

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 Thursday  
December 10, 2009

The regular meeting of the Board of Directors was called to order by President Wegis on Thursday, December 10, 2009, 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 and Fredrick Wegis;

Directors Absent: Dan Waterhouse;

Others Present: General Manager, Will Boschman;  
District Engineer, Paul Oshel;  
District Superintendent, John Lynch;  
District's Controller, John Wooner;  
District's Accountant, Judy Burns;  
District's Exec. Secretary, Marsha Payne;  
District's Legal Counsel, Scott Kuney;  
District's Consulting Engineers, Bookman-Edmonston, GEI Consultants, Inc., represented by Dick Rhone;  
W.M. Lyles Representatives, Rick Amigh & Brad Zeimet;  
District Consultant, John Jones;  
Chris Martin, Representing AECOM; and  
Steve Gair, Representing Wingate Realty.

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

**Approval of Agenda**

The Agenda was reviewed and unanimously approved as posted on motion by Director Tracy, seconded by Director Crettol.

## **ACTION ITEMS**

### **Minutes**

On motion by Director Portwood, seconded by Director Crettol, the Minutes of the Regular Meeting on November 16, 2009 were approved as presented.

### **Treasurer's Report**

The Treasure's Report for November 2009 was presented for review along with the cash flow chart and financial statements. The Treasurer, Director Waterhouse, was not available to review the Treasure's Report and therefore, it will be presented for approval next month.

District's Controller, John Wooner, reported that the Wells Fargo Line of Credit was partially drawn and paid back as a trial for the \$5 Million Line of Credit which will be renewed and available on January 1, 2010.

### **Accounts Payable**

The Cash Disbursement List was presented for review and payment. Several items were discussed, including water testing expenses, weed control on fallow lands, legal fees related to well drilling issues and rebate liability on refunding the 2008A Bonds.

On motion by Director Portwood, seconded by Director Crettol, the Board authorized payment of the Accounts Payable as listed on the December 10, 2009 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 Extension of 1990 Semitropic Demonstration Agreement with DWR**

Manager Boschman reported that earlier this year, the District received a request from the State Department of Water Resources (DWR) to sign an extension of the 1990 Demonstration Agreement. The Manager requested a meeting which was held in Sacramento to discuss and resolve some issues with the extension.

DWR recently submitted an amended extension agreement for signature which states that an agreement has been reached that any extraction by entitlement exchange of any groundwater remaining in the 1990 Demonstration Program after December 31, 2010, will occur subject to Semitropic's scheduling available in a fashion mutually agreeable to Semitropic, KCWA, other Semitropic groundwater banking partners, and the Department of Water Resources. The Manager recommended that the extension be signed and extend the contract.

On motion by Director Portwood, seconded by Director Tracy, the Board authorized execution of the 1990 Semitropic Demonstration Agreement with DWR to extend the contract until December 31, 2020.

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

W.M. Lyle's representative, Rick Amigh, reported on the status of the SWRU Phase 2 project. There are currently 4 outstanding water service agreements and 5 outstanding easements related to System X. The Cal Trans permits have been received which allows construction to proceed with the pipeline under Hwy. 46 and overhead electrical crossings.

Brad Zeimet introduced Chris Martin from AECOM who outlined the conceptual design of the arsenic treatment facility. Mr. Zeimet and Mr. Martin then made a brief presentation on the Raw Water Processing Plant and described the current facility and its operation. The District received the 2009 Excellence Award from the So. San Joaquin Branch of the American Society of Civil Engineers (ASCE). A plaque was presented to the Board.

Mr. Martin left the meeting at 1:25 p.m.

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

Manager Boschman's written report on "District Activity During November 2009" dated December 4, 2009 was accepted for filing. In addition, Manager Boschman presented the following:

### **Water Supply Update**

Manager Boschman reported that the State issued its first Table A allocation for 2010 at a State Water Project historical low for this time of year at 5%. The announcement generated a lot of "buzz" at the ACWA Conference last week in San Diego.

### **Status of Delinquencies**

The total amount of Contract Delinquencies is \$6,426.35. The accounts are: Jessie & Delia Rodriguez - \$775.59, Guadalupe Tinejero - \$585.20 and Sang Hwa Yi - \$5,065.56.

### **Banking Project Update**

Manager Boschman reported that the City of Tracy has requested that a draft Banking Contract be finalized for execution. In 2008, Tracy entered into a Demonstration Agreement with the District on a contract for \$3,500/AF based on the original program. After a successful Demonstration, negotiations began for a Banking Contract which the Manager stated is essentially ready for final review and signature and recommended Board authorization.

On motion by Directors Portwood, seconded by Director Fabbri, the Board authorized the General Manager to execute a Banking Contract with the City of Tracy subject to minor edits and final legal review.

### **Poso Creek IRWMP**

District Engineer, Paul Oshel, reported that the Poso Creek IRWMP held a joint meeting in November with the Kern County IRWMP Group to discuss effective integration/coordination of the two groups. Each group submitted to DWR an analysis of benefits and limitations to either merge the groups or continue separate operations. Since that time, DWR released its final RAP results indicating that the Poso Creek IRWMP Group will remain separate from the Kern Group.

### **Office Addition**

Staff Engineer, Craig Wallace, reported that the office addition has had some construction delays but is continuing to make progress. It is anticipated that by mid-December the Engineering staff can move to their new offices and remodel work can commence on the existing offices and additional conference room.

### **Consultant's Reports**

District consultant, John Jones, reported that he has been working on acquiring well drilling permits from the County, overseeing maintenance on Distract owned lands to meet State environmental requirements and overseeing well drilling operations.

### **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 November 2009, which was accepted for filing.

Mr. Rhone also reported on engineering activities related to the Groundwater Modeling Project, responding to requests for information regarding the SWRU HCP, implementation of the grants received by Semitropic and Semitropic-Rosamond Water Bank Authority and construction management on projects that GEI is overseeing for the District.

Also discussed was a letter drafted to Cascade Pump regarding the potential assessment of liquidated damages due to failure to complete WB-217 Furnish Pump and Motor Units by the project completion date of August 7, 2009.

**Closed Session**

At 2:10 p.m. the District's legal counsel, Scott Kuney, 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 3:15 p.m. the Board reconvened to open session. President Wegis stated that Several items were discussed, including the contract with Redfeairn, Inc.; the legal case with California Groundwater Assn.; and a Services Agreement between Semitropic and the Authority.

On motion by Director Crettol, seconded by Director Portwood, the Board approved an amendment to the Agreement with Redfeairn, Inc.

On motion by Director Crettol, seconded by Director Portwood, the Board approved execution of a Services Agreement between Semitropic and the Authority, pending final staff and legal review.

At 3:15 p.m. the meeting was adjourned by President Wegis until Wednesday, December 23, 2009 at 12:30 p.m. at the District office to continue the business of the District.

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Todd Tracy, Secretary

APPROVED:

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Fredrick A. Wegis, President