

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 9:00 a.m. on Monday
November 16, 2009

The regular meeting of the Board of Directors was called to order by President Wegis on Monday, November 16, 2009, at 9:00 a.m., at the offices of the District, 1101 Central Avenue, Wasco, California. Those in attendance included:

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

Directors Absent: Jeff Fabbri and Todd Tracy;

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;
District's Legal Counsel, Ernest Conant;
District's Consulting Engineers, Bookman-Edmonston, GEI
Consultants, Inc., represented by Dick Rhone;
W.M. Lyles Representative, Brad Zeimet;
District Consultant, John Jones;
No. Kern Water Storage District Representative, Dana Munn;
ACDF, LLC Representative, Devin Aviles;
and Steve Gair, Representing Wingate Realty.

President Wegis welcomed all guests and let the flag salute.

Approval of Agenda

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

ACTION ITEMS

Minutes

On motion by Director Waterhouse, seconded by Director Portwood, the Minutes of the Regular Meeting on October 14 and the Special Meeting on October 20, 2009 were approved as presented.

Treasurer's Report

The Treasure's Report for October 2009 was presented for review and approval along with the cash flow chart and financial statements.

On motion by Director Waterhouse, seconded by Director Crettol, the Treasure's Reports for Semitropic Water Storage District and Semitropic Improvement District for October 2009 were approved as presented.

Accounts Payable

The Cash Disbursement List was presented for review and payment. Several items were discussed, including environmental consultants, replacement costs for stolen solar panels, Holtermann crop damage settlement, well rig repair items, bond consultants as well as the costs for arsenic removal by W.M. Lyles. Further discussion followed on raw water treatment and the reimbursement agreement with the Banking Partners, namely Metropolitan Water District.

On motion by Director Crettol, seconded by Director Waterhouse, the Board authorized payment of the Accounts Payable as listed on the November 16, 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 Resolution for Filing Delinquent Tolls and Charges

Manager Boschman stated that this is the time to adopt a resolution to start the process for Ordering Filing of Delinquent Tolls and Charges for Water Year 2009.

On motion by Director Portwood, seconded by Director Waterhouse, the Board adopted Resolutions No. BW 09-6 and PP 09-6:

ORDER THE FILING OF DELINQUENT
TOLLS AND CHARGES (WATER YEAR 2009)

Consider Resolutions to Adopt Annual Investment and Reserve Policies

District Controller, John Wooner, reported that the District's Annual Investment and Reserve Policies have been review and it appears that it is the same as last year and no changes are necessary.

On motion by Director Waterhouse, seconded by Director Portwood, the Board adopted Resolution No. ST 09-7:

ADOPTING AN ANNUAL INVESTMENT POLICY
FOR THE
SEMITROPIC WATER STORAGE DISTRICT

On motion by Director Waterhouse, seconded by Director Portwood, the Board adopted Resolution No. ST 09-8:

ADOPTING AN ANNUAL RESERVE POLICY
FOR THE
SEMITROPIC WATER STORAGE DISTRICT

Consider Extension of Bookland Farms Lease

Manager Boschman reported that Ted Page of Bookland Farms recently requested an extension of a lease on District-owned property where he has been farming for a number of years. Mr. Page left the meeting during discussion and action of this item.

The Manager reported that the request was for extension of the lease until the end of the next crop season which is September 30, 2010. Discussion followed regarding Bookland using District owned wells for a water supply. Bookland will not be using District owned wells, instead they will pay the equivalent of contract water and the cost of running the wells

On motion by Director Waterhouse, seconded by Director Portwood, the Board approved a one year extension on the lease agreement for Bookland Farms which includes higher water charges for 2010.

Design/Build Team Construction Update

W.M. Lyle's representative, Brad Zeimet, reported on the status of the SWRU Phase 2 project. Although construction is still on hold, contacts have resumed in an effort to secure landowner contracts and water service agreements, as well as rights-of-way and easements.

The Raw Water Processing Plant modifications were completed and the plant started up in mid-October. On November 3rd, AECOM will receive the 2009 Excellence Award from the local ASCE chapter for the design of the SWRU Raw Water Processing Plant.

TO FIX THE SERVICE CHARGE AND
ADDITIONAL WATER USE CHARGE
FOR SURFACE WATER SERVICE FOR 2010

President Wegis called the hearing to order at 10:00 a.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 2010 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 2010.

It was noted that there were no guests present regarding hearing matters; however, one comment had been received by the District. One landowner raised issues on the water crisis, high utility rates and matters relating to the Kern Water Bank. The Board recommended staff address these issues with the landowner in writing and if requested, a face-to-face meeting.

Hearing no other comments or objections, the Board proceeded with fixing the charges for 2010. 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 30, 2009”, 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 2010, 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 2010 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 16, 2009 Public Hearing Fixing 2010 Contract Water Charges”, which is attached hereto as “Exhibit D”.

The following resolutions were presented for Board’s consideration.

On motion by Director Waterhouse, seconded by Director Page, Resolution Nos. BW 09-7 and PP 09-7 were adopted:

RESOLUTION FIXING SURFACE WATER SERVICE AREA SERVICE
CHARGE AND ADDITIONAL WATER USE CHARGE FOR 2010

The Public Hearing closed at 10:15 p.m., and the Board reconvened to regular session.

INFORMATIONAL AND UP-DATE ITEMS

Manager Boschman's written report on "District Activity During October 2009" dated November 10, 2009 was accepted for filing. In addition, Manager Boschman presented the following:

Water Supply Update

Manager Boschman reported that the State is still indicating its initial allocation for 2010 may be around 10 to 15 percent. Discussion followed on a presentation from Kern County Water Agency on the Delta Conveyance Analysis of Water Supply & Costs. Various options are being considered including 1) a large peripheral canal around the Delta, or 2) a large tunnel under the Delta. Either scenario would take years to design and build and would ultimately be very costly.

Status of Delinquencies

The total amount of Contract Delinquencies is \$9,372.19. The accounts are: Ayala Orchards, Inc. - \$1,531.46, McCaslin Farms - \$775.55, Jessie & Delia Rodriguez - \$775.59, Jimi Valov - \$1,224.03 and Sang Hwa Yi - \$5,065.56.

Banking Project Update

Manager Boschman reported that the Semitropic website has been updated and walked the Board thru various website locations, including the allocation of banking capacity under the Groundwater Banking section. The website now holds a lot of general information on the District's operations that interested parties can easily access.

Semitropic-Rosamond JPA Activities

The Manager reported that work continues on the preparations and preliminary work to receive the funds from the \$5 M Grant for construction of a portion of the AVWB facilities, including a Turnout on the California Aqueduct.

Various meetings with potential customers are being scheduled during the ACWA Conference in San Diego the first week of December.

Energy Activities

Due to other pressing activities taking place, the solar project has been on hold; however, it is anticipated that negotiations will commence in the near future with representatives from the various proposals received.

Poso Creek IRWMP

District Engineer, Paul Oshel, reported that the Poso Creek IRWMP Group has met with the Kern County IRWMP Group and discussed the possibility of combining the groups as requested by DWR. It is anticipated that there will be further discussions and each group will then submit an analysis of benefits and limitations to either merge the groups or continue separate operations.

Office Addition

Staff Engineer, Craig Wallace, reported that the office addition is coming along quite well and that the Engineering Department may be moving into the new addition in mid-December. At that time, remodel work will commence on the existing offices and additional conference room.

Other

Manager Boschman reported on a recent meeting regarding the Poso Creek Dam Study. Representatives from Semitropic Water Storage District, Cawelo Water District and No. Kern Water Storage District met with R.L. Shaffer for an update on activities relating to the Study. Construction costs have come down and the contingency estimates were set at 50% which is considered to high; therefore, it was decided by the group to request W.M. Lyles to submit updated cost analysis for constructing the Poso Creek Dam with the primary purpose of providing flood water.

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 2009, which was accepted for filing.

Mr. Rhone also reported on engineering activities related to the Groundwater Modeling Project, participation in the Semitropic Monitoring Committee meeting, 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.

Consultant's Reports

District consultant, John Jones, reported on various activities he is working on for the District including discussions with Burlington-Northern and Santa Fe to secure right-of-way easements for the SWRU Phase 2, water well video camera and working with the environmental contractor on disking District owned property. After some discussion regarding unauthorized people on District property, the Board requested that Mr. Jones post "No Trespassing" signs on District owned properties at various locations.

Closed Session

At 11:12 a.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 and Scott Kuney joined via conference call.

At 12:15 p.m. the Board reconvened to open session. President Wegis stated that Several items were discussed, including the contract with Utility Cost Management (UCM), the legal case with California Groundwater Assn. and environmental issues; however, no action was taken.

At 12:15 p.m. the meeting was adjourned by President Wegis until Wednesday, December 9, 2009 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