

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
July 13, 2011

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, July 13, 2011, at 12:30 p.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

Directors Present: Jeff Fabbri, Pat McCarthy, Phil Portwood, Todd Tracy, Dan Waterhouse and Fredrick Wegis;

Directors Absent: Courtney Howard;

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, Ernest Conant;
District's Consulting Engineers, Bookman-Edmonston,
GEI Consultants, Inc., Represented by Dick Rhone;
W.M. Lyles Representatives, Rick Amigh;
No. Kern Representative, Dick Diamond
Paramount Farms Representative, Mike Widhalm;
Barbich Hooper & King Representative, Geoff King;
SunEnergy³ Representatives, Larry Liasco and Rusty Stone;
District landowner, Ted Page;
Jim Thebaut, Representing the Chronicles Group; and
Steve Gair, Representing Wingate Realty.

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

ACTION ITEMS

Approval of Agenda

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

Minutes

On motion by Director Waterhouse, seconded by Director Fabbri, the Minutes of the Regular Meeting on June 8 and Special Meeting on June 28, 2011 were approved as presented.

Treasurer's Report

The Treasure's Report for June 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 Waterhouse, seconded by Director Tracy, the June 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 1) design work of the Entry Ponds to the Pond-Poso Spreading Grounds and 2) legal fees, bond counsel and purchaser fees on the 2011 warrants.

On motion by Director Portwood, seconded by Director McCarthy, the Board authorized payment of the Accounts Payable as listed on the July 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".

Consider Support of Opposing Listing of Buena Vista Lake Shrew

Deputy Manager Gianquinto reviewed the agreement of various water districts and agencies in late 2009 to join forces in support of the fight against listing of the Buena Vista Lake Shrew on the Critical Habitat List. Semitropic's share of cost is \$2,125.00. Discussion followed.

On motion by Director Fabbri, seconded by Director Tracy, the Board authorized an amount of \$2,125.00 toward continued funding with a group of Kern County water districts and agencies who have banded together to support the fight against listing of the Buena Vista Lake Shrew on the Critical Habitat List.

Consider Acceptance of 2010-2009 Audited Financial Statements

Director Dan Waterhouse reported that the Finance Committee recently met with Geoff King of Barbich Hooper & King to review and discuss the 2010-2009 Audited Financial Statements. The Finance Committee recommended the Board accept the Financial Statements for filing.

Mr. King was on hand to present the Financial Statements and review points of interest, including: 1) 2010 appears to be very similar to 2009 except for revenue from grant funds and water banking revenue for the return of water, and 2) refund of energy costs to landowners. Mr. King stated that the District has a good accounting system, knowledgeable staff and good oversight by the Board.

On motion by Director Waterhouse, seconded by Director Tracy, the Board accepted the 2010-2009 Audited Financial Statements for filing.

Consider Additional Funding for the Pacific Legal Foundation

Manager Boschman reported on work being done by the Pacific Legal Foundation (PLF) various legal issues they have taken on. One case in particular is at the Supreme Court where PLF is fighting against the Environmental Protection Agency seizing property without accountability. PLF is still active in fighting the Delta Smelt issue in Sacramento. The Manager recommended that the Board might consider additional financial support for the PLF to continue the good work they are doing. It was noted that funding was usually sent in October of each year and after discussion, the Board concluded it would wait until October to send support with possible additional funding if the case does in fact get to the Supreme Court.

Consider Resolution to Authorize Change of Trustees for Pension Plan & Deferred Comp

Manager Boschman stated that due to changes in personnel, it was important at this time to change Trustees of the Pension Plan and Deferred Compensation Plan. It was recommended that Jason Gianquinto replace John Wooner as Trustee of the plans.

On motion by Director Portwood, seconded by Director McCarthy, the Trustees include District Engineer, Paul Oshel, O & M Superintendent, John Lynch and Deputy General Manager, Jason Gianquinto in the form of Resolution No. ST 11-5:

AUTHORIZING CHANGE OF TRUSTEES FOR
PENSION PLAN AND DEFERRED COMPENSATION PLAN

Consider Participation Agreement for Funding Kern Fan GW Model With/Without Analysis

Deputy Manager reported on the Participation Agreement for funding the Kern Fan Groundwater Model which was discussed at a previous Board meeting. The total budget for the Model is on the order of \$676,000.00 of which Semitropic's share of cost is \$46,200.00. There were a few minor changes to the Agreement which staff reviewed and recommends execution.

On motion by Director Fabbri, seconded by Director Waterhouse, the Board authorized execution of the Participation Agreement for Funding the Kern Fan Groundwater Model, subject to final legal review.

Consider Landowner Request to Move Contract Water

Staff Engineer, Craig Wallace reported that Paramount Farms submitted a request to move Contract Water from Turnout 22B to 51BT at 3.62 acre-feet per acre. Wallace also stated that this would have no impacts to the District. Discussion followed.

On motion by Director Portwood, seconded by Director McCarthy, the Board authorized an Amended Contract for Paramount Farms to move water from Turnout 22B to 51BT.

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

Deputy Manager Gianquinto stated that progress has been made in discussions with representatives from Burlington Northern-Santa Fe Railroad to acquire the needed easements. Hopefully an agreement will be signed soon.

Presentation by Jim Thebaut on California Water Issues

Jim Thebaut of the Chronicles Group, a non-profit organization that produces educational documentaries on various issues of concern, presented a short video entitled “Running Dry: California Bay Delta.” Mr. Thebaut has taken on the issue of California water issues, especially the Bay Delta, to educate people and talk about solutions to the problems. He is gathering support to produce an impartial fact-based documentary thru agencies such as the National Association of Water Companies, U.S. Bureau of Reclamation, Metropolitan Water District and So. Nevada Water Association. Since Semitropic is profoundly affected by the Delta, Mr. Thebaut would like the District to participate in the project in some way.

The Board thanked Mr. Thebaut for the presentation and encouraged his good work and would consider a financial contribution later. He left the meeting at 1:45 p.m.

Design/Build Team Construction Update

W.M. Lyle’s representative, Rick Amigh, reported that there are only 9 Water Service Agreements left to be signed and 6 outstanding Easements in System X. District staff is also moving forward in negotiations with BNSF. All existing construction permits have been extended; however, construction of SWRU Phase 2 is still on hold at this time. The Raw Water Processing Plant is scheduled to commence sediment removal the week of July 18.

Consulting Engineer’s Report

Dick Rhone from Bookman-Edmonston, GEI Consultants, Inc. presented the “Consulting Engineers’ Report on Projects for Semitropic Water Storage District” for work during June 2011, which was accepted for filing.

Mr. Rhone also reported on engineering activities related to design work on the entry ponds to the Pond-Poso Spreading Grounds; drafting CEQA documentation for the Water Management Program with Buena Vista; and implementation of various DWR grants.

INFORMATIONAL AND UP-DATE ITEMS

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

Deputy General Manager Report

Deputy Manager, Jason Gianquinto, reported that 1) that Cardno/Entrix revised the scope of work on the Habitat Conservation Plan and a kick-off meeting is set for July 20th; 2) Irrigated Lands Regulatory Program; 3) water deliveries for duck clubs; 4) Task Order for GEI associated with the Poso Creek Entrance Basins; and 5) the Stand Tank Rehabilitation Project which is currently being completed.

Water Supply Update

Manager Boschman reported that the State allocation still remains at 80%. Staff is working to manage 500,000 AF of water for storage in District as well as deliveries to Kern Water Bank and Pioneer Project. There have also been flows thru the Poso Creek.

Status of Delinquencies

The total delinquent accounts are: \$18,989.54. The accounts include Avenue 64 Enterprises, LLC - \$3,988.46, Bloemhof Ag Enterprises - \$5,608.48, Keyvan Farms, LLC - \$4,700.43, Peterson Ranch - \$3,873.60, Primex Farms LLC - \$16.78, and Jessie & Delia Rodriguez - \$801.79.

Banking Project Update

The Manager reported on discussions with Kern County Water Agency staff on the idea of installing pumps at check structures on the California Aqueduct in order to move water north to Bay Area Banking Partners in future under very severe drought conditions when there is not enough flow in the Aqueduct to exchange south to north. Board discussion followed.

Semitropic-Rosamond Water Bank Authority Activities

Manager Boschman reported that he reviewed the Joint Use of Facilities Agreement with the AVEK Board who agreed that it would be very beneficial project for both AVEK and the AVWB. However, to date, the AVEK Board has not signed or returned the Agreement.

Energy

The Manager reported that SunEnergy³ submitted a proposed expansion of Semitropic's existing solar facility. Larry Liascos reported on their proposed 2 mw addition and a power purchase agreement to be negotiated with PG&E. Discussion followed.

Poso Creek IRWMP

Paul Oshel reported that a grant application was filed for the Poso Creek IRWMP and notice was received of an award of a Prop. 84 Implementation Grant and a Federal WaterSMART Grant. The various projects these funds will be used for include pipeline conveyance, habitat, mobile irrigation lab, interconnections and disadvantaged community hookups and environmental work.

Consultant's Report

District Consultant, John Jones, reported that the shallow well project at the Waterhouse place was completed. Test results indicated that the water was bad enough to justify a project for the MWD Water Quality Treatment Facility.

Discussion followed on concerns of oil well waste being injected into abandoned wells.

Closed Session

At 3:20 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) 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
(Gov't Code Section 54956.8)

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

At 4:10 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed including real property negotiations and the Irrigated Lands Regulatory Program.

On motion by Director Portwood, seconded by Director McCarthy, the Board authorized participation on a like-minded group of farmers to file a petition calling for review of the Irrigated Lands Regulatory Program EIR.

Adjournment

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

APPROVED:

/s/ Fredrick A. Wegis, President

/s/ Todd Tracy, Secretary