2016, which was accepted for filing.

Mr. Rhone also reported on engineering activities related to: preparation for the Groundwater Monitoring Committee meeting; start-up and testing of pumps and generators under Reclamation's Bay-Delta Watersmart Grant Program; completing modification to the MOU regarding Southern San Joaquin Municipal Utility District's participation in the Poso Creek IRWM Group; staff assistance on energy reconciliation; preliminary engineering study to support a grant funding application on the Delano Wastewater Recycling Project; and provided bid proposal analysis and recommendation of award on the Meter Testing Facility.

Larry Rodriguez reported on activity related to the Feasibility Study on the Tulare Lake Storage and Floodwater Protection Project. The environmental team prepared draft sections of the EIR and is waiting additional refinement of the Project Description and Alternatives before completing the document.

During the month the District received notice that two grant applications were awarded funding: 1) Reclamation WaterSmart Drought resiliency Grant to assist in continuing the procurement and installation of pumps and motors for additional wells located within the Pond-Poso Canal; and 2) Reclamation Agricultural Water Conservation and Efficiency Grant which includes a) equipping additional deep wells with hardware capable of collecting and reporting flow and every use data; and b) lining a canal within the Pond-Poso Spreading Grounds which is used to collect and transport pumped groundwater to the Pond-Poso Canal. Also, additional funding is expected to be available to District growers from NRCS for on-farm improvements.

## **Groundwater Storage Services, Inc.**

Manager Gianquinto highlighted the written report of Will Boschman of Groundwater Storage Services, Inc.:

Mr. Boschman continued to assist Agua Via and Aqua Planet in selecting wells with poor quality water and developing initial plans for water treatment. Still working on 1) dedicating wells within the District to both companies and 2) finalize District policy for payment, operation and maintenance of not only District owned wells but more importantly, wells that are owned by Landowners.

The storage agreement with California Water Service (CWS) is still under review by CWS legal counsel, hopefully to be finalized for signature soon.

Mr. Boschman assisted with meetings and documentation for 1) Lend Lease, the solar development company that executed a Letter of Intent to enter into an Option Agreement with Semitropic for developing solar generation on the property on the south side of Pond Road across from the Smyrna Substation; and 2) Tenaska, Inc., that entered into an Option Agreement for a solar installation on Semitropic's 826 acres along Pond Road west of the Smyrna Substation. A meeting with both solar companies and all interested parties has been scheduled for August 16<sup>th</sup> to discuss current and future plans for power generation and distribution.

Mr. Boschman also attended various meetings during the month on the District's behalf, including: Kern Water Bank, State Water Contractors Board meeting, and Semitropic-Rosamond Water Bank Authority.

## **Developing Water Resources, Inc.**

Manager Gianquinto reviewed the written report of John Jones of Developing Water Resources, Inc.

The drilling staff is working on North Kern #4 well located on the Lerdo Canal just east of North Kern's office. The e-log indicated that the well is exceptionally straight and the water quality is testing out very good.

The developing unit just completed North Kern #3 well located 300 feet east of the Friant Kern Canal and just north of Highway 46. The well cleaned up quickly and is producing good quality water at 3,000 gpm.

The video well camera is scheduled to log two wells within the District next week.

## **Balance Public Relations**

Dean Florez of Balance Public Relations reported on a possible water debate with US Senate candidates Kamala Harris and Loretta Sanchez to be held at Semitropic's office. Mr. Florez reported on various meetings in Sacramento during the past month and preparations for various legislators to tour the District in the fall. Discussion followed.

## **INFORMATIONAL AND UP-DATE ITEMS**

Manager Gianquinto's written report on "District Activity During July" dated August 5, 2016 was accepted for filing. In addition, the following items were presented:

### **Delta Issues**

DWR transmitted the draft Biological Assessment for California Water Fix to the U.S. Fish and Wildlife Service and the National Marine Fisheries Service which initiates the formal review process that will lead to a biological opinion for the California Water Fix.

As of July 24<sup>th</sup>, total storage at San Luis Reservoir (SLR) was at 10% of capacity or 209,679 AF (Federal Storage: 39,109 AF, State Storage 170,570 AF). Due to the critical nature of the Federal Storage and the decision to hold water in Shasta Reservoir for environmental purposes, there has been a request for assistance in meeting the obligation to the CVP Exchange Contractors. Kern County Water Agency executed an exchange agreement with the Friant contractors for the exchange of 45,000 AF in SLR for 49,000 AF in Millerton Reservoir. Semitropic contributed 8,165 AF of the District's Table A supplies in SLR to the deal in exchange for 8,982 AF of water in Millerton.

### **Kern Groundwater Authority**

On July 19th the County of Kern Board of Supervisors directed the County to form a Groundwater Sustainability Agency (GSA) which overlaps the Kern River GSA. At its August 3<sup>rd</sup> meeting, the Kern Groundwater Authority (KGA) Board directed its members to consider formation of a single GSA for those members willing to participate. The KGA Board is seeking to take action in 90 days to form the single GSA provided that is the desire of its members.

### **2016 Water Supply**

The 2016 SWP allocation remains at 60%. Last month the District continued the delivery of Non-Contract water as necessary to complete its banking recharge operations. The aquatic weed issue in the California Aqueduct was beginning to become less of an issue; however, it came back again and staff is working with DWR to keep the racks clean.

### **Closed Session**

At 1:00 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) 8 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*

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 – Significant exposure to litigation (Gov't Code Section 54956.9 subd. (d)(2)): Four previously presented and returned claims for indemnity and contribution (Letters dated December 18, 2015 and July 6, 2016, Item Nos. 5-8; Amendments to fourteen prior claims for indemnity and contribution and one new claim for defense, indemnity and contribution (Letter dated June 24, 2016).

At 2:20 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed, including various claims presented by Wilbur-Ellis and related legal issues.

On motion by Director Waterhouse, seconded by Director Toretta, the Board, considered and rejected four (4) claims for indemnity and contribution presented by Wilbur-Ellis arising from the Bouldin Island Spray Incident and legal actions against Wilbur-Ellis filed by Ripkin Vineyards & Winery, Inc.; Lodi Farms, LP; Delta Blue Blueberries; and John Promasing.

On motion by Director Waterhouse, seconded by Director Toretta, the Board considered and rejected fourteen (14) Amended and one (1) new claim for indemnity and contribution presented by Wilbur-Ellis arising from the Bouldin Island Spray Incident and legal actions against Wilbur-Ellis filed by La Prima Joint Venture; J & A Solari (walnuts); Farmington Capitol (Group 2); Del Rio Partners; Frank Ormonde Trust; Vineyard Management 10 (Rio Blanco); Delicato Vineyards, Inc.; Van Exel Dairy; KG Vineyard Management 11 (Ripken); Baath Farms (3 claims); Castelanelli Brothers; Bobby Vineyards; and J & A Solari (asparagus).

### **Adjournment**

The meeting was adjourned at 2:25 p.m. by President Wegis until Wednesday, August 24, 2016 at 12:30 p.m. to continue the business of the District.

APPROVED:

Todd Tracy, Secretary

Fredrick A. Wegis, President