

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
January 13, 2010

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, January 13, 2010, at 12:30 p.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

Directors Present: Ted Page, Phil Portwood, Todd Tracy, Dan Waterhouse and Fredrick Wegis;

Directors Absent: James A. Crettol and Jeff Fabbri;

Others Present: General Manager, Will Boschman;
Deputy General Manager, Jason Gianquinto;
District Engineer, Paul Oshel;
District Superintendent, John Lynch;
District's Controller, John Wooner;
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 Dick Rhone;
W.M. Lyles Representatives, Rick Amigh;
District Consultant, John Jones;
Cole Shelton, Representing EnerNoc;
Brenda Baldwin, representing PG&E;
District landowners & representatives, Larry Frey, Mark Palla, Ed Kuykendall and Devin Aviles;
Steve Gair, Representing Wingate Realty.

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

General Manager, Will Boschman, introduced Jason Gianquinto who officially joined the District as Deputy General Manager on January 11, 2010. Mr. Gianquinto comes to Semitropic with twelve years of professional engineering experience in the water and wastewater industry. He has a BS in Environmental Engineering, MS in Engineering Management, MS in Business

Administration and is a licensed civil engineer in California and Arizona. A Bakersfield native, Mr. Gianquinto has worked for several engineering firms including Boyle Engineering and GHD, Inc. where he oversaw the design and construction of wastewater facilities in Brisbane, Australia.

The Board welcomed Jason to the staff of Semitropic and extended best wishes for a long and successful career at Semitropic.

Approval of Agenda

It was noted that two new items came to staff's attention after posting the Agenda and will need action before the next meeting: 1) Consider 2010 Rates for Emergency Water and 2) Consider renewal of Gualco Group Contract.

On motion by Director Portwood, seconded by Director Tracy, the revised Agenda was unanimously approved.

ACTION ITEMS

Minutes

On motion by Director Tracy, seconded by Director Page, the Minutes of the Regular Meeting on December 10, 2009 were approved as presented.

Treasurer's Report

The Treasure's Reports for November and December 2009 were presented for review and approval along with cash flow charts and financial statements.

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

Accounts Payable

The Cash Disbursement List was presented for review and payment. Several items were discussed, including expenses on environmental issues, ACWA Membership dues, water testing lab fees, transformers for the flowpath wells in the Pond-Poso Spreading Grounds and the District's share of 2010 SWP entitlement fees to the State.

On motion by Director Tracy, seconded by Director Waterhouse, the Board authorized payment of the Accounts Payable as listed on the January 13, 2010 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".

Presentation by EnerNoc

Cole Shelton from EnerNoc made a presentation to the Board of a check in the amount of \$227,000 for the Load Reduction Program thru PG&E. This represents savings for July, August and September 2009 with total funds received for 2009 of \$300,000.

The Board thanked Mr. Shelton and he left the meeting at 1:15 p.m.

Consider CCF Request to Change Assessment Status

Manager Boschman reported that California Conservation Fund recently submitted a request to change the assessment status on parcel 069-142-44 from farm land to recreational use. The Manager stated that the land meets the requirements of not having been farmed for the last five years and recommended the change be approved.

On motion by Director Waterhouse, seconded by Director Portwood, the Board approved a change in assessment status on parcel 069-142-44 owned by California Conservation Fund from farm land at \$32.00/acre to recreational land at \$9.00/acre beginning with the 2010 County roll.

Consider Approval of Ag Water Management Council Dues for 2010

Manager Boschman reported that Ag Water Management Council submitted an invoice 2010 Membership Dues for an amount significantly higher than previous years. The amount of \$4,500 is based on 100,001 or more acres of land within the District. The 2010 Dues are higher because grant funds have been exhausted and members are being asked to help cover basic expenses.

On motion by Director Page, seconded by Director Tracy, the Board authorized payment of dues for \$4,500 contingent upon Ernest Conant checking with KCWA on possible duplication of payments.

Consider Policy for Semitropic to Allow Banking Using San Luis Reservoir

The Manager presented a draft policy for Board review regarding water users banking water outside the District. Landowner Larry Frey initiated a request to bank water in some way for use at a later time for summer peaking purposes. District staff recommended consideration of a policy to use SWP's San Luis Reservoir.

Mr. Frey stated that Tracy Ranch is hoping to benefit from this program which is also being utilized by other agencies in the Kern Water Bank. Discussion followed regarding conveyance fees, wheeling charges and pumping charges.

On motion by Director Page, seconded by Director Portwood, the Board authorized a one year demonstration program where District water users could pump groundwater into the District's system to build up an account or be exchanged for storage in the San Luis Reservoir for a later time. Storage outside the District will cost on the order of \$30.00 to cover energy pumping costs in addition to on-farm expenses.

Consider Resolution Authorizing Wells Fargo Line of Credit for 2010

District Controller, John Wooner, stated that Jeff Stava, the District's Bond Counsel, prepared and submitted 2010 Tax & Revenue Anticipation Notes (TRAN) for Board authorization to renew the Line of Credit. The Line of Credit is renewable each year and 2010 is essentially the same as 2009 with minor changes.

On motion by Director Waterhouse, seconded by Director Portwood, the Board authorized Resolution SID 10-1:

RESOLUTION PROVIDING FOR THE BORROWING OF FUNDS FOR
FISCAL YEAR 2010 AND THE ISSUANCE AND SALE OF SEMITROPIC
IMPROVEMENT DISTRICT OF THE SEMITROPIC WATER STORAGE
DISTRICT 2010 TAX AND REVENUE ANTICIPATION NOTES

Consider 2010 Budget Amendment to include Various Unbudgeted but Essential Items

Manager Boschman presented a Budget Amendment to update the 2010 Budget approved by the Board on October 20, 2009. A few items were inadvertently left out of the Budget including water testing, CIP telemetry equipment and well drilling. Discussion followed to gain a more accurate accounting of expenses on these items.

On motion by Director Page, seconded by Director Portwood, the Board authorized an Amendment to the 2010 Budget for \$241,000, which includes \$71,000 for telemetry equipment and \$170,000 for well drilling expenses.

Consider 2010 Rates for Emergency Water

In the recent past, various District water users have requested Emergency Water in an effort to save their crops already in production. It is District Policy for requests to be made directly to the General Manager who helps determine a true emergency situation during a face-to-face discussion. The 2009 Emergency Water Rates were as follows:

Tier 1 - \$150 for first time requests who indicate well problems but intent to repair it

Tier 2 - \$250 for water users who did not fix their well and is still having problems

Tier 3 - \$500 for repeat offenders

On motion by Director Page, seconded by Director Portwood, the Board authorized 2010 Emergency Water Rates to remain the same as 2009 Rates, as indicated above.

Design/Build Team Construction Update

W.M. Lyle's representative, Rick Amigh, reported on the status of the SWRU Phase 2 project. Efforts are again underway to execute water service agreements and contracts with landowners in Service Areas X, Y and Z. Cal Trans permits have been received to proceed with

Hwy. 46 pipeline and overhead electrical crossings. An application has been submitted to Kern County Environmental Health Services Department to permit the Raw Water Processing Plant for future operations.

Judy Burns left the meeting at 2:10 p.m.

Consulting Engineer's Report

Ron Eid from Bookman-Edmonston, GEI Consultants, Inc. gave a presentation on the 15 Foot- 3 Year Rule that was prepared for the Semitropic Monitoring Committee. The modeling objective is to evaluate the 15 Foot – 3 Year Rule which was developed from the 1994 Environmental Impact Report (EIR) to address the impacts of groundwater pumping. The modeling was based on the difference between levels with and without the groundwater banking project. Discussion followed regarding including the 2009 information, changing pumping patterns and work progression for the No. Kern-Semitropic Intertie.

Mr. Dick Rhone from Bookman-Edmonston, GEI Consultants, Inc. presented the “Consulting Engineers’ Report on Projects for Semitropic Water Storage District” for work during December 2009, which was accepted for filing.

Mr. Rhone also reported on engineering activities related to the Groundwater Banking Program on the SWRU, Poso Creek IRWMP Meetings and reports, implementation of the grants received by Semitropic and Semitropic-Rosamond Water Bank Authority and completion and final details on the installation of equipment on the Pond-Poso Canal Reverse Flow Completion Project.

Closed Session

At 3:00 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))
-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 at this time except Steve Gair who reported on various Real estate negotiations he is performing for the District. Mr. Gair left at 3:05 p.m.

At 3:30 p.m. the Board reconvened to open session. President Wegis stated that Several items were discussed, including various contracts and the legal case with California Groundwater Assn.

On motion by Director Portwood, seconded by Director Page, the Board authorized a one year extension on the consulting services contract with Gualco Group. Both parties have the right to cancel the contract with a 30-day written notice.

Ernest Conant left the meeting at 3:30 p.m.

INFORMATIONAL AND UP-DATE ITEMS

Manager Boschman's written report on "District Activity During December 2009" dated January 8, 2010 was accepted for filing. In addition, Manager Boschman presented the following:

Water Supply Update

Manager Boschman reported that there have been no changes from the 5 percent allocation from the State. There is anticipation that there may be some significant storms in the coming months that will boost the allocation; however, the highest that may be expected is about 40 percent allocation for 2010.

Status of Delinquencies

There were no delinquencies for December.

Banking Project Update

Manager Boschman reported that staff and legal counsel are finalizing the Agreement with the City of Tracy.

It was also reported that the Poso Creek Water Company has requested a change in the Letter of Credit where the security might be provided by some source other than the bank.

Poso Creek IRWMP

District Engineer, Paul Oshel, presented a map of the Poso Creek IRWMP Region and reported on the various projects underway. The map also indicated grant funds awarded for the various projects.

Office Addition

It was reported that the engineering staff has shifted to their new offices and remodel work has begun in the existing area, including the additional conference room.

Consultant's Reports

District consultant, John Jones, reported on a good orientation meeting with the County regarding the acquisition of well drilling permits for the AVWB.

Other Business

The Manager reported on a Metropolitan Water District project to clean up shallow water in the Goose Lake area. Discussion followed.

John Wooner, District Controller, reported on a problem with squatters occupying a house on District land. The legal process has been started to evict the tenants so the area can be cleared of trash and debris.

Discussion followed on a contingency plan in case Poso Creek run in the next few weeks. It would be prudent to capture the water into the spreading ponds.

At 4:00 p.m. the meeting was adjourned by President Wegis until Wednesday, January 27, 2009 at 12:30 p.m. at the District office to continue the business of the District.

Todd Tracy, Secretary

APPROVED:

Fredrick A. Wegis, President