

**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,
December 12, 2018

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, December 12, 2018, at 12:30 p.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

Directors Present: Phil Portwood, Tim Thomson, Tom Toretta, Todd Tracy, Dan Waterhouse and Rick Wegis;

Directors Absent: Jeff Fabbri;

Others Present: General Manager, Jason Gianquinto; District O & M Superintendent, John Lynch; 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 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; W.M. Lyles Representative, Rick Amigh; Balance Public Relations Representative, Dean Florez; Agua Via Representative, Floyd Wicks, Aviva Energy Representative, Greg Allen; North Kern Water Storage District Representative, Dana Munn; John Hancock National Resources Representative, Molly Saso; New Current Water & Land (NCWL) Representative, Stacie Ann Silva; Milk Producers Council Representative, Geoff Vanden Heuvel; and, District landowners or Representatives John Wedel, and Garrett Busch.

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 item was not yet ready to present for action and was deleted from the Agenda. There being no new items to consider, the Agenda for the December 12, 2018 Board of Directors' meeting was unanimously approved as posted on motion by Director Waterhouse, seconded by Director Tracy.

Minutes

The Minutes of the Regular Board Meeting on November 14, 2018 were presented for approval.

On motion by Director Waterhouse, seconded by Director Tracy, the Minutes of the Regular Board Meeting on November 14, 2018 were approved as presented.

The Minutes of the GSA Board Meeting of November 14, 2018 were presented for approval.

On motion by Director Waterhouse, seconded by Director Tracy, the Minutes of the GSA Board Meeting on November 14, 2018 were approved as presented.

Treasurer's Report

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

On motion by Director Waterhouse, seconded by Director Portwood, the Treasurer's Reports for November 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. Mr. Salinas stated that the end-of-year cash balance is projected to be about \$19.2M. It was also noted that the water payment to Kern County Water Agency is due on January 4, 2019 which is projected to be about \$10M

Accounts Payable

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

On motion by Director Portwood, seconded by Director Tracy, the Board authorized payment of the Accounts Payable as listed on the December 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 Agreement with Barbich Hooper & King for 2018 Audit

Controller Bobby Salinas presented a consulting service agreement submitted by Barbich, Hooper & King (BHK) for preparation of the 2018 Annual Audit. The letter agreement is for a not-to-exceed amount of \$39,000 including expenses. This amount is an increase of 12% over last year's audit due to more complex water accounting, fixed assets and increase in general accounting work. Discussion followed.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized the Manager to execute the consulting services agreement with BHK for the 2018 Audit for the District.

Consider Additional Metering at SWRU Semitropic #3 Turnout

The Manager reported that there has been debris at SWRU Semitropic #3 Turnout which has raised issues with significant losses to the District with inconsistent DWR meter readings. District Staff has reviewed the options and recommends a second metering for better accuracy by installation of an insertion meter at an estimated cost of \$90,000. Discussion indicated that additional metering would be a worthwhile investment that would pay for itself in a short period of time.

On motion by Director Waterhouse, seconded by Director Tracy, the Board approved installation of an additional metering system at SWRU Semitropic #3 Turnout at an estimated cost of \$90,000.

Consider Request by High Speed Rail Authority for Construction Water for 2019

District Engineer, Isela Medina, reported that the District received a request for 2019 construction water from California Rail Builders with the High Speed Rail Authority. Their request came in 2 parts: 1) 250 acre-feet of water for 2019, 200 acre-feet of which would be for dust control and 50 acre-feet for construction at the Pond-Poso Spreading Grounds; 2) would also like the ability to take the water outside the District boundaries. Mrs. Medina stated that there is a clause in the agreement that any District water would have to remain within the District boundaries. Discussion followed.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized 250 acre-feet of construction water be made available to the California Rail Builders with the High Speed Rail Authority in 2019 for use within the District boundaries and pre-paid as consistent with the Agreement.

Consider Extension of Consultant Service Agreement with Land I.Q. for ET Remote Sensing

Manager Gianquinto stated that it is time to consider an extension on the Consulting Services Agreement with Land I.Q. for ET Remote Sensing, hydrological modeling, technical consultation and research, and environmental regulatory compliance, consistent with the 2019 Budget, up to \$250,000.

On motion by Director Portwood, seconded by Director Tracy, the Board authorized an extension of a Consultant Service Agreement with Land I.Q. for ET Remote Sensing commencing

January 1, 2019 and expiring December 31, 2019, up to \$250,000 as consistent with the 2019 Budget.

Consider Extension of Consultant Service Agreement with MKN to Assist with HSR Conflict

Manager Gianquinto also requested an extension to the Consultant Service Agreement with Michael K. Nunley & Associates (MKN) who has been providing engineering support to the District for resolving utility conflicts for the HSR design and construction related to Utility Agreements.

On motion by Director Portwood, seconded by Director Waterhouse, the Board authorized an extension of a Consultant Service Agreement with MKN to assist with the High Speed Rail conflict resolution up to \$30,000 which is reimbursable by HSR.

Consider Lease for District Owned Property (Sterling Cole)

The Manager reported that Sterling Cole has requested to continue the lease of District property for a family cattle grazing operation. In a few years, his family will mark 100 years in cattle grazing operations and extending the lease with the District would help make that possible. Discussion followed.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized Staff to renew the lease agreement with Sterling Cole for cattle grazing operations on District property consistent with previous years.

Consider Resolution to Authorize Execution of 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 potential 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 in early 2019.

On motion by Director Tracy, 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 18-06:

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

Consider KRWCA Request to access District Owned Wells for Water Quality Monitoring

The Manager stated that Kern River Water Coalition Authority (KRWCA) has requested access to monitoring wells at various location throughout the Kern County area, including two (2) Semitropic wells for water quality monitoring purposes. Staff recommended that the District allow access to the wells. Discussion followed.

On motion by Director Waterhouse, seconded by Director Portwood, the Board authorized access of two District wells to KRWCA for the purpose of water quality monitoring.

The Manager further reported that the Regional Water Quality Control Board recently made comments on surface water monitoring and may request access to District canals and surface water in the near future. Discussion continued.

SEMITROPIC GSA UPDATE

At 1:00 p.m., the Board President, Rick Wegis, declared a meeting of the Semitropic Groundwater Sustainability Agency. Larry Rodriguez, of GEI Consultants, gave a presentation and update on development of Sustainable Groundwater Management Agency (SGMA) and the District's Groundwater Sustainable Plan (GSP).

The GSA meeting concluded at 1:50 p.m. See the separate Minutes of the GSA Meeting.

CONSULTANT REPORTS

Strategic Policy Advisors

Via conference call, Joe Rosso of Strategic Policy Advisors in Washington D.C. reported that the farm bill and appropriations bill recently passed the House and Senate which may benefit the District concerning water issues on a Federal level. Mr. Rosso reported on the November mid-term election results and the upcoming changes in Congress. A conference call will be set up soon with representatives of California Senator Kamala Harris' office which will include Mr. Rosso, Dean Florez of Balance Public Relations and Manager Gianquinto to discuss State and local water issues.

Design/Build Team Construction Update

W.M. Lyle's Representative, Rick Amigh reported that construction work on the SWRU- XYZ Intertie Project continued, including Turnout installations, delivery and stringing of RCP pipe and fittings, trenching, pipe laying and backfill. Concrete foundations, underground conduits and piping continued on the X-C Booster Pump Station and deliveries of the pumps and surge tank are scheduled for early December. Underground conduits and pumps were installed at P667-B1 Pump Station in November with manifold piping and surge equipment to follow.

The Design/Build Team of WML and A-C Electric Company continued with the engineering of the interconnection facilities for the Pond Road Solar Project. The PG&E Interconnection application was submitted in November and is being processed.

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 November 2018, which was accepted for filing.

Mr. Rodriguez reported generally on activities during the past month including analysis of alternative approaches to establishing SWP allocations and the Tulare Lake Storage and Floodwater Protection Project conceptual design.

Work also continued on the SGMA-hydrogeologic conceptual model and development of initial monitoring guidance of the subsurface recharge projects.

Groundwater Storage Services, Inc.

Will Boschman of Groundwater Storage Services, Inc. reported that implementation of the original Water Purchase Agreement with Agua Via has been restructured in order to accommodate Agua Via's financing plan and provide opportunity to develop the treatment technology during the first 3-4 years. Agua Via is currently in the process of retaining the services of a consulting firm for developing and processing CEQA documentation for the water remediation project.

Aqua Planet executives are assessing damage of a recent earthquake near Anchorage Alaska where they live. They will be in touch soon.

Regarding the Water Purchase Agreement with West Stanislaus for up to 15,000 acre-feet to be delivered before the end of February 2019, the Bureau has determined that this type of sale must be to another Federal CVP contractor. We are currently working with a local Federal water district for some form of exchange arrangement.

Mr. Boschman continued to represent the District at various meetings during the month, including the Delta Coalition, the Kern Water Bank Authority, State Water Contractors and the ACWA Energy Committee while attending the ACWA Conference in San Diego. Details of each meeting were highlighted.

Developing Water Resources, Inc.

John Jones of Developing Water Resources, Inc. reported that drilling staff started drilling a well in November north of Highway 46 on Rowlee Road. The well was drilled down to 1,000 feet and the electric log showed good strata for water. The well has now been gravedled and sealed.

At this time, the drilling staff is in the process of breaking the drilling rig down to move to the next location and perform required maintenance.

Balance Public Relations

Dean Florez of Balance Public Relations reported on results of the November election and changes to come. Many of the new State Senators and Assembly Representatives are unfamiliar with water issues. The goal will be to get as many as possible to come to the District to enlighten them on water conditions in the valley and in Kern County.

INFORMATIONAL AND UP-DATE ITEMS

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

Irrigated Lands Regulatory Program

Nitrogen Analysis reports were mailed to growers in October 2018. At the KRWCA meeting in December, it was noted that the SWRCB may be mailing enforcement letters concerning Nitrates to larger growers. KRWCA also received comments on the revised Surface Water Monitoring plan including seeking to monitor irrigation canals.

California Water Fix

KCWA and a committee of its members continued discussions with representatives of the State Water Contractors concerning California Water Fix and Agriculture's needs relative to participation as well as to work to develop a finance plan that includes multiple financing options for each contractor. A contract amendment extension is currently being discussed.

Kern Groundwater Authority

During the past month the KGA has continued work on the coordination of Minimum thresholds, Management objectives, and common definitions of undesirable results.

Well Telemetry Project

Isela Medina reported that the contractor for the Well Telemetry Project has completed the installation of flowmeters at the District's groundwater connections and landowner well discharges. The contractor will proceed with installation of Telemetry Panels and Solar Units. It is expected that Phase 1 will be completed and be operational by June 2019.

Work on the development of contract documents (Plans and Specifications) for Phase 2 of the Well Telemetry Project has commenced with field inventory of about 330 well sites. Phase 2 is expected to be completed and be operational by 2020.

Closed Session

At 2:50 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) 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

At 4:10 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed.

On motion by Director Waterhouse, seconded by Director Wegis, the Board approved the following:

- a. Authorize execution of two agreements upon approval of Counsel as to form, and appoint General Manager as representative, relating to pending litigation;
- b. authorize Counsel to submit comments on the California Water Fix Contract Amendment CEQA document (currently due January 9, 2019); and
- c. authorize Directors, staff and Counsel to do all things necessary and proper to protect the District from mandatory participation in the California Fix.

Adjournment

The meeting was adjourned at 4:15 p.m. by President Wegis. The next Adjourned Meeting was scheduled for Wednesday, December 26, 2018 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Fredrick A. Wegis, President