

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
September 14, 2011

The regular meeting of the Board of Directors was called to order by Vice President Portwood on Wednesday, September 14, 2011, at 12:30 p.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

Directors Present: Courtney Howard, Pat McCarthy, Phil Portwood, Todd Tracy and Fredrick Wegis;

Directors Absent: Jeff Fabbri and Dan Waterhouse;

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,
District Consultant, John Jones;
GEI Consultants, Inc., Represented by Dick Rhone;
W.M. Lyles Representatives, Rick Amigh;
Paramount Farms Representative, Mike Widhalm;
Water Association of Kern County Representative, Beth Pandol;
Steve Gair, Representing Wingate Realty;
Jim James, Western Development & Storage;
Peter Kiel, Esq. Representing Ellison, Schneider & Harris, LLP;
Catherine McEfee, Representing ESA Associates; and
Court Reporter, Suzanne Hull.

President Wegis was late arriving and Vice President Portwood 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 Tracy, seconded by Director Howard.

Minutes

On motion by Director Tracy, seconded by Director Howard, the Minutes of the Regular Meeting on August 10 and Special Meeting on August 24, 2011 were approved as presented.

Treasurer's Report

The Treasure's Report for August 2011 was presented for review and approval.

The Board Treasurer, Director Waterhouse, was not in attendance; therefore, Vice President Portwood requested that the August Treasure's Reports be set for approval at the next scheduled Board Meeting.

Accounts Payable

The Cash Disbursement List was presented for review and payment. Several items were discussed, including 1) water for storage in Kern Water Bank and 2) DWR loan payments.

On motion by Director Howard, seconded by Director McCarthy, the Board authorized payment of the Accounts Payable as listed on the September 14, 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 Financial Support for Pacific Legal Foundation

Manager Boschman reported on the good work that the Pacific Legal Foundation (PLF) has been performing to protect land and water rights. Discussion followed on several court cases where PLF fought for landowners to keep their property from being seized by government groups for unfounded purposes and for challenging inappropriate application of endangered species regulations, particularly as they relate to the Delta Smelt. It was recommended that the Board increase the usual amount of \$7,000 contribution to keep the PLF staff working across the United States to protect citizen's rights and win back our freedoms.

On motion by Director McCarthy, seconded by Director Tracy, the Board authorized an amount of \$10,000 contribution to the Pacific Legal Foundation to help continue the fight for water south of the Delta for San Joaquin Valley farmers and other California water issues.

Consider Participation in Group Financial Support for Development of Valley Floor HCP

Deputy Manager Gianquinto presented a letter from Buena Vista Water Storage District, representing a group of Kern County water districts, requesting \$1,000 contribution from participants in development of a Valley Floor Habitat Conservation Plan (HCP). A collective effort would hopefully benefit participants to process environmental work quicker and more streamlined through the County.

Ted James who has worked for the County and has been instrumental in facilitating this process, will be retiring soon and is willing to fill the role as consultant to manage the process to see the CEQA/NEPA environmental documents completed. Contributions from the agencies would be set in a trust fund to cover the cost of the consultant's salary and other expenses.

After considerable discussion, the Board requested further investigation before Semitropic participates in a group support to develop a Valley Floor HCP since the District already has its own HCP process underway. Staff will report back to the Board with more information.

Public Comment

Beth Brookhart Pandol was introduced as the new Executive Director of The Water Association of Kern County, replacing long time Manager Loren Hodge. Mrs. Pandol stated that the Water Association is preparing to launch some new programs to educate the public about water issues and promote agricultural water awareness.

Pandol will be an asset to the Water Association with her background as an agricultural journalist, having worked at the Kern County Water Agency and Kern County Museum of Art, and has served as a Board Member of the Kern County Museum where she helped design a plan for an agriculture and water exhibit which she's still hoping to get completed.

The Board thanked Mrs. Pandol for attending the Board meeting and congratulated her on her new position at the Water Association.

Consider Interim Cost Sharing Agreement for Proposed Long Term Irrigated Lands Regulatory Program

Deputy Manager Gianquinto reported that the Central Valley Regional Water Quality Control Board certified a Final Environmental Impact Report for the proposed Long Term Irrigated Lands Regulatory Program. The Regional Board is working to draft regulatory "orders" to address alleged discharges from irrigated lands to both surface water of the State and groundwater.

The Kern County Water Agency has elected to cease involvement in the program; therefore, representatives of Kern County Water Districts have initiated discussions to take a more proactive role by a joint effort to hire a consultant to act as an intermediary between the Regional Board and farmers. At this time, a number of districts have indicated interest in participating and it is estimated that a contribution of \$4,000 from each district could cover expenses thru December 2011.

On motion by Director Tracy, seconded by Director McCarthy, the Board authorized execution of the Interim Funding Agreement which has a funding limit of \$40,000 to be allocated equally among the Participating Districts (Semitropic's share could be up to \$4,000) which will terminate on December 31, 2011.

SEMITROPIC WATER STORAGE DISTRICT
PUBLIC HEARING 1:00 P.M. – SEPTEMBER 14, 2011
TO CONSIDER CERTIFICATION OF THE DELTA WETLANDS PROJECT
PLACE OF USE ENVIRONMENTAL IMPACT REPORT

Vice President Portwood called the hearing to order at 1:00 p.m. and stated that this was the time and place for the public hearing to consider Adoption of Resolution of Certification of the Delta Wetlands Place of Use Environmental Impact Report (State Clearinghouse No. 1988020824), Adoption of a Statement of Overriding Considerations and Finding of Fact, and Approval of the Delta Wetlands Place of Use Project.

District's legal counsel, Ernest A. Conant, summarized the order of the Hearing, noted letters were just received from Central Delta Water Agency, the County of San Joaquin and San Joaquin Farm Bureau, which had been provided to the Board, and identify and introduce speakers. It was noted a record of this hearing was being prepared.

Cathy McEfee, of Environmental Science Associates, gave a power point presentation summarizing the Delta Wetlands Project, the CEQA process, additional findings and mitigation measures. She noted the action for the Board to consider was Certification of the EIR and related actions which she identified.

General Manager Boschman reported that staff recommends Adoption of Resolution No. 11-6 of Certification of the Delta Wetlands Place of Use Environmental Impact Report (State Clearinghouse No. 1988020824), Adoption of a Statement of Overriding Considerations and Findings of Fact, and Approval of the Delta Wetlands Place of Use Project.

Vice President Portwood opened the meeting for public comments.

Mr. Conant noted that no one was present wishing to make a comment and the Hearing could proceed. Vice President Portwood asked for any final comments from staff or consultants.

Peter Kiel, legal counsel for Delta Wetlands, addressed the Board to discuss the above referenced comment letters received just before the Hearing which requested the Board defer action on the EIR to complete additional analyses. Mr. Kiel indicated there were no new issues and was confident the CEQA documents adequately discloses and analyzes the issues raised in these late comments letters.

Vice President Portwood asked if the Board had any questions or comments. There were several questions from the Board which were discussed.

Mr. Conant stated that the question before the Board is whether or not the Board should adopt Resolution 11-6 or take some other action. He summarized the key parts of the Resolution.

Vice President Portwood requested a motion from the Board whether to Adopt Resolution No. 11-6 for Certification of the Delta Wetlands Project Place of Use Environmental Impact Report (State Clearinghouse No. 1988020824), Adoption of a Statement of Overriding Considerations and Findings of Fact, and Approval of the Delta Wetlands Place of Use Project.

The motion was made by Director Tracy and seconded by Director Howard to adopt Resolution 11-6. The Board was polled:

Director Tracy:	Aye
Director McCarthy:	Aye
Director Howard:	Aye
Vice President Portwood:	Aye

Vice President Portwood declared Resolution 11-6 Adopted. At 1:35 p.m. the Hearing was declared closed.

At this time, visitors who left the meeting included: Peter Kiel, Catherine McEfee, Jim James and Suzanne Hull.

Consider Participation Agreement with Member Units for Funding of BDCP/DHCCP

Deputy Manager Gianquinto presented a Memo to the Board for consideration of supplemental funding for Bay Delta Conservation Plan and Delta Habitat Conservation and Conveyance Program.

Vice President Portwood requested that this item be held until the full Board was available to review the information. This item will be presented again at a later date.

At 1:45 Director Rick Wegis joined the meeting and assumed responsibilities as President.

Consider Renewal of Lease on District Owned Property

Deputy Manager Gianquinto reported that requests were made by Bookland Farms and Torigiani Farms to renew their agricultural leases on District owned land in the area of the spreading basins for crop season ending October 1, 2012.

The Board discussed provisions of renewing the leases including 1) securing their own water supply from outside the District, 2) agreeing to pay the current landowner wheeling fees to the District for delivery of the acquired water to the leased property, and 3) agreeing that no District water will be provided to the leased property from District supplies; however, if unallocated Noncontract Water becomes available, it may be sold to lessee for irrigation purposes at Noncontract Water rates, if the District elects to do so.

On motion by Director Portwood, seconded by Director McCarthy, the Board approved the renewal of leases on District Owned Property in the area of the spreading basins to Bookland Farms and Torigiani Farms for a period of one year terminating on October 1, 2012, contingent upon agreement of the above mentioned water supply provisions and providing there will be no negative impacts on the groundwater basin.

Consider 1-Year Grazing Lease on District Property

Deputy Manager Gianquinto stated that the District had received a request for a 1-yr grazing lease on District property. Discussion followed. The Board declined the request to lease District property for grazing at this time.

Consider Acceptance of 2010-2009 Audited 401K Plan Financial Statements

The Trustees of 401 K Plan previously reviewed the Audited Financial Statements and approved them. Staff presented the 2010-2009 Audited 401K Plan Financial Statements to the Board for review and acceptance.

On motion by Director Portwood, seconded by Director Tracy, the Board accepted the 2010-2009 Audited 401K Plan Financial Statements for filing.

Design/Build Team Construction Update

W.M. Lyle's representative, Rick Amigh, reported that contact has been made with dairy landowners in an effort to execute Water Service Agreements and Easements. It was stated that the District mitigated the problems of an open canal to underground pipelines as requested by the dairies, therefore; there is no reason for them not to sign the Agreements.

Permits have been extended through December 2011. Sediment removal from the Raw Water Processing Plant was completed in August and the Plant is currently idle.

Discussion followed regarding funding from FEMA to pay for repair work at the dairy properties related to the December 2010 flood. Funding has been approved but not yet received.

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 August 2011, which was accepted for filing.

Mr. Rhone also reported on engineering activities related to funding opportunities for the Groundwater Banking Program; assisting staff with coordinating with DWR on the California Statewide Groundwater Elevation Monitoring (CASGEM); collection and compilation of data for

the Groundwater Model Update; and various Poso Creek IRWMP activities.

INFORMATIONAL AND UP-DATE ITEMS

Manager Boschman's written report on "District Activity During August" dated September 6, 2011 was accepted for filing. In addition, the following items were presented:

Water Supply Update

Manager Boschman reported that staff is still on schedule to deliver about 500,000 AF of water for storage for 2011. There will probably be water coming in thru February 2012.

Deputy Manager Gianquinto reported that the Stand Tank Rehabilitation Project has been completed; staff met with Occidental representatives to discuss drilling activity and District concerns and another meeting is scheduled in September; and a well production test is scheduled later in September for the MWD/Semitropic Desalination Project.

Status of Delinquencies

There was only one delinquent account for August 2011: Primex Farms LLC - \$16.78.

Semitropic-Rosamond Water Bank Authority Activities

Manager Boschman reported on the levy break and the repair work being performed at the Antelope Valley Water Bank (AVWB). A trash pit was cleaned out and a significant amount of dirt work was done.

Energy

The Manager reported that there is continued interest from various solar energy companies to develop solar projects on District property. One proposal by Energy³ is to construct a 2mw facility near the existing solar facility. District also received a request from Constellation who is interested in property near the SMYRNA Substation area in the north part of the District.

O & M Superintendent, John Lynch, also reported that the Hydro Plant is currently down due to electrical hits from the recent storm. Several plants are down and repairs are being made.

Closed Session

At 2:35 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)
- d. Personnel Matters (Gov't Code Section 54957)

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

At 3:00 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed including real property negotiations, various contract negotiations and personnel issues.

On motion by Director McCarthy, seconded by Director Portwood, the Board approved the purchase of land in the north-east area of the District to be used for recharge purposes.

Adjournment

The meeting was adjourned by President Wegis until Wednesday, September 28, 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