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 10:00 a.m. on Wednesday
April 13, 2011

The regular meeting of the Board of Directors was called to order by Director Waterhouse on Wednesday, April 13, 2011, at 10:00 a.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

Directors Present: Jeff Fabbri, Courtney Howard, Pat McCarthy and Dan Waterhouse;

Directors Absent: Todd Tracy, Phil Portwood and Fredrick Wegis;

Others Present: General Manager, Will Boschman;
Deputy General Manager, Jason Gianquinto;
District Engineer, Paul Oshel;
District Superintendent, John Lynch;
Staff Engineer, Craig Wallace;
District's Accountant, Judy Burns;
District's Exec. Secretary, Marsha Payne;
District's Legal Counsel, Steve Torigiani;
District's Consulting Engineers, Bookman-Edmonston,
GEI Consultants, Inc., Represented by Rick Iger;
W.M. Lyles Representatives, Rick Amigh;
Brynn Powers, Representing West Coast Water and Western Solar;
District landowner, Ted Page;
Paramount Farms Representative, Mike Woodhelm; and
Steve Gair, Representing Wingate Realty.

Board Treasurer, Dan Waterhouse, opened the meeting with the flag salute, then introduced and welcomed all guests.

ACTION ITEMS

Approval of Agenda

It was noted that one new item came to Staff's attention after posting the Agenda and will need action before the next meeting: Consider Approval Contract with Draker Labs for Solar Monitoring and Equipment Upgrade.

On motion by Director Fabbri, seconded by Director Howard, the revised Agenda was unanimously approved by the Board.

Minutes

On motion by Director Fabbri, seconded by Director McCarthy, the Minutes of the Regular Meeting on March 9 and the Special Meeting on March 15, 2011 were approved as presented.

Treasurer's Report

The Treasure's Report for March 2011 was presented for review and approval along with financial statements and cash flow charts.

The Board Treasurer, Director Waterhouse, stated that he had reviewed the Treasure's Reports and Financial Statements and found them to be in order and acceptable to be filed.

On motion by Director Fabbri, seconded by Director Howard, the March 2011 Treasure's Reports for Semitropic Water Storage District and Semitropic Improvement District were approved for filing.

Accounts Payable

The Cash Disbursement List was presented for review and payment. Several items were discussed, including computer software support, VPR Associates for services rendered, Black & Veatch for water quality background work on MWD's behalf, billing on the 2010 Audited Financial Statements and interior and exterior standtank painting.

On motion by Director Fabbri, seconded by Director McCarthy, the Board authorized payment of the Accounts Payable as listed on the April 13, 2011 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".

Reorganization of the Board

District's legal counsel, Steve Torigiani, stated that this was the time and place to reorganize the Board and asked if there were any nominations from the floor.

A motion was made by Director Fabbri, seconded by Director Howard, to reorganize the Board's officers as recommended by President Wegis.

There being no further nominations, and it being the consensus of the Board that other officers remain the same, the Board unanimously approved the slate of Board officers which are as follows:

President	Fredrick A. Wegis
Vice President	Philip Portwood
Treasurer	Dan Waterhouse
Secretary	Todd Tracy
Assistant Secretary	Wilmar L. Boschman

<u>Consider Resolutions to Delay Fixing GASC and GPSC to May</u>

Pursuant to the Semitropic Improvement District's Rules and Regulations, Rule 6 (C-D), at the Regular Board Meeting in April or such other time as may be announced at said meeting, the Board shall consider, determine, and by resolution, fix the amount of the General Administrative and General Project Service Charges for the current fiscal year. The District is not prepared to set such charges until the Regular Board Meeting in May.

On motion of Director Fabbri, seconded by Director Howard, the Board authorized and adopted <u>Resolutions No. BW 11-2 and PP 11-2:</u>

DEFERRING FIXING THE AMOUNT OF THE GENERAL
ADMINISTRATION AND GENERAL PROJECT SERVICE
CHARGES FOR SAID IMPROVEMENT DISTRICT
(FOR 2011, COLLECTED 2011-2012)

<u>Consider Lease Option Agreement with Elecnor, Inc.</u>

The Manager reported that the District received a proposal that appears to be solid for a solar project with Elecnor, Inc. In order for Elecnor to submit an application for a power purchase agreement with PG&E by the March 31st deadline, a Lease Option Agreement between Semitropic and Elecnor was drafted and reviewed by staff and legal counsel, subject to Board approval.

Brynn Powers, representing Western Solar, presented to the Board with background information on Elecnor, the largest solar supplier in Spain. Elecnor has completed large solar projects in Europe and several projects in California that are under lease-option development and ready to go into contracts. They are currently working with PG&E to determine how much transmission capacity is available for load generation by Semitropic that can be taken into the grid. Mr. Powers also stated that Western Solar and West Coast Water Company's role is as a "finder" with no fees involved in Semitropic's solar project and not a 3rd party developer.

Manager Boschman stated that because time was of the essence to submit the application to PG&E, staff and a Committee of the Board reviewed Elecnor's proposal. The Manager reviewed the Lease Option Agreement with the Board. After much discussion, the Board requested several revisions in the language and prepare for Board review again at its next meeting.

Consider Extension of Castaic Lake Banking Agreement

Manager Boschman reported that there are two (2) Lower Priority Banking Partner (LPBP) Agreements, dated October 9, 2002 and January 15, 2004, with Castaic Lake Water Agency, both of which have expired. Castaic has requested a 10 year extension for both agreements which have approximately 45,000 AF of water in storage under their LPBP rights. The Manager recommended that the agreements be extended.

On motion by Director Fabbri, seconded by Director Howard, the Board authorized extension of two Lower Priority Banking Partner Agreements, dated October 9, 2002 and January 15, 2004, with Castaic Lake Water Agency.

Consider Adoption of Resolutions of Necessity to Acquire by Eminent Domain Easements from Burlington Northern-Santa Fe Railroad

District's legal counsel, Steve Torigiani, stated that there had been some contact with representatives from Burlington Northern-Santa Fe Railroad during the past month and recommended continuing efforts to acquire the needed easements before starting the eminent domain process. All present unanimously agreed to table the issue until the next Board meeting.

Consider Approval Contract with Draker Labs for Solar Monitoring and Equipment Upgrade

Deputy Manager, Jason Gianquinto, reported on a contract proposal submitted by Draker Labs for solar monitoring and equipment upgrade (installation not included) at the solar site. Draker Labs would replace Fat Spaniel, who is no longer in business, as live monitoring of generation at Semitropic's solar facilities. Details of the contract were reviewed and discussed.

On motion by Director Howard, seconded by Director McCarthy, the Board approved entering into a contract with Draker Labs for solar monitoring and equipment upgrade at the Semitropic Solar facilities.

Design/Build Team Construction Update

W.M. Lyle's representative, Rick Amigh, reported that a final Stored Water Recovery Unit (SWRU) budget will be submitted to staff soon for review and comments soon. Currently there are 10 outstanding Water Service Agreements for Service Areas X, Y and Z yet to be acquired, the largest parcels being dairies.

The Raw Water Processing Plant is still idle; however, it is anticipated that sediment removal will commence as soon as dry weather permits. Final electrical and equipment installations are being performed by District and Acid Source personnel. Final start-up should occur later in April when Delta Plant water deliveries increase.

Consulting Engineer's Report

Rick Iger from Bookman-Edmonston, GEI Consultants, Inc. presented the "Consulting Engineers' Report on Projects for Semitropic Water Storage District" for work during March 2011, which was accepted for filing.

Mr. Iger also reported on engineering activities related to the Groundwater Banking Program, including the review of CASGEM and CEQA requirements; review of water-level hydrographs for the 2005-2006 Groundwater Monitoring Report; Groundwater Model update; and Annual Report on Groundwater Conditions.

At 12:05 p.m the Board had a lunch break then resumed the meeting at 12:20 p.m..

INFORMATIONAL AND UP-DATE ITEMS

Manager Boschman's written report on "District Activity During March" dated April 7, 2011 was accepted for filing. In addition, the following items were presented:

Deputy General Manager Report

Deputy Manager, Jason Gianquinto, reported on the progress of the Take Authorization for the construction and operation of the In Lieu Service Area for the Stored Water Recovery Unit. The Deputy Manager also reported on 1) irrigated lands regulatory program; 2) progress on repairs and rehabilitation to the flooded areas along the Poso Creek; and 3) GEI Task Order 07-2011 to prepare plans and specifications for Poso Creek Entrance Basins to Pond-Poso Spreading Grounds.

The standtank painting is temporarily delayed due to hawks nesting on the tank; however, as soon as the eggs hatch, the painting will continue.

Discussion continued on several issues including the use of Magnacide to manage aquatic weeds; the effect on infrastructure with the possible alignment of the high speed rail system crossing the North-East corner of the District; and requests for duck club water. No action was taken.

Water Supply Update

Manager Boschman reported that the State Table "A" allocation was raised to 70% during the last month and there are rumors of 75% allocations. At this point it appears there will be a full water supply thru the end of the year.

Status of Delinquencies

The total delinquent accounts are: $5,002.50. The accounts include Ayala Orchards - $3,962.44, Kimber Pallets - $896.70, Primex Farms, LLC - $16.78, Jessie Rodriguez - $126.58.

Banking Project Update

The Manager reported that Banking Partners have made requests to bring in about 255,000 AF for storage. District is receiving requests from other entities interested in storage including Antelope Valley-East Kern (AVEK), Madera Irrigation District and Homer, LLC. Total deliveries expected in 2011 are on the order of 430,000 AF.

Semitropic-Rosamond Water Bank Authority Activities

Manager Boschman stated that the Authority is getting closer to a Joint Use Facilities Agreement with AVEK. Authority representatives are also trying to get a temporary connection to deliver water on the AVWB property. Staff is also finalizing activity on the well pads.

Energy

The Manager reported that solar developers continue to inquire on development of facilities within the District. The hydro is running and the District is ready to do on-peak generation this summer.

Well Drilling Activities

District consultant, John Jones, reported that the drilling crew has completed development of all 6 wells and all equipment has been transported back to Semitropic's Wasco Well Drilling Yard.

Closed Session

At 12:55 p.m. the District's legal counsel, Steve Torigiani, 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) 6 items
1) *Rosedale-Rio Bravo Water Storage District v. Kern County Water Agency et al*
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) *Rosedale RBWSD, et al v. Kern Water Bank Authority*

b. Conference with legal counsel to discuss Real Property Negotiations
(Gov't Code Section 54956.8)

c. Conference with legal counsel to discuss Contract Negotiations

Visitors left the meeting. Legal counsel reported on various legal issues and discussed property negotiations with the Board.

At 1:20 p.m. the Board reconvened to open session. Director Waterhouse stated that several items were discussed; however, no action was taken

Adjournment

The meeting was adjourned by Director Waterhouse until Wednesday, April 27, 2011 at 12:30 p.m. at the District office to continue the business of the District.

APPROVED:

/s/ Todd Tracy, Secretary

/s/ Fredrick A. Wegis, President