

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
August 13, 2008

The regular meeting of the Board of Directors was called to order by President Wegis on Wednesday, July 9, 2008, 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, Todd Tracy, Dan Waterhouse and Fredrick Wegis;

Directors Absent: None

Others Present: General Manager, Will Boschman;
District Engineer, Paul Oshel;
District Superintendent, John Lynch;
District's Controller, John Wooner;
District's Staff Engineer, Craig Wallace;
District's Accountant, Judy Burns;
District's Exec. Secretary, Marsha Payne;
Districts Legal Counsel, Ernest A. Conant;
District's Consulting Engineers, Bookman-Edmonston, GEI
Consultants, Inc., represented by Dick Rhone;
W.M. Lyles Representative, Rick Amigh;
District Consultant, Bob Reed;
No. Kern Water District Representative, Dana Munn;
District landowner, Rodney Mozingo;
Paramount Farming representative, Kim Brown;
Steve Gair, representing Wingate Realty; and
Special Guest, Zeb Waterhouse.

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 needs action before the next meeting; 1) Consider Authorization to Execute Agreement with SWID (Rampage Vineyard), and 2) Consider Landowner Request for Contract Water Amendment.

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

ACTION ITEMS

Minutes

On motion by Director Waterhouse, seconded by Director Tracy, the Minutes of the Regular Meeting on July 9 and Special Meeting on July 18, 2008 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 June and July 2008 were approved.

District Controller, John Wooner, presented the Financial Reports, including Balance Sheet, Income Statements and Comparison of Actual & Budgeted Cash Balances to date. Discussion followed.

Accounts Payable

The Cash Disbursement List was presented for review and payment. Several items were discussed, including well drilling expenses.

On motion by Director Portwood, seconded by Director Crettol, the Board authorized payment of the Accounts Payable as listed on the August 13, 2008 Disbursement List for Semitropic Water Storage District and Semitropic Improvement District. A copy of the Disbursement List is attached hereto as "Exhibit A".

Steve Gair joined the meeting at 12:40 p.m.

Consider Resolution in Support of Comprehensive California Water Bond

Manager Boschman reported that the District recently received a request from the Association of California Water Agencies (ACWA) to join their Board of Directors to support U.S. Sen. Dianne Feinstein and Gov. Arnold Schwarzenegger's \$9.3 Billion water bond for the November 2008 ballot. The request was to adopt a resolution of support and send written confirmation to legislators urging them to process a comprehensive water bond package in time to appear on the November 2008 ballot.

On motion by Director Page, seconded by Director Portwood, the Board approved Resolution No. ST 08-4:

SUPPORT OF A WATER BOND ON THE NOVEMBER 2008 BALLOT

Consider Purchase of Portable Concrete Batch Plant

Manager Boschman reported that due to the high volume of concrete used for various District wells, pipelines and structures, staff was requested to investigate the feasibility of a portable concrete batch plant. It was reported that one 10 yard diesel transporter truck, a portable batch plant with a 10 yard hopper with storage bins, stacking conveyer belt and a dump pit located at the well yard could provide the District flexibility to meet its own demands and actually save the District money. Discussion followed.

The Board requested further investigation including contacting a landowner who previously set up a portable batch plant when building a dairy within the District. This issue will be further discussed at a later date.

Director Fabbri and District legal counsel, Ernest A. Conant joined the meeting at 12:50 p.m.

Consider Authorization to Execute Agreement with SWID (Rampage Vineyard)

District legal counsel, Ernest Conant, stated that the Board previously authorized the Manager to enter into an agreement with Shafter-Wasco Irrigation District (SWID) to transfer and exchange water with Rampage Vineyard. A further agreement is necessary between the Districts to address duties and obligations in implementing the Rampage Agreement, as described at the joint Board meeting of the two districts.

On motion by Director Portwood, seconded by Director Page, the Board authorized the Manager to execute the Agreement with SWID pending final review by legal counsel.

Consider Landowner Request for Contract Water Amendment

District Engineer, Paul Oshel, reported that a District landowner, Rodney Mazingo (on behalf of Doris Mazingo Perez Trust), has requested a transfer of Contract Water from Turnout S102 to Turnout S129. The ground for S102 is being sold to Farmers Coop Almond Huller for a storage yard and will no longer be farmed.

On motion by Director Waterhouse, seconded by Director Crettol, the Board authorized the Water Service Contract Amendment request by Rodney Mazingo on behalf of the Doris Mazingo Perez Trust.

Design/Build Team Construction Update

W.M. Lyle's representative, Rick Amigh, reported on the design and budget development of Phase 2B of the Project, construction schedule and estimated completion date of October 2009. It was also reported that Hanson Pipe anticipates commencing the manufacturing of RCP in August.

Discussion followed on a proposed pilot arsenic treatment facility at the Junction Pumping Plant. This pilot project would be a test to analyze the need and performance of such a treatment facility. Pumpback will be starting soon which would be a good time to conduct the test.

INFORMATIONAL AND UP-DATE ITEMS

Manager Boschman's written report on "District Activity During July 2008" dated August 7, 2008 was accepted for filing. In addition, Manager Boschman presented the following:

Water Supply Update

Manager Boschman reported that the 35% allocation from the State remains the same and the District continues to offer 50% supply for its Contract water users. There is significant concern that in 2009 there will be a very severe water shortage and the DWR Director has even stated that it is anticipated it possibly could be the worst water short year in history in the State.

The District continues to minimize deliveries from the California Aqueduct in order to ease the obligation to return water to Banking Partners later in the year.

Status of Delinquencies

The total amount of Contract Water Delinquencies is \$3,690.83. The accounts include Pablo Prieto - \$1,771.36; Ajit Rangoola - \$1,382.80, and Jessie and Delia Rodriguez - \$536.67.

Banking Project Update

Manager Boschman reported on an upcoming presentation and tour for an Iranian delegation sponsored by the State Department for water resource education and good will purposes.

The Manager also reported on a meeting with Congressman Costa who has called for a meeting of all agencies involved (i.e. CA Fish & Game, US Fish & Wildlife Service, US Bureau of Reclamation and US Army Corps of Engineers) in an attempt to explain Semitropic's Groundwater Banking Project and come to an understanding over environmental issues, the permitting process, Congressional funding and various other issues related to the Project.

Semitropic-Rosamond JPA Activities

It was reported that the Amended and Restated JPA Agreement is ready for signature along with the individual Contribution Agreements and Exhibits. The San Diego County Water Authority Agreement is also ready for signature, at which time a check will be issued to the JPA.

Energy Activities

O & M Superintendent, John Lynch, reported that representatives from EnerNoc ran the engines without turning on the radiator cooling fans which ultimately led to overheating the engines. It will cost approximately \$30,000 to replace the cracked engine heads.

Consultants Reports

It was reported that Matt Constantine, Kern County Environmental Health Department, telephoned John Jones to report the County approval of the Flow Path Wells. Consultants' Reports were submitted for review from John Jones and Bob Reed.

Consulting Engineer's Report:

Mr. Richard Rhone from Bookman-Edmonston, GEI Consultants, Inc. presented the "Consulting Engineers' Report on Projects for Semitropic Water Storage District" for work during July 2008, which was accepted for filing.

Mr. Rhone also reported on engineering activities related to various projects including Groundwater Monitoring, design of the SWSD/SWID Interconnection, 2008-2009 Winter Improvements, Poso Creek IRWMP Grant Programs and construction activities for the P-565 Distribution System.

Legal Counsel

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*)
- b. Conference with legal counsel to discuss anticipated litigation (Gov't Code Section 54956.9(b) – one item)
- c. Conference with Real Property Negotiators (Gov't Code Section 54956.8)
Negotiators: Will Boschman and Rick Wegis
Parties: various landowners
Property: Parcels with Sec. 35, T25S, R23E; Sec. 9, T26, R24; and
Sec. 27, 28, 29, 33, 34, T25, R23
- d. Personnel Matters (Gov't Code Section 54957)

All visitors left the meeting.

At 4:20 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed, including land negotiations and revisions to the Employee Handbook.

On motion by Director Page, seconded by Director Crettol, the Board adopted the revised Employee Handbook.

At 4:25 p.m. the Board entered into Closed Session to discuss personnel matters. Those remaining were the Board, General Manager and Counsel; all others left the meeting.

At 5:00 p.m. the Board reconvened to open session. President Wegis stated that several items were discussed; however, no action was taken.

Adjournment

At 5:00 the meeting was adjourned by President Wegis until Wednesday, August 27, 2008 at 12:30 p.m. at the District office to continue the business of the District.

James A. Crettol, Secretary

APPROVED:

Fredrick A. Wegis, President