

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
October 14, 2009

The regular meeting of the Board of Directors was called to order by Director Portwood on Wednesday, October 14, 2009, at 12:30 p.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

Directors Present: James A. Crettol, Jeff Fabbri, Ted Page, Phil Portwood, Todd Tracy and Dan Waterhouse;

Directors Absent: Fredrick Wegis;

Others Present: General Manager, Will Boschman
District Engineer, Paul Oshel;
District Superintendent, John Lynch;
District's Controller, John Wooner;
District's Staff Engineer, Craig Wallace;
District's Accountant, Judy Burns;
District's Exec. Secretary, Marsha Payne;
District's Legal Counsel, Ernest Conant;
District's Consulting Engineers, Bookman-Edmonston, GEI Consultants, Inc., represented by Rick Iger;
W.M. Lyles Representative, Rick Amigh;
District Consultant, John Jones;
Renewable Resources Representatives, Lloys Frates and Rupal Natel;
ADCF, LLC Representative, Devin Aviles;
Paramount Farming Representatives, Kim Brown and Don Castle;
and Steve Gair, Representing Wingate Realty.

Director Portwood opened the meeting with the flag salute, then introduced and welcomed all guests.

Approval of Agenda

The Agenda was reviewed and approved as posted on motion by Director Waterhouse, seconded by Director Crettol and unanimously approved.

ACTION ITEMS

Minutes

On motion by Director Tracy, seconded by Director Crettol, the Minutes of the Regular Meeting on September 9 and the Special Meeting on September 28, 2009 were approved as presented.

Treasurer's Report

The Treasure's Report for September 2009 was presented for review and approval.

On motion by Director Waterhouse, seconded by Director Tracy, the Treasure's Reports for Semitropic Water Storage District and Semitropic Improvement District for September 2009 were approved as presented.

Accounts Payable

The Cash Disbursement List was presented for review and payment. Several items were discussed, including payment to W.M. Lyles for Raw Water Treatment costs and SWRU – Poso Creek Crossing; water well abandonment reimbursements to A & P Growers and Roger Frantz, which are the last of the reimbursements for the Well Abandonment Program; and Rogelio Rios for crop loss damages due to District's inability to drill a shared well in a timely manner. Discussion followed regarding the construction invoices being held by W.M. Lyles in the amount of \$1.5M.

On motion by Director Waterhouse, seconded by Director Tracy, the Board authorized payment of the Accounts Payable as listed on the October 14, 2009 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".

Vice President Page entered the meeting at 12:50 p.m. and assumed chairmanship of the meeting.

Consider 2010 Budget, Set Water Rates and Adopt Related Resolutions

District staff presented the 2010 Budget and Manager Boschman reviewed the general outline of the Proposed 2010 Budget with the Board. Discussion followed on the unusual circumstances that may have an affect on the Budget including recent land purchases, the significant amount of Contract Water that was turned back by water users in 2009, well drilling activities and various unknowns in the coming year.

On motion by Director Portwood, seconded by Director Waterhouse, the Board deferred adoption of the Budget and fixing preliminary water rates until a Special Board Meeting which was scheduled for Tuesday, October 20, 2009 at 12:00 p.m.

It has been common in the past few years that a set amount of money per acre was paid to landowners around December 1st. Due to the current water shortages and unusual economic situation, the Board agreed by general consensus, that there would be no end of year payment to District landowners for 2009 and requested that staff notify landowners of that decision right away.

Consider Approval of Initial Study & Draft Neg Dec for Poso Creek IRWMP Area GW Banking

District Engineer, Paul Oshel, reported on the Initial Study and Environmental Assessment for the Groundwater Banking and Exchanges between members of the Poso Creek Integrated Regional Water Management Plan area. Environmental documents will be prepared and filed soon with the Kern County Clerk and California State Clearing House as required, then presented to member units for each Board's approval at the appropriate times. Grant funds have already been approved for this project through the U.S. Bureau of Reclamation.

Consider Support of Candidate for National Water Resources Assoc. Board of Directors

Manager Boschman reported that ACWA will soon request ballots from Member Agencies to elect three Directors from California to be members of the Board of Directors of the National Water Resources Association (NWRA). The Castaic Lake Water Agency has nominated Jerry Gladbach of its Board, as a candidate for the NWRA Board of Directors. Mr. Gladbach has served as a member of ACWA's Board of Directors for a number of years and has extensive experience in California water and power issues which would make him an effective member of NWRA's Board.

On motion by Director Waterhouse, seconded by Director Portwood, the Board authorized support for Jerry Gladbach's nomination as candidate to the NWRA's Board of Directors and pledges its vote to him.

Design/Build Team Construction Update

W.M. Lyle's representative, Rick Amigh, reported on the status of the SWRU Phase 2 project. Cal Trans has approved the Hwy. 46 pipeline crossing permit and the electrical crossing application will be submitted soon. There are still 5 outstanding easements related to System X but it is anticipated that they will be obtained soon.

The Raw Water Processing Plant modifications are completed and it is anticipated that the plant will start soon and operate until mid-December. AECOM has distributed their report on the design, operation and treatment conclusions which basically state, 1) that arsenic can be treated without filtration and 2) arsenic levels were reduced by a change in the mixture formula which also produced better sedimentation.

GEI representative, Rick Iger, stated that the project was nominated for an Excellence Award thru the American Society of Civil Engineers which will be presented on its Awards Dinner on November 3.

INFORMATIONAL AND UP-DATE ITEMS

Manager Boschman's written report on "District Activity During September 2009" dated October 2, 2009 was accepted for filing. In addition, Manager Boschman presented the following:

Water Supply Update

Manager Boschman reported that the rain outside was very encouraging and that much rain was anticipated north of the District in the Delta area. There have been early indications that the State's initial allocation may be on the order of 10 to 15 percent for 2010.

Status of Delinquencies

There was one Delinquent account: Sang Hwa Yi - \$5,054.36.

Banking Project Update

Manager Boschman reported that other than continued pumping and return of water to Banking Partners, there was not much significant activity during the month.

Semitropic-Rosamond JPA Activities

The Manager reported that an oral presentation was made to the Los Angeles Department of Water and Power (LADWP) on September 17th on the Proposal submitted for a Groundwater Banking and Conjunctive Use Program. It was noted that the Authority anticipates the award of at least some of the project but it is not known yet exactly how much.

A meeting has been scheduled with the City of Tracy to hopefully, finalize the details on a banking agreement.

Energy Activities

O & M Superintendent, John Lynch, reported that the 14 panels stolen from the solar field were ordered and replaced.

Poso Creek IRWMP

Paul Oshel reported that the Poso Creek IRWMP Group held another Disadvantaged Community Meeting recently where only one person attended. These meetings are required by DWR and the Poso Creek IRWMP Group is making every effort to comply. DWR has again requested that the Poso Creek IRWMP Group merge with the Kern County IRWMP Group and it is anticipated that a meeting will be scheduled in the near future with representatives from both Groups to discuss the possibilities.

Consultant's Reports

District consultant, John Jones, reported on various activities he is working on for the District including well drilling operations, pump installations on new wells, continuing work with Burlington-Northern and Santa Fe to secure right-of-way easements for the SWRU Phase 2, water well video camera and completion of dirt work for the meter test station tank.

Consulting Engineer's Report

Mr. Rick Iger from Bookman-Edmonston, GEI Consultants, Inc. presented the "Consulting Engineers' Report on Projects for Semitropic Water Storage District" for work during September 2009, which was accepted for filing.

Mr. Iger also reported on engineering activities related to Groundwater Modeling and preparation for the Semitropic Monitoring Committee meeting scheduled for November 2. Mr. Iger also reported that three grants were received by Semitropic and Semitropic-Rosamond Water Bank Authority from proposals GEI prepared and submitted on the District's behalf.

District's legal counsel, Ernest Conant, reported on the California "water package" that the State legislature is currently working on. The portion of the bills that would directly affect the District includes funding for groundwater banking, surface storage and dams. As part of the package, it is proposed a bond be placed on the ballot for California voters, which would include partial funding for surface and groundwater storage and assist with construction of a new conveyance facility in the Delta. Four design options of such conveyance facility are currently being considered.

Closed Session

At 1:50 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 to discuss pending litigation
(Gov't Code Section 54956.9(a))
-California Groundwater Association, et al. v. Semitropic Water Storage District
-State Water Contractors v. Salazar and related cases (Delta Smelt litigation)

- b. Conference with legal counsel to discuss contract negotiations (Gov't Code Section 54956.8)
- c. Conference with Real Property Negotiators (Gov't Code Section 54956.8)
Negotiators: Will Boschman and Rick Wegis
Parties: Various landowners
- d. Personnel Matters (Gov't Code Section 54957)

All visitors left the meeting except Lloyds Frates and Rupal Natel who presented an analysis on the Solar Proposals. Ms. Frates and Natel left the meeting at 2:35 p.m.

At 2:50 p.m. the Board reconvened to open session. Vice President Page stated that Several items were discussed, including the contract with Utility Cost Management (UCM) and current land negotiations.

On motion by Director Crettol, seconded by Director Portwood, the Board authorized staff to proceed with negotiations to purchase the Neufeld, Gentry and Karow properties in the well field area.

At 2:55 p.m. the Board went into executive session to discuss personnel issues and all staff except the General Manager left the meeting.

At 3:15 p.m. the meeting was adjourned by Vice President Page until Tuesday, October 20, 2009 at 12:00 p.m. at the District office to continue the business of the District.

Todd Tracy, Secretary

APPROVED:

Fredrick A. Wegis, President