

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
November 14, 2007

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday November 14, 2007, at 12:30 p.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

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

Directors Absent: James A. Crettol;

Others Present: General Manager, Will Boschman;
District Engineer, Paul Oshel;
District's Superintendent, John Lynch;
District's Controller, John Wooner;
District's Accountant, Judy Burns;
District's GIS/IT Administrator, Ralph Sanchez;
Districts Exec. Secretary, Marsha Payne;
Districts Legal Counsel, Ernest A. Conant;
District's Consulting Engineers, Bookman-Edmonston, GEI
Consultants, Inc., represented by Dick Rhone;
District Consultants, John Jones and Bob Reed;
W.M. Lyles representative, Rick Amigh;
District landowner, Don Castle; and
Steve Gair, representing Wingate Realty.

President Wegis led the flag salute, then introduced and welcomed all guests.

Approval of Agenda

It was noted that two new items came to the staff's attention after posting the agenda and need action before the next meeting, Consider Resolution Regarding Poso Creek IRWMP Grant Application and Consider Resolution Regarding Local Groundwater Assistance Program Grant Application.

On motion by Director Waterhouse, seconded by Director Tracy, the revised agenda was unanimously approved.

ACTION ITEMS

Minutes

On motion by Director Waterhouse, seconded by Director Page, the Minutes of the Regular Meeting of October 10, 2007 were approved.

Treasurer's Report

On motion by Director Portwood, seconded by Director Waterhouse, the Treasurer's Reports for Semitropic Water Storage District and Semitropic Improvement District for October 2007 were approved.

Accounts Payable

The Cash Disbursement List was presented for review and payment. Several items were discussed, including payments to Leyva's Private Security for night security guard service at the well drilling site; Margaret Anne Cooper for installment payment of property in the well field; well driller salaries; Buena Vista Water Storage District for cost share of new bowl pump for the pumping station at Main Drain; and Irrigation Concepts for labor and material to repair a pump.

On motion by Director Page, seconded by Director Portwood, the Board authorized payment of the Accounts Payable as listed on the November 14, 2007 Disbursement List for Semitropic Water Storage District and Semitropic Improvement District. A copy of the Disbursement List is attached hereto as "Exhibit A".

Consider Partial Construction of P-565 System

Manager Boschman led discussion on the partial construction of the P-565 Distribution System. North Kern Water Storage District has expressed a desire to move water into Semitropic. The P-565 System is ready for construction pending funding. The mainline will provide the desired connection to North Kern's canal. Facilities that are solely for North Kern's benefit cost on the order of \$1 Million. The total estimated cost for the complete project is in the neighborhood of \$15 M; however, only about \$8 Million is currently available for construction of the P-565 System. Discussion followed, including the possibility of partial financing from the contractor.

On motion by Director Fabbri, seconded by Director Tracy, the Board authorized soliciting bids for partial construction of the P-565 Distribution System with a maximum expenditure of \$8 Million. Director Portwood abstained.

Consider End of Year Payment

District Controller, John Wooner, presented a summary of changes in the 2008 Budget based on the \$46 Million proposal presented to the Board in October. The changes were noted

and approved by the Board.

Manager Boschman led discussion to consider the end of year payment to landowners. Staff recommended a payment of \$32.00 per acre. Discussion followed.

On motion by Director Portwood, seconded by Director Page, the Board authorized the end of year payment be set at \$32.00 per acre which is a total amount of approximately \$4 Million.

Consider Policy to Dispose of Outdated Office Equipment

District Controller, John Wooner, reported that there are some outdated pieces of office equipment that need to be disposed of properly. It was requested that the Board adopt a policy for disposing of such equipment.

On motion by Director Page, seconded by Director Waterhouse, the Board approved a general policy for disposing of outdated office equipment giving the General Manager the authority to dispose of such equipment valued less than \$1,000.

At 1:30 p.m. Judy Burns and Ralph Sanchez left the meeting.

Consider Waiver of Landowner Wheeling Fees

District Engineer, Paul Oshel, reported that the Buttonwillow Land and Cattle Company has requested a waiver for wheeling fees, indicating that the landowner would drill a well on the property in order to wheel water through a pipeline to another location. Further discussion indicated that there was already a well on the property when Buttonwillow Land and Cattle bought the property.

By general consensus, the Board elected to keep the current policy in place and indicated there would be no wheeling charges to move this water.

Consider Resolution for Filing of Delinquent Tolls and Charges

The Manager stated that there were no delinquent accounts at this time and therefore, filing of delinquency notice would not be necessary.

Consider Resolution Regarding Poso Creek IRWMP Grant Application

District Engineer reported that a grant application is currently being prepared to be filed with the Bureau of Reclamation for a Water 2025 Grant on behalf of the Poso Creek Regional Management Group for the Poso Creek Integrated Regional Water Management Plan.

On motion by Director Fabbri, seconded by Director Portwood, the Board authorized execution of a grant application in the form of Resolution No. SID 07-6:

IN SUPPORT OF FILING AN APPLICATION FOR A GRANT WITH THE BUREAU
OF RECLAMATION FOR A WATER 2025: PREVENTING CRISES AND
CONFLICT OF THE WEST – SYSTEM OPTIMIZATION REVIEW

**Consider Resolution Regarding Local Groundwater Assistance Program Grant
Application**

District Engineer stated that an application is also being prepared to be filed with the California Department of Water Resources for a Local Groundwater Assistance Grant on for the “2008 Semitropic Groundwater Monitoring and Management Improvement Project.”

On motion by Director Fabbri, seconded by Director Portwood, the Board authorized execution of a grant application in the form of Resolution No. SID 07-7:

IN SUPPORT OF FILING AN APPLICATION WITH THE CALIFORNIA
DEPARTMENT OF WATER RESOURCES FOR A LOCAL GROUNDWATER
ASSISTANCE GRANT PURSUANT TO THE WATER SECURITY, CLEAN
DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002,
WATER CODE SECTION 79560 et seq.

SEMITROPIC WATER STORAGE DISTRICT
PUBLIC HEARING NOVEMBER 14, 2007
TO FIX THE SERVICE CHARGE AND
ADDITIONAL WATER USE CHARGE
FOR SURFACE WATER SERVICE FOR 2008

President Wegis called the hearing to order at 1:30 p.m. He noted that a quorum was present and that the attendance had been noted in the usual fashion. He turned the hearing over to legal counsel and staff for presentation of 2008 water charges.

Staff reported that this is the time and place set by the Board for fixing the Service Charge and Additional Water Use Charge for Surface Water Service for 2008.

It was noted that there were no guests present regarding hearing matters, and no written comments had been received by the District.

Hearing no comments or objections, the Board proceeded with fixing the charges for 2008. The following documents were presented as attachments to the Minutes:

“AFFIDAVIT OF MAILING TO WATER USERS AND PERSONS AUTHORIZED TO RECEIVE WATER BILLINGS FOR WATER SERVICE IN BUTTONWILLOW AND POND-POSO IMPROVEMENT DISTRICTS of October 31, 2007”, attaching a letter to

Water Users and persons authorized to receive water billings for water service, which is enclosed, a “NOTICE OF FIXING SURFACE WATER SERVICE AREA SERVICE CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2008, AND THE TIME AND PLACE OF HEARING THEREON”.

The aforementioned affidavit is attached hereto as “Exhibit B”.

A “PROOF OF PUBLICATION” from The Bakersfield Californian for Buttonwillow Improvement District and Pond-Poso Improvement District of “NOTICE OF FIXING SURFACE WATER SERVICE AREA SERVICE CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2008 AND THE TIME AND PLACE OF HEARING THEREON”.

The aforementioned proof of publication is attached hereto as “Exhibit C”.

The Board reviewed “Statement of Wilmar L. Boschman, General Manager, at the November 14, 2007 Public Hearing Fixing 2008 Contract Water Charges”, which is attached hereto as “Exhibit D”.

The following resolutions were presented for Board’s consideration.

On motion by Director Portwood, seconded by Director Page, Resolution Nos. BW 07-6 and PP 07-6 were adopted:

RESOLUTION FIXING SURFACE WATER SERVICE AREA SERVICE
CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2008

The Public Hearing closed at 1:35 p.m., and the Board reconvened to regular session.

Design/Build Team Construction Update

W.M. Lyle’s representative, Rick Amigh, reported that contracts were submitted again to landowners in Phase 2 of the SWRU Northern Pipeline and that some landowners were being contacted again.

INFORMATIONAL AND UP-DATE ITEMS

Manager Boschman’s written report on “District Activity During October 2007” dated November 5, 2007 was accepted for filing. In addition, Manager Boschman presented the following:

Water Supply Update

Manager Boschman reported that the first projections for the 2008 water supply allocations from the State may be on the order of 25 to 30 percent, which still could change because of Judge Wanger's ruling.

Manager Boschman led discussions on the pumpback operations, including running wells and water deliveries. The District may still be in pumpback mode in January and possibly into February because not all wells have been available for pumpback for various reasons. Letters will be sent out soon to those landowners who have signed contracts with the District to remind them of their obligation to the District for pumpback.

Status of Delinquencies

There are currently no delinquent accounts.

Banking Project Update

Manager Boschman reported that San Diego County Water Authority has indicated they want to move ahead with a long term Agreement and staff is preparing documents. Also, The City of Tracy has requested a long term Agreement.

JPA Activities

The Manager reported that the next JPA Board Meeting is scheduled for November 20 and that the Contribution Agreements are currently being revised. There appears to be a lot of interest generating regarding the Semitropic-Rosamond Water Bank Authority from various entities.

Consultant's Reports

Consultant John Jones reported on various tasks that he is performing for the District, including water well drilling operations. Management and drilling staff recently held a meeting to discuss the well drilling progress which appears to be slow. Discussion followed on equipment for a rig to help develop the well after drilling.

By general consensus, the Board approved the purchase of a well developing rig at an estimated cost of \$215,000 to \$230,000.

Mr. Jones also reported on the well abandonment program and a burn pit that was discovered on the property purchased from CalMat in the Poso Creek Spreading Basin area.

Consultant Bob Reed reported on various meetings and discussions with potential

Banking Partners. Several meetings are being scheduled to take place at the ACWA Conference to discuss banking agreements.

Consulting Engineer's Report:

Mr. Dick Rhone from Bookman-Edmonston, GEI Consultants, Inc. presented the "Consulting Engineers' Report on Projects for Semitropic Water Storage District" for work during October 2007, which was accepted for filing.

Mr. Rhone also reported on engineering activities related to the design of the P-1030 System Extension, preparation of a cost estimate for a portion of the P-565 System and the Pond-Poso Spreading Grounds construction.

Legal Counsel

At 3:20 p.m. the District's legal counsel, Ernest A. 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)) *Alameda County FC&WCD Zone 7 v. DWR (Hyatt-Thermalito Power Issues) and NRDC v. Kempthorn*
- b. Conference with legal counsel to discuss potential litigation—one item
(Gov't Code Section 54956.9(b))
- c. Conference with legal counsel to discuss contract negotiations
(Gov't Code Section 54956.8)

All visitors left the meeting.

At 3:50 the Board reconvened to open session. President Wegis stated that several items were discussed ; however, no action was necessary.

Adjournment

At 3:55 p.m. the meeting was adjourned by President Wegis until Wednesday, November 28, 2007, 12:30 p.m. at the District office to continue the business of the District.

_____/s/ James A. Crettol, Secretary

APPROVED:

_____/s/ Fredrick A. Wegis, President