

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  
March 10, 2010

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, March 10, 2010, at 12:30 p.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

Directors Present: James A. Crettol, Jeff Fabbri, Ted Page, Phil Portwood, Dan Waterhouse and Fredrick Wegis;

Directors Absent: Todd Tracy;

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;  
No. Kern Water Storage District representative, Dana Munn;  
Poso Creek Water Company representative, Devin Aviles;  
Paramount Farming representative, Kim Brown;  
Steve Gair, Representing Wingate Realty;  
Chevron Energy Solutions representatives, Larry Baebler and Ram Ambatipudi; and  
West Coast Water Company representatives, Paul Hirst and Brynn Powers.

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

## **Approval of Agenda**

It was noted that three new items came to the staff's attention after posting the Agenda and will need action before the next meeting: 1) Consider Castaic Lake Water Agency's Request for a Banking Contract Extension; and 2) Consider Extension of Conveyance and Exchange Agreement with North Kern Water Storage District.

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

## **ACTION ITEMS**

### **Minutes**

On motion by Director Waterhouse, seconded by Director Fabbri, the Minutes of the Regular Meeting on February 10, 2010 were approved as presented.

### **Treasurer's Report**

The Treasure's Reports for February 2010 were presented for review and approval along with financial statements and cash flow charts.

On motion by Director Waterhouse, seconded by Director Fabbri, the Treasure's Reports for Semitropic Water Storage District and Semitropic Improvement District for February 2010 were approved as presented.

### **Accounts Payable**

The Cash Disbursement List was presented for review and payment. Several items were discussed, including well drilling expenses, the Utility Cost Management (UCM) statement (no service charges paid), and reimbursements to San Diego County Water Authority and Newhall Land & Farming Company for 2007-2008 Program Delivery Capability (i.e. O & M Fees reimbursed from MWD).

On motion by Director Portwood, seconded by Director Waterhouse, the Board authorized payment of the Accounts Payable as listed on the March 10, 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".

### **Consider Contract Amendment per Landowner Request**

Manager Boschman reported that Terrapin-Fabbri Management Company recently submitted a request to amend the Water Service Contract to take the water from one parcel and spread over two parcels. Director Fabbri left the meeting at this time. Discussion followed.

On motion by Director Page, seconded by Director Portwood, the Board authorized staff to prepare an Amendment to the Water Service Contract as requested by Terrapin-Fabbri Management Company.

Director Fabbri rejoined the meeting.

**Consider Contract Change Order 009 on Specifications WB-219**

District Engineer, Paul Oshel, reviewed GEI Change Order 009 on Specifications WB-219 which was the last of 9 change orders on the project, noting that the final contract amount paid, including this Change Order, was still within the bid amount because there was a prior significant reduction in the contract amount. This Change Order was for various items to finalize the 2009 Pond-Poso Reverse Flow Completion Project – Installation of Equipment. Staff recommended payment of the Change Order.

On motion by Director Portwood, seconded by Director Page, the Board authorized the payment of GEI Contract Change Order 009 on Specifications WB-219.

**Consider Resolutions of Support for Candidates to ACWA/JPIA Exec. Committee**

District's Exec. Secretary, Marsha Payne, reported that the District has received several requests for support for nomination of ACWA/JPIA Candidates. In particular, San Bernardino Valley Water Conservation District has nominated its Director, Melody McDonald, for a position on the Executive Committee; Valley Center Water District has nominated its Director Merle Aleshire, for ACWA/JPIA Vice President; and Municipal Water District of Orange County has nominated its Director, Joan Finnegan, for ACWA/JPIA President. Discussion followed and qualifications of each nominee were noted.

On motion by Director Page, seconded by Director Portwood, the Board adopted Resolution No. ST 10-1:

CONCURRING IN NOMINATION OF JOAN C. FINNEGAN AS PRESIDENT  
OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES/JOINT POWERS  
INSURANCE AUTHORITY (ACWA/JPIA)

On motion by Director Page, seconded by Director Portwood, the Board adopted Resolution No. ST 10-2:

CONCURRING IN NOMINATION OF MERLE ALESHIRE AS VICE PRESIDENT  
OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES/JOINT POWERS  
INSURANCE AUTHORITY (ACWA/JPIA)

On motion by Director Page, seconded by Director Portwood, the Board adopted Resolution No. ST 10-3:

CONCURRING IN NOMINATION OF MELODY McDONALD, TO THE EXECUTIVE COMMITTEE OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES/JOINT POWERS INSURANCE AUTHORITY (ACWA/JPIA)

**Consider Additional 10% Water Allocation**

Manager Boschman reported that the State Department of Water Resources advised of an increase of water allocation from 5% to 15%. In the past, the Board has authorized an additional 10% allocation for all Contract Water Users. Staff recommended that the additional 10% be added until the State reaches a 30% allocation which would give a total of 40% allocation to District Contract Water Users. Discussion followed.

On motion by Director Fabbri, seconded by Director Page, the Board authorized an additional 10% until the State allocates 90%, at which time the Water User would receive 100% allocation. However, if the Water User releases Contract Water, the first 10% released will not be eligible for any future incentive payments that the Board may elect to authorized above the original Contract rate.

A letter of notification will be mailed to all Water Users immediately.

**Consider Request by Poso Creek LLC to Transfer Portion of Letter of Credit to Bonds**

District Controller, John Wooner, reported that Poso Creek, LLC has submitted a request to reduce the Letter of Credit and transfer the obligation to a bond. After review and analysis of the Bonding Company, staff recommended that the Board approve the transfer of \$3,000,000 from the total \$4,900,000 Letter of Credit to a Bond.

On motion by Director Page, seconded by Director Fabbri, the Board approved the transfer of \$3,000,000 of the Letter of Credit to Bonds, subject to further review by Treasurer Waterhouse and Director Portwood.

**Consider Candidate for Special District Representative on LAFCO**

District Exec. Secretary, Marsha Payne, reported on the election of the Kern County Local Agency Formation Commission (LAFCO) Special District Representatives. The District received a ballot with two candidates.

On motion by Director Fabbri, seconded by Director Page, the Board authorized staff to return the ballot with a vote for Mel McLaughlin, the incumbent, as the Special District Representative.

### **Consider Castaic Lake Water Agency's Request for a Banking Contract Extension**

Manager Boschman reported that Castaic Lake Water Agency recently submitted a request to extend their Banking Agreement with the District. The Manager stated that Castaic was encouraged to acquire Newhall Land & Farming Co.'s capacity, as originally intended, which would facilitate future recovery on a 1<sup>st</sup> priority basis. Discussion followed.

On motion by Director Portwood, seconded by Director Page, the Board authorized an extension of Castaic Lake Water Agency's Contract until January 20, 2024 in the form of Amendment 1 to the Letter Agreement dated January 21, 2004.

### **Consider Extension of Conveyance & Exchange Agreement with North Kern**

The Manager stated that North Kern Water Storage District has requested an extension of a Conveyance and Exchange Agreement dated July 7, 2008. Subject to Semitropic's available capacity, the District will accept North Kern supplies either thru the Semitropic-North Kern intertie canal or thru the Shafter-Wasco Irrigation District-Semitropic intertie. The District can either deliver the supplies to the California Aqueduct or use the supplies internally and release a like amount of entitlement in the Aqueduct. Discussion followed.

On motion by Director Waterhouse, seconded by Director Fabbri, the Board authorized an extension to the Conveyance & Exchange Agreement with North Kern Water Storage District for another year, if Semitropic has capacity available.

### **Design/Build Team Construction Update**

W.M. Lyle's representative, Rick Amigh, reported on the design of the endangered species exclusionary fences along the Phase 2 canal. Contact has been made with a few landowners who have not yet signed water service agreements and rights-of-way. It is anticipated that the Raw Water Processing Plant will resume pumpback and water quality improvement operations in April or May, pending water requests from the banking partners. Removal of the treatment plant sludge will proceed in the next couple of months, once the winter rains have subsided and the sludge has dried sufficiently.

### **INFORMATIONAL AND UP-DATE ITEMS**

Manager Boschman's written report on "District Activity During February 2010" dated March 3, 2010 was accepted for filing. In addition, Manager Boschman presented the following:

#### **Water Supply Update**

Manager Boschman reported that even though there have been significant storms and precipitation during the past month, the allocation from the State is still only 15%.

## **Status of Delinquencies**

There were no delinquencies for February.

## **Banking Project Update**

Manager Boschman reported that there is still work to be done to engage the dairies in the North-South pipeline project. Staff will be working with Scott Kuney to negotiate with dairies in the SWRU Phase 2 Project area to acquire rights-of-way agreements and contracts.

## **JPA Activities**

The Manager reported on recent activities in the Antelope Valley. The well drilling rig and crew have been diligently working on drilling the first well at the AVWB, braving nature's wrath of high winds, blowing sand, freezing temperatures and snow storms.

The meeting previously set with LAWPD was postponed until the end of March.

Staff is still working with AVEK to come to an agreement to share facilities. The JPA has proposed to pay for the West feeder upgrade for capacity rights in the AVEK pipeline. There is a 20,000 acre-foot potential to recycle in and out each year. Various meetings and discussions are on-going.

## **Poso Creek IRWMP**

District Engineer, Paul Oshel, reported that discussions are on-going with the Department of Water Resources regarding whether or not the Poso Creek IRWMP Group would merge with the Kern IRWMP Group. Another meeting has been scheduled during March which hopefully, will bring some resolution to the issue. At this time, the Poso Creek Group is moving forward on its projects as previously planned.

## **Office Addition**

It was reported that all of the new offices are completed and staff has occupied the new work areas needed at this time. There are still some outside items yet to be completed. It was noted that the cost of the addition has stayed within the budgeted amount.

## **Well Drilling**

Manager Boschman reported that John Jones is in charge of the drilling operations and therefore, on the drilling site and not able to attend the Board meeting. The crew has encountered some problems; however, they are proceeding as scheduled.

Discussion following regarding the thought that maybe the first well is too big and that it might be equipped to see how it works before another is drilled.

### **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 February 2010, which was accepted for filing.

Mr. Rhone also reported on engineering activities related to reports and implementation of various grants received by Semitropic and Semitropic-Rosamond Water Bank Authority. There was some activity related to the Groundwater Banking Program and the Poso Creek IRWMP; however, all construction has been completed and no new projects have been started at this time.

### **Other Business**

Discussion followed regarding Kern County Water Agency shutting down District pumping into the Aqueduct without notification. Follow-up contacts will be made to hopefully eliminate any miscommunication or misunderstandings between KCWA and District staff.

### **Closed Session**

At 2:00 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.

At 3:55 p.m. the Board reconvened to open session. President Wegis stated that several Items were discussed, including contract negotiations with Chevron Energy Solutions and contract settlement with Cascade Pump.

On motion by Director Waterhouse, seconded by Director Crettol, the Board authorized a settlement offer to Cascade Pump.

At 4:00 p.m. the Board entered into Executive Session and all visitors and staff left the meeting except Will Boschman and Jason Gianquinto.

At 4:25 p.m. the Board reconvened to open session. President Wegis stated that no action was taken and adjourned the meeting until Wednesday, March 24, 2010 at 12:30 p.m. at the District office to continue the business of the District.

/s/ Todd Tracy, Secretary

APPROVED:

/s/ Fredrick A. Wegis, President