

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 12, 2020

The regular meeting of the Board of Directors was called to order by President Waterhouse on Wednesday, August 12, 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, Phil Portwood, Tim Thomson Tom Toretta,
Todd Tracy, Dan Waterhouse and Rick Wegis;

Directors Absent: None

Other Participants: 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 Consultant, Will Boschman;
District's Legal Counsel, Steve Torigiani
and Mark Bateman;
District's Consulting Engineers, GEI Consultants,
Inc., Represented by Larry Rodriguez;
WM Lyles Representative, Rick Amigh;
Balance Public Relations Representative, Dean Florez;
Aviva Representative, Greg Allen;
Agua Via Representative, Floyd Wicks;
John Wedel, Jon Reiter, Kevin Assemi, Molly
Thurman, Garrett Bush, Greg Wegis, Stacie Ann
Silva, Ted Page, Andrew Garcia, Liz Gonzales, Alan
Becker and Matthew Bassett.

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

One new item came to Staff's attention after posting the Agenda and requires immediate action: Consider Change Order to the GSE Contract for Construction of the Cox Canal Spillway.

On motion by Director Portwood, seconded by Director Toretta, the above item was added to the Agenda on the basis that the item came to the attention of the District after the Agenda was posted and there is need to take immediate action on such item at the August 12, 2020 Board Meeting. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

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

Minutes

The Minutes of the Regular Board Meeting on July 8, 2020 were presented for approval.

On motion by Director Toretta, seconded by Director Thomson, the Minutes of the Regular Board Meeting on July 8, 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, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: None

The President announced that the motion carried.

The Minutes of the GSA Board Meeting on July 8, 2020 were presented for approval.

On motion by Director Toretta, seconded by Director Thomson, the Minutes of the GSA Board Meeting on July 8, 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, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: None

The President announced that the motion carried.

Treasurer's Report

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

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

The President announced that the motion carried.

Financial Reports

District Controller, Bobby Salinas, reviewed the Financial Reports along with the Actual and Projected Cash Flow Report for July 2020. Mr. Salinas stated that the projected Cash Flow shows a deficit in November, however this is a reflection as to how the expenditures for capital projects are handled. If necessary, Manager Gianquinto noted that one or more capital projects could be deferred if this becomes an issue. At this time, the end-of-year balance is still projected to be approximately \$1M.

Accounts Payable

The Cash Disbursement List for August 12, 2020 was presented for review and payment.

On motion by Director Portwood, seconded by Director Wegis, the Board authorized payment of the Accounts Payable as listed on the August 12, 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, Portwood, Thomson, Toretta, Tracy, Waterhouse and Wegis
Noes: None
Abstain: None
Absent: None

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 Resolution to Amend District's Flexible Benefit Plan

Manager Gianquinto stated that due to the March 13, 2020 Proclamation by President Trump Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak, certain changes in the Cares Act make it necessary to amend the District's Flexible Benefit Plan by way of 3 Resolutions.

Resolution ST 20-04:

FLEXIBLE BENEFIT PLAN
CARES ACT OTC AMENDMENT

This Resolution amends the plan allowing certain over-the-counter medical products as qualified medical expenses without a prescription.

Resolution ST 20-05:

FLEXIBLE BENEFITS PLAN
HEALTH CARE FSA CLAIMS RUN-OUT EXTENSION
AND APPEAL DEADLINE AMENDMENT

This Resolution amends the plan to extend the timeframe for filing a claim under the plan's claim procedures.

Resolution ST 20-06:

FLEXIBLE BENEFITS PLAN
FSA CHANGE IN STATUS AMENDMENT

This Resolution amends the plan to allow a change in status under the health or dependent care FSA to either increase or decrease an existing election on a prospective basis.

On motions by Director Wegis, seconded by Director Toretta, the Board adopted Resolutions ST 20-04, ST 20-05 and ST 20-06 to amend the Flexible Benefits Plan pursuant to the March 13, 2020 Proclamation by President Trump Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak. The President called for a roll call vote on each of the motions. The following is a record of the roll call vote:

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

The President announced that the motions carried.

Consider Rules and Regulations, Section 4, Paragraph G “Turn-Offs/Turn-Ons by Water User”

The Manager reported that the Rules and Regulations state that District staff is in charge of Turn-Off/Turn-ons, except in an emergency the water user may turn off the supply water to the Water User's turnout and immediately notify District staff of the emergency turn-off. This year however, there have been many turn-off/turn-ons made by water users or their representatives without notification to District staff and as a consequence, many special service charges have been sent out. Discussion followed on various scenarios of structuring the program to benefit both the District and its water users. An Ad Hoc Committee will meet to discuss and develop operational options to address this issue and bring those findings back to the Board. The meeting will also include various staff members and water users. No action was taken at this time.

Consider Non-Binding Indication of DCF Participation per KCWA Request

Manager Gianquinto reported that the Kern County Water Agency has requested the District to update its good faith estimate relative to the projected participation in the Delta Conveyance Project. KCWA’s General Manager has represented that the estimate provided by each Member Unit will be non-binding and the Member Units have the flexibility to adjust their participation in the future as we learn more about the project. Discussion followed.

By general consensus, the Board authorized staff to submit a 15% option for participation which may be amended.

Consider Authorization for New Phone System

The Manager reported that for some time, the District office has experienced equipment failures with the phone system dropping calls, incomplete calls or not working at all. Staff has received two (2) quotes for a new phone system. Staff presented a proposal and discussion followed.

On motion by Director Tracy, seconded by Director Fabbri, the Board authorized staff to proceed with the purchase and installation of a new phone system, including equipment for conferencing capabilities. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

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

The President announced that the motion carried.

Consider Change Order to the GSE Contract for Construction of the Cox Canal Spillway

District Engineer, Isela Medina, stated that at its July 8, 2020 meeting, the Board authorized the Notice to Proceed on the Cox Canal Intertie Project to the Contractor, GSE. The Spillway was separated from the original contract due to cost and design.

The District’s engineering consultant has prepared a more simplified design of the spillway and staff issued a request for cost proposal to GSE for the work. Staff is negotiating with GSE for a lower price and asked the Board to consider a Change Order to the GSE Contract for the new design of the Cox Canal Spillway, subject to legal counsel and General Manager review and approval.

On motion by Director Tracy, seconded by Director Toretta, the Board authorized staff to issue a Change Order on the Cox Canal Spillway Contract to GSE, subject to legal counsel and General Manager review and approval. The President called for a roll call vote on the motion. The following is a record of the roll call vote:

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

The President announced that the motion carried.

SEMITROPIC GSA UPDATE

At 1:22 p.m., the Board President, Dan Waterhouse, declared a meeting of the Semitropic Groundwater Sustainability Agency. Manager Gianquinto made a presentation of an overview of Management Action 1) Project Description: The Landowner Water Budget Program.

Larry Rodriguez, GEI Consultants, presented an example of landowner water budgets. Discussion followed.

The GSA meeting concluded at 2:00 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 Representative, Rick Amigh, reported that the permits were updated in July for the upcoming operation of the Raw Water Processing Plant in September 2020. All mechanical and electrical improvements were complete and the plant will be operated once the water supply pump is energized by Semitropic to confirm it is fully functional and ready for chemical deliveries.

On the Pond Road Solar Interconnection Facilities, a site visit was held in July with the PG&E project manager to review the solar plant operation and the related PG&E telemetry requirements. 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 July 2020, which was accepted for filing.

Activity during the month included construction management services on the Cox Canal Intertie, beginning with the Preconstruction Conference, review of bid proposals, preparation of bid abstract and preparation of an award recommendation letter to the District. Design work and a cost proposal were prepared for the 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 is continuing work to find a suitable project location that has a water source that is unsuitable for irrigation purposes and is 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, depending on the COVID-19 crisis.

Agua Planet has taken some significant positive steps to funding and has commenced planning activity toward its project.

The Southern California Water Bank Authority (SCWBA) held its quarterly meeting on July 15, 2020 where it was reported that Valley Mutual is still working on documentation for the County of Kern to replace Semitropic as a Member of the Authority. Mr. Boschman also reported on discussion topics during the ACWA-JPIA Board of Directors meeting proceeding the ACWA Conference where he represented the SCWBA.

Balance Public Relations

Dean Florez of Balance Public Relations reported on several bills to watch in the State legislature which might have significant impacts on water users and farming operations in the valley. There are significant concerns about High Speed Rail Project funding and sections of rail construction that do not connect.

AVIVA Energy Corp.

Greg Allen, representing AVIVA Energy Corp. reported on Energy Matters affecting the District. The issue of replacing the District's natural gas engines/generators with new equipment was discussed as well as recommendations and actions to be taken. Other topics discussed included regulatory issues, grant possibilities and utility tariffs. More information is needed to determine whether or not a new energy project makes sense at this time.

INFORMATIONAL AND UP-DATE ITEMS

Manager Gianquinto's written report on "District Activity During July" dated August 7, 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 Department of Water Resources filed a new “validation action” with the Sacramento Superior court regarding DWR’s authority to issue Delta Program revenue bonds to finance the planning, design construction and other capital costs of the proposed Delta Conveyance Project or its successor.

Both the State and Federal project have increased exports from the Delta. However, it appears that the State Water Project Exports from Banks have been restricted relative to CVP exports due to limited upstream SWP storage available for Delta releases and is further complicated by the Coordinated Operation Agreement (COA) and the new ITP for the State Water Project.

The State Water Project final allocation remains at 20%. At this time, there are firm recovery requests of 70,094 acre-feet of which we have returned 27,531 acre-feet as of the end of July which leaves 42,563 acre-feet of recovery to complete for the remainder of the year.

Isela Medina reported that Staff is working with REDTrac to connect wells with Telemetry on Phase 1. The plan is to have all Phase 1 and 2 wells connected with Telemetry by the end of the year.

O & M Superintendent, John Lynch, reported the Staff is replacing Quantum copper wire in preparation for pumpback operations.

At 2:42 p.m. President Waterhouse adjourned the Regular Board meeting.

Closed Session

At 2:50 p.m. the meeting continued with Closed Session.

Participants included:

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

Directors Absent: None

Others: 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; and
District’s Legal Counsel, Steve Torigiani and Mark Bateman.

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) *Wilbur-Ellis Co. v. Semitropic Water Storage Dist., et al., and related actions (Coordinated as JCCP 4901)*
- 2) *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.*
- 3) *California Department of Water Resources v. All Persons Interested, etc. Case No. 34-2018-00246183 (Sacramento Superior Court) Re: SWP Contract Extension Amendment*
- 4) *State of CA Dept. of Trans. v. Semitropic WSD, Case No. BCV-19-100326*
- 5) *State v. Pond Poso Improvement District of Semitropic Water Storage District, Kern County Superior Court, Case No. BCV-19-1007686*
- 6) *Buena Vista Water Storage District v. Kern Water Bank Authority, et al. Re: KWBA Kern River EIR (Case No. BCV-19-100122)*
- 7) *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

At 4:15 p.m. the Board reconvened to open session.

President Waterhouse stated that several items were discussed but no reportable action was taken.

Legal counsel, Steve Torigiani, reported that the Wilbur-Ellis and related actions have been fully and finally resolved as reflected in various fully executed settlement agreements and dismissed with prejudice.

Adjournment

The meeting was adjourned at 4:15 p.m. by President Waterhouse. The next Adjourned Meeting was scheduled for Wednesday, August 26, 2020 at 12:30 p.m. to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Daniel Waterhouse, President