

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
April 14, 2010

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, April 14, 2010, 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, Todd Tracy,
Dan Waterhouse and Fredrick Wegis;

Directors Absent: James A. Crettol & Phil Portwood;

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;
Poso Creek Water Company representative, Devin Aviles;
Steve Gair, Representing Wingate Realty; and
Jeff Sorrell, Representing Pintail Slough Duck Club.

Via Conference Call: Legal Counsel, Scott Kuney.

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

Approval of Agenda

It was noted that one new item came to the staff's attention after posting the Agenda and will need action before the next meeting: ARRA Grant Project, Award Contract WB-220.

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

ACTION ITEMS

Minutes

On motion by Director Waterhouse, seconded by Director Page, the Minutes of the Regular Meeting on March 10 and Special Meeting on March 16, 2010 were approved as presented.

Treasurer's Report

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

The Board Treasurer, Director Waterhouse, indicated that he had not had a chance to review and requested that the March 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 computer and electronic equipment for the new conference room; repair to the air compressor on the well drilling rig; audit procedures on the pension fund; consultants who are monitoring well drilling legislation issues; and, reconciliation for the Shell Energy gas engine testing.

On motion by Director Tracy, seconded by Director Fabbri, the Board authorized payment of the Accounts Payable as listed on the April 14, 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 Resolution to Delay Fixing GASC & GPSC to May

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 Waterhouse, seconded by Director Page, the Board authorized and adopted Resolutions No. BW 10-1 and PP 10-1:

DEFERRING FIXING THE AMOUNT OF THE GENERAL
ADMINISTRATION AND GENERAL PROJECT SERVICE
CHARGES FOR SAID IMPROVEMENT DISTRICT
(FOR 2010, COLLECTED 2010-2011)

Consider Resolution to Adopt a Negative Declaration & File Notice of Determination for Initial Study for Groundwater Banking & Exchanges Within the Poso Creek Plan Area

Paul Oshel reported that a Negative Declaration and Initial Study for Groundwater Banking and Exchanges within the Poso Creek Plan Area were filed at the District office and with both the Kern County and Tulare County Clerk's offices for a thirty day public review period. There were no comments received during the public review period; however, Dan Bartel, General Manager of Buena Vista Water Storage District has requested to review the environmental documentation. After discussion, the Board decided not to take action at this time, but to wait until next month in an effort to give Buena Vista an opportunity to review the documents.

Consider Financial Support to Pacific Legal Foundation (PLF)

The Manager reported that an invitation was received by the District requesting sponsorship for a fund raising dinner for Pacific Legal Foundation. Discussion followed. Although the District has continued to extended financial support to PLF, no formal action was taken at this time to help sponsor the dinner.

Consider Award of Contract for WB-220 for Pond-Poso Spreading Grounds

District Engineer, Paul Oshel, presented the bid results and Recommendation of Award of Contract WB-220 for Completing the Easterly Pond-Poso Spreading Grounds. W.M. Lyles Co. was the apparent low bidder; however, the bids exceeded the total grant funds available and therefore, the Project may be broken into schedules to stay within the \$1.92 M of Grant Funds available.

On motion by Director Waterhouse, seconded by Director Page, the Board authorized Award of Contract to W.M. Lyles Co. to construct facilities for Specifications No. WB-220 for Completing the Easterly Pond-Poso Spreading Grounds.

Design/Build Team Construction Update

W.M. Lyle's representative, Rick Amigh, reported that most of the drawings have been produced for Phase 2B (System X) of the SWRU and the transmission electrical design has been completed and is in final review with PG&E in relation to the SWRU/PGE power line crossing. Efforts are underway to complete acquisition of executed landowner contracts, water service

agreements and easements. The Raw Water Processing Plant is currently idle; however, the tentative schedule is to resume pumpback and water treatment operations in April or May, pending water requests from Banking Partners. Options for removal of sludge from the treatment plant are currently being evaluated by members of the Design/Build Team and District staff.

INFORMATIONAL AND UP-DATE ITEMS

Manager Boschman's written report on "District Activity During March 2010" dated April 7, 2010 was accepted for filing. In addition, Manager Boschman presented the following:

Water Supply Update

Manager Boschman reported that the allocation from the State is still at 20%; however, it is possible that the allocation may go up later in the month. There is also a possibility of acquiring run-off water from the Friant system.

The Manager also reported on the 2010 Water Bond measure in which various Federal legislatures and State and local groups have joined a coalition of supporters. Discussion followed on the District's possible endorsement of the Water Bond.

On motion by Director Fabbri, seconded by Director Waterhouse, the Board authorized Semitropic's name to be placed on the list of Water Bond Supporters for the 2010 California Water Bond Measure, *Safe, Clean & Reliable Water Supply Act* which will be on California's November 2010 ballot.

Status of Delinquencies

There were no delinquencies for March.

Banking Project Update

Manager Boschman reported that a meeting has been arranged with Metropolitan Water District to discuss an unpaid invoice from the 2007 pumpback, where water was returned to MWD from the Kern Water Bank account. Hopefully, this issue can be resolved at the meeting and the account balanced.

Energy

The Manager reported that a fully executed agreement was returned from Chevron Solar Solutions and a "kick-off" meeting has been scheduled for next Monday to commence the work on the project feasibility assessment.

Well Drilling

The Manager reported that the well drilling crew completed drilling the first well at the AVWB and ran casing on the second well. John Jones, who is overseeing the well drilling operations, has reported a few staff changes and that the drilling crew is now working together as a team.

At 1:45 p.m. Manager Boschman left the meeting to give a presentation to the Water Education Foundation Tour Group at Wasco Valley Rose Golf Course's banquet room.

Poso Creek IRWMP

District Engineer, Paul Oshel, reported that the Department of Water Resources approved the Poso Creek IRWMP Group as a separate entity and therefore, can act on its own behalf, separate from the Kern IRWMP Group. The Poso Creek Group has filed grant applications for various projects and is currently working on CEQA and Environmental Assessment documentation.

Other Business

The District's Deputy General Manager, Jason Gianquinto, reported on the Member Unit Manager's meeting with Chuck Gardner and the discussion on the Bay-Delta HCP. Previous funds on the project have already been used and participating Member Units are being asked to contribute further funding. A funding agreement will be processed through the Kern County Water Agency once it is determined what each participant's share will be. Ernest Conant, District's legal counsel, recommended that the District sign the participation agreement.

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 March 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. Environment documents, CEQA and NEPA, relating to 2025 System Optimization Review were processed as well as participating in meetings related to the Groundwater Banking Program.

Closed Session

At 1:50 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) One item
- c. Conference with legal counsel to discuss contract negotiations
(Gov't Code Section 54956.8)
- d. Conference with Real Property Negotiators (Gov't Code Section 54956.8)
Negotiators: Will Boschman and Rick Wegis
Parties: Various landowners
- e. Personnel Matters (Gov't Code Section 54957)

All visitors left the meeting at this time and Scott Kuney joined the discussion via conference call.

At 3:00 p.m. the Board reconvened to open session. President Wegis stated that several Items were discussed; however, no action was taken.

The Board discussed disking the fallow lands again to keep vegetation under control. Informal bids will be taken for the disking from interested farm equipment operators.

President Wegis adjourned the meeting until Wednesday, April 28, 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