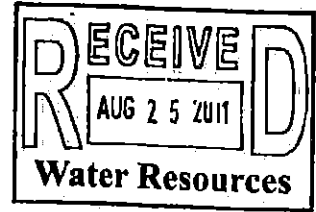


Exhibit I



AGREEMENT No. 122434
CHINO BASIN DESALINATION PROGRAM

CONSOLIDATED LOCAL RESOURCES PROGRAM AGREEMENT AMONG
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
WESTERN MUNICIPAL WATER DISTRICT, INLAND EMPIRE UTILITIES AGENCY,
AND CHINO BASIN DESALTER AUTHORITY

AGREEMENT No. 122434
CHINO BASIN DESALINATION PROGRAM

CONSOLIDATED LOCAL RESOURCES PROGRAM AGREEMENT AMONG
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
WESTERN MUNICIPAL WATER DISTRICT, INLAND EMPIRE UTILITIES AGENCY,
AND CHINO BASIN DESALTER AUTHORITY

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AGREEMENT No. 122434
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CONSOLIDATED LOCAL RESOURCES PROGRAM AGREEMENT AMONG
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,
WESTERN MUNICIPAL WATER DISTRICT, INLAND EMPIRE UTILITIES AGENCY,
AND CHINO BASIN DESALTER AUTHORITY

THIS AGREEMENT is entered into as of July 1, 2011, among The Metropolitan Water District of Southern California (Metropolitan), Western Municipal Water District (Western), Inland Empire Utilities Agency (IEUA), and the Chino Basin Desalter Authority (CDA). The above agencies may be collectively referred to as "Parties" and individually as "Party".

Recitals

- A. Metropolitan was incorporated under the Metropolitan Water District Act ("Act") for the purpose of developing, storing, and distributing water for domestic and municipal purposes;
- B. The Act empowers Metropolitan to acquire water and water rights within or without the State; develop, store and transport water; provide, sell and deliver water at wholesale for domestic and municipal uses and purposes; fix water rates, acquire, construct, operate and maintain any and all works, facilities, improvements and property necessary or convenient to the exercise of the powers granted by the Act;
- C. Western and IEUA, as member public agencies of Metropolitan under the Act, are wholesale purchasers within their service area of water developed, stored, and distributed by Metropolitan;
- D. CDA is a California Joint Powers Agency comprised of Western, IEUA, the Jurupa Community Services District, the Santa Ana River Water Company and the cities of Chino, Chino Hills, Norco and Ontario. CDA was formed by these entities pursuant to the Joint Exercise of Powers Agreement creating the Chino Basin Desalter Authority, dated as of September 25, 2001 and as amended;
- E. Metropolitan's water supply and demand projections for its service area, including that encompassed by Western and IEUA, show that additional sources of water must be developed to meet future needs;
- F. Metropolitan has established the Local Resources Program (LRP) to provide financial assistance for water recycling and groundwater recovery projects that reduce demand on Metropolitan's imported water supplies;

- G. Metropolitan, Western, IEUA and CDA have determined that it is mutually beneficial for local projects originating in Western's and IEUA's service areas to be developed as a supplement to Metropolitan's imported water supplies in order to meet future water needs;
- H. CDA owns and operates the Chino I Desalter and Chino II Desalter with a current capacity of 24,600 acre-feet per year (AFY). CDA is proposing to expand treatment capacity to 35,200 AFY by constructing additional treatment facilities, new wells, collection and distribution system facilities, pump stations, brine disposal facilities, and other pertinent facilities to deliver water to customers.
- I. The Parties entered into a Groundwater Recovery Program Agreement (GRP Agreement) for the Chino Basin Desalination Program, Phase I on December 7, 1995 as amended on February 21, 2002. Since September 2000, Metropolitan has been providing financial incentives to CDA through IEUA and Western without any issues among the Parties.
- J. The Parties entered into a Groundwater Improvement Program Agreement (GIP Agreement) for the Chino Basin Desalination Program, Phase II on July 1, 2007. Under the GIP Agreement, Metropolitan provided financial incentives to CDA through IEUA and Western for fiscal years 2007/08 and 2008/09. Based on cost reconciliation provisions in the GIP Agreement, CDA owes Metropolitan about \$6,000,000.
- K. The Parties desire to terminate the existing GRP Agreement and GIP Agreement and enter into a new consolidated agreement (Agreement) under the Local Resources Program (LRP) including the existing GRP and GIP projects in this LRP agreement for the expansion facilities.
- L. This Agreement will help Metropolitan recover the amount owed from CDA, simplifies the administration of these projects by eliminating annual cost reconciliation, and provides financial support for the development of expansion facilities.
- M. Metropolitan desires to assist in increasing production and distribution of Recovered Groundwater water by providing a financial incentive to CDA to implement the Project;
- N. Western, IEUA, and CDA believe that Metropolitan's continued financial contribution toward the cost of the Project will make Project operation economically viable, and is committed to implementation of the Project;
- O. Western and IEUA desire to participate in and affirmatively support the Project by transferring to CDA the financial incentive that it receives from Metropolitan;

NOW, THEREFORE, in consideration of the promises and covenants set forth herein, the Parties do agree as follows:

Section 1. Definitions

The following words and terms, unless otherwise expressly defined in their context, shall be defined to mean:

- 1.1. "Allowable Yield" shall mean the amount of Recovered Groundwater that is delivered to End User by CDA from the Project in any Fiscal Year that is eligible to receive Metropolitan's financial assistance. Allowable Yield, measured in acre-feet, shall not exceed Ultimate Yield and shall exclude any Recovered Groundwater Metropolitan reasonably determines will not reduce Western or IEUA's demand for Metropolitan's imported water. Allowable Yield shall only include Recovered Groundwater produced by the Project. Unless otherwise approved by Metropolitan in writing, Allowable Yield shall exclude: (1) groundwater production from Metropolitan's existing and future storage accounts; (2) groundwater production from recycled water accounts; (3) Any non-Project water conveyed through the Project facilities; and (4) Allowable Yield from other projects with active or terminated LRP, GRP, or Local Projects Program agreements. Allowable Yield shall be calculated based on methodology outlined in Exhibit C, attached hereto and incorporated herein by this reference.
- 1.2. "End User" shall mean each user that purchases Recovered Groundwater furnished by the Project, unless otherwise approved by Metropolitan.
- 1.3. "LRP Contribution" shall mean the financial contribution in dollars per acre-foot Metropolitan pays for Allowable Yield to CDA through Western and IEUA for monthly billing purposes and shall be equal to \$139 per acre-foot. LRP Contribution shall be reduced by 0.000071 cents per each one dollar in grants above \$27,800,000 that Western, IEUA, or CDA receives toward the Project's construction and/or operation and maintenance costs. Such grants include, but not limited to, grants provided by the U.S. Bureau of Reclamation and funding or by private parties.
- 1.4. "Fiscal Year" shall mean Metropolitan Fiscal Year that begins on July 1 and ends on June 30.
- 1.5. "Project" shall mean the Chino Basin Desalination Program being developed by CDA, as described in Exhibit A and incorporated herein by reference, consisting of existing and future treatment facilities, wells, and pipelines, capable of producing and distributing the Allowable Yield. CDA shall notify Metropolitan prior to making any Project changes that require new environmental documentation other than addendum to the existing environmental documentation. After reviewing the proposed change and associated environmental documentation, Metropolitan shall inform Western, IEUA, and CDA of Metropolitan's decision to include or exclude the Project change to this Agreement.
- 1.6. "Recovered Groundwater" shall mean all treated groundwater, which subject to regulatory requirements, is suitable for beneficial uses.

- 1.7. "Ultimate Yield" is established as 35,200 acre-feet per Fiscal Year and is subject to reduction provisions outlined in Exhibit B, incorporated herein by this reference.

Section 2. Representations Warranties

- 2.1. CDA warrants that the Project will continue to increase groundwater production for potable uses from the Chino Groundwater Basin and improve regional water supply reliability.
- 2.2. CDA warrants that it is able and has a right to utilize and distribute Allowable Yield.
- 2.3. CDA warrants that neither it nor any of its agents discriminate against employees or against any applicant for employment because of ancestry, creed, religion, age, sex, color, national origin, denial of family and medical care leave, marital status, medical condition, mental or physical disability (including HIV and AIDS), and further warrants that it requires all contractors and consultants performing work on the Project to comply with all laws and regulations prohibiting discrimination against employees or against any applicant for employment because of ancestry, creed, religion, age, sex, color, national origin, denial of family and medical care leave, marital status, medical condition, mental or physical disability (including HIV and AIDS).
- 2.4. CDA warrants that it has or will comply with the provisions of the California Environmental Quality Act for each and all components of the Project facilities.
- 2.5. CDA shall notify Metropolitan prior to making any Project changes that require new environmental documentation other than addendum to the existing environmental documentation. After reviewing the proposed change and associated environmental documentation, Metropolitan shall inform Western, IEUA, and CDA of Metropolitan's decision to include or exclude the Project change to this Agreement.

Section 3. Ownership and Responsibilities

- 3.1. CDA shall be the sole owner of Project facilities. Metropolitan shall have no ownership right, title, security interest or other interest in the Project facilities.
- 3.2. CDA shall be solely responsible for all design, environmental documentation, right-of-way acquisitions, permits, construction, and cost of the Project and all modifications thereof.
- 3.3. CDA shall be solely responsible for operating and maintaining the Project in accordance with all applicable local, State, and federal laws. Metropolitan shall have no rights, duties or responsibilities for operation and maintenance of the Project.
- 3.4. CDA shall install, operate and maintain metering devices for the purpose of measuring the quantity of Allowable Yield delivered to its distribution system.

- 3.5. CDA shall, at all times during the term of this Agreement, use its best efforts to operate or cause the Project facilities to be operated to maximize Allowable Yield on a sustained basis.
- 3.6. CDA shall notify and provide Metropolitan with a copy of relevant agreements if CDA decides to convey non-Project water using Project facilities or convey water to any party that is not the End User.

Section 4. Invoicing Process

- 4.1. CDA shall invoice Metropolitan monthly for the LRP Contribution based upon the Allowable Yield delivered to End Users during the previous month. The invoice shall quantify amount of Allowable Yield certified to Western and IEUA. Allowable Yield shall be calculated based on methodology outlined in Exhibit C. After receiving CDA's invoice, Metropolitan shall include a credit equal to CDA's invoice amount on the next monthly water service invoice issued to Western and IEUA in accordance with Metropolitan's Administrative Code.
- 4.3. Pursuant to Metropolitan's Administrative Code, invoices for LRP Contribution must be received by Metropolitan before 3:30 p.m. on the third working day after the end of the month to receive credit for any preceding month on the next monthly water service invoices issued to IEUA and Western. Metropolitan will not pay for any invoiced LRP Contribution received more than six months following the end of any month in which a credit is claimed.
- 4.4. Upon receiving Metropolitan's invoice, Western and IEUA shall include the full amount of the credit received from Metropolitan pursuant to Section 4.1 as credit on its next water service invoice to CDA. Western and IEUA may choose to pay CDA with a legally accepted banking transaction.
- 4.5. Metropolitan has entered into other agreements with Western or IEUA for development of local water resource projects. Each agreement contains specific terms and conditions to determine project yield, payment process, and project performance and any adjustments to contractual yield and incentive payments. Unless approved in writing by Metropolitan, these agreements are independent from each other and, therefore, yield produced under one agreement shall not be used to fulfill performance requirements under any other agreement. These provisions shall also apply to all future incentive agreements between Metropolitan and Western and Metropolitan and IEUA.

Section 5. Production Assessment

- 5.1. By December 31 of each year, CDA shall provide Metropolitan with the following reconciliation data for the previous Fiscal Year: (a) records of Recovered Water and Allowable Yield and (b) a copy of the Chino Basin Watermaster Annual Report or Annual Assessment Package.

- 5.2. If the assessment data is not submitted by December 31 in accordance with Section 5.1, Metropolitan will assess CDA a late penalty charge as prescribed in Metropolitan's Administrative Code, currently set forth in Section 4507 (l) at \$2,500. Metropolitan may suspend its payments of CDA's monthly invoices if CDA fails to provide assessment data by the ensuing April 1. During the suspension period, CDA shall continue to send monthly invoices to Metropolitan for the Allowable Yield for water accounting purposes. Metropolitan will resume payment of CDA's monthly invoices once complete data is received and the corresponding assessment is complete pursuant to Section 5.3. In the event CDA fails to provide reconciliation data by December 31 of the following Fiscal Year, which is 18 months after the end of the Fiscal Year for which an assessment is required, this Agreement shall automatically terminate without notice or action by any Party and CDA shall repay to Metropolitan within 90 days of termination all monthly LRP Contribution payments for which no assessment data was provided.
- 5.3. Within 180 days after Metropolitan receives complete data from CDA, pursuant to Section 5.1, Metropolitan shall conduct a production assessment, calculate the Allowable Yield for the Fiscal Year and the annual LRP Contribution payment for the Fiscal Year and apply it retroactively. An adjustment shall be computed by Metropolitan for over- or under-payment for the Allowable Yield and included in the next billing issued to Western and/or IEUA. Payments shall be made according to Metropolitan's Administrative Code.

Section 6. Record Keeping and Audit

- 6.1 CDA shall establish and maintain accounting records of brine disposal, Recovered Groundwater deliveries from the Project, and Allowable Yield. In addition, CDA shall collect and retain records of the total annual amount of water conveyed outside of CDA's service area using Project facilities. Accounting for the Project shall utilize generally accepted accounting practices and be consistent with the terms of this Agreement.
- 6.2. CDA shall establish and maintain accounting records of all contributions including grants that offset eligible Project capital costs, operation and maintenance costs, and/or replacement costs, as outlined in Section 1.3.
- 6.3. Metropolitan shall have the right to audit grants and Project groundwater production and related water accounting records specified in Section 6.1 and 6.2 for a period of three Fiscal Years following termination of this Agreement. Metropolitan may elect to have such audits conducted by its staff or by others, including independent accountants or engineers, as designated by Metropolitan or its designee. Upon 30 days advance notice, CDA shall make available to the auditor all records, books and other documents related to the determination of Allowable Yield. Based on the results of any independent audit, an adjustment for over- or under-payment for Allowable Yield for each applicable Fiscal Year shall be paid by Metropolitan or CDA within one year of conclusion of audit.

Section 7. Rate Structure Integrity

- 7.1. CDA, Western, and IEUA agree and understand that Metropolitan's rate structure, as of January 1, 2004, ("Existing Rate Structure") provides the revenue necessary to support the development of new water supplies by local agencies through incentive payments in the Local Resources Program (LRP), Conservation Credits Program (CCP), and the Seawater Desalination Program (SDP). In particular, the Water Stewardship Rate is the component of Existing Rate Structure that provides revenue for the LRP, CCP and SDP. Further, CDA, Western, and IEUA acknowledge that Existing Rate Structure and all components within that rate structure were developed with extensive public input and member agency participation, and that the elements of Existing Rate Structure have been properly adopted in accordance with Metropolitan's rules and regulations.
- 7.2. (a) CDA, Western, and IEUA agree that Metropolitan's rates set under the Existing Rate Structure may be reset throughout the term of this Agreement to account for the cost of service, and that CDA, Western, and IEUA will address any and all future issues, concerns and disputes relating to Existing Rate Structure, through administrative opportunities available to them pursuant to Metropolitan's public board process. As such, CDA, Western, and IEUA agree if they file or participate in litigation or support legislation to challenge or modify Existing Rate Structure, including changes in overall rates and charges that are consistent with the current cost-of-service methodology, Metropolitan may initiate termination of this Agreement consistent with Section 7.4. below. Metropolitan agrees that any change in Existing Rate Structure, including changes in cost-of-service philosophy or methodology would be enacted only after collaboration and discussion with its member public agencies, and Metropolitan's public board review and approval process.
- (b) Notwithstanding the foregoing, CDA, Western, and IEUA retain the right to file and/or participate in litigation and/or to support legislation without triggering the termination of this Agreement if there are material changes to Existing Rate Structure or changes in cost-of-service methodology used to set rates by future Metropolitan board action. CDA, Western, and IEUA also retain the right to file and/or support litigation should Metropolitan, in setting rates under Existing Rate Structure, fail to comply with public notice, open meeting, or other legal requirements associated with the process of setting water rates and related taxes, fees, and charges. CDA, Western, and IEUA agree that they will not file or participate in litigation, nor will they support legislation affecting Metropolitan's rate structure after any such change in rate structure or violation of the law regarding rate setting processes until, and unless, they have exhausted all administrative opportunities available to them pursuant to Metropolitan's public board process.

- 7.3. CDA, Western, and IEUA agree that all users of the Metropolitan conveyance and distribution system should support the LRP, CCP, and SDP, that such projects provide benefits to Metropolitan and the users of the system by making existing distribution and conveyance capacity available for additional delivery, and that under Existing Rate Structure, the Water Stewardship Rate is an element of charges properly adopted by the Metropolitan Board and properly applied to water wheeled through the Metropolitan conveyance and distribution system.
- 7.4. Should CDA, Western, or IEUA file or support litigation, or sponsor or support legislation, that would challenge or be adverse to Existing Rate Structure, as described in Paragraph (a) of Section 7.2., Metropolitan's General Manager may file a 90-day notice of intent to terminate this Agreement with Metropolitan's Executive Secretary, with copies to all members of Metropolitan's Board of Directors, and contemporaneously provide CDA, Western, and IEUA with a copy of the notice. Within 30 days of receipt of such notice, CDA, Western, and IEUA shall have the right to request, in writing, mediation of the dispute by a neutral third party with expertise in finance and rate setting. The mediator shall be selected by agreement of the Parties, or failing agreement within 60 days of such request for mediation, a mediator shall be selected by the Metropolitan Board of Directors from a list of at least four candidates, one each from CDA, Western, and IEUA, and two of which will be supplied by Metropolitan's General Manager. The cost of the mediation shall be borne equally by the Parties. The request for mediation shall also serve to stay the 90-day notice of intent to terminate, but for no more than 90 days beyond the filing of the notice of request for mediation, unless otherwise agreed in writing by the Parties. If mediation does not result in an agreement acceptable to each party to this Agreement within the time provided herein, the notice of intent to terminate shall be reinstated. The Metropolitan Board of Directors shall act to approve or disapprove termination of this Agreement, and all of Metropolitan's obligations hereunder shall terminate if approved, on or before the ninetieth day following filing of the notice to terminate or, if mediation has been requested as described above, the ninetieth day following the request for mediation (or other date agreed in writing by the Parties.)
- 7.5. Metropolitan, CDA, Western, and IEUA agree that should litigation or legislation brought forth or sponsored by third parties result in changes to Existing Rate Structure, this Agreement will continue in effect unless mutually agreed in writing by the parties.
- 7.6. Should Metropolitan and its member agencies agree on an alternative rate and revenue structure that obviates the need for this section on Rate Structure Integrity, this Section shall be amended or deleted to conform to such action.
- 7.7. Notwithstanding the foregoing, Metropolitan shall have no power or authority under this Section to terminate this Agreement, and Metropolitan's General Manager shall not file a 90-day notice of intent to terminate this Agreement, if Western and/or IEUA (but not CDA) file(s) or participate(s) in any litigation or supporting legislation to challenge or modify Existing Rate Structure, but the CDA transmits a writing to Metropolitan's General Manager within thirty (30) days of request therefore from Metropolitan, stating that CDA has not participated directly or indirectly in the filing or prosecution of any

litigation or the drafting or advocacy of any legislation to challenge or modify Existing Rate Structure, and indicates support for Existing Rate Structure.

Section 8. Term, Amendments, and Termination

- 8.1. The Agreement shall commence on the date first herein written and terminate twenty (20) years thereafter. The provisions regarding audit shall remain in effect until three full Fiscal Years after the termination of the Agreement.
- 8.2. This Agreement may be amended at any time by the written mutual agreement of the Parties.
- 8.3. In addition to the automatic termination provided for in Section 5.2, Metropolitan may terminate this Agreement, upon thirty (30) days notice to CDA, Western, and IEUA on the occurrence of one the following:
- a. A material breach of this Agreement by any Party other than Metropolitan; or
 - b. Payments are not required to be made under this Agreement by Metropolitan to CDA for a five-consecutive-year period subsequent to initiation of Project operations.
- 8.4. Effective six (6) months after written notice to the Parties, this Agreement shall terminate with regard to all Parties upon the occurrence of the two events described in Subsection 8.4(a.) and Subsection 8.4(b.):
- a. Metropolitan determines that it will no longer:
 - i. Provide incentives or other financial support to its member agencies for seawater desalination, water recycling, or groundwater recovery projects through the Local Resources Program, Seawater Desalination Program, or similar programs; or
 - ii. Utilize the Water Stewardship Rate or a similar charge to fund the Local Resources Program, Seawater Desalination Program, or other similar programs; or
 - iii. Include the Water Stewardship Rate as a charge for all water conveyed on the system; and
 - b. A member of the Western or IEUA delegations to the Board of Directors of the Metropolitan Water District of Southern California votes in favor of the determination described in Subsection 8.4(a.).
- 8.5. The termination provisions of Section 8.4 shall remain in effect only so long as all Metropolitan Local Resources Program, Seawater Desalination Program, or similar program agreements approved by Metropolitan's Board of Directors after November 10, 2009 contain termination provisions materially in accord with Section 8.4 of this Agreement.

Section 9. Hold Harmless and Liability

- 9.1. CDA agrees at its sole cost and expense to protect, indemnify, defend, and hold harmless Metropolitan and its Board of Directors, officers, representatives, agents and employees from and against any and all claims and liability of any kind (including, but not limited to, any claims or liability for injury or death to any person, damage to property, natural resources or the environment, or water quality problems) that arise out of or relate to CDA's approval, construction, operation, repair or ownership of the Project, including any use, sale, exchange or distribution of Project water. Such indemnity shall include all damages and losses related to any claim made, whether or not a court action is filed, and shall include attorney fees, administrative and overhead costs, engineering and consulting fees and all other costs related to or arising out of such claim of liability.
- 9.2. CDA shall include the following language in its agreement with any consultant or contractor retained by CDA to work on the Project: "(Consultant) agrees at its sole cost and expense to protect, indemnify, defend, and hold harmless Metropolitan and its Board of Directors, officers, representatives, agents and employees from and against any and all claims and liability of any kind (including, but not limited to, any claims or liability for injury or death to any person, damage to property, natural resources or to the environment, or water quality problems) that arise out of or relate to CDA's approval, construction, operation, repair or ownership of the Project, including the use, sale, exchange or distribution of Project water. Such indemnity shall include all damages and losses related to any claim made, whether or not a court action is filed, and shall include attorney's fees, administrative and overhead costs, engineering and consulting fees and all other costs related to or arising out of such claim or liability."

Section 10. Notice

Any notice, payment or instrument required or permitted to be given hereunder shall be deemed received upon personal delivery or 24 hours after deposit in any United States post office, first class postage prepaid and addressed to the Party for whom intended, as follows:

If to Metropolitan:

The Metropolitan Water District of Southern California
Post Office Box 54153
Los Angeles, CA 90054-0153
Attention: Manager, Water Resource Management

If to Western:

Western Municipal Water District
14205 Meridian Parkway
Riverside, CA 92518
Attention: Director of Water Resources

If to IEUA:

Inland Empire Utilities Agency
6075 Kimball Avenue
Chino, CA 91708
Attention: General Manager

If to CDA:

Chino Basin Desalter Authority
2151 South Haven, Suite 202
Ontario, CA 91761
Attention: General Manager

Any Party may change such address by notice given to each of the other Parties as provided in this section.

Section 11. Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Parties hereto. This Agreement and any portion thereof shall not be assigned or transferred to any entity not an original Party to this Agreement, nor shall any of the duties be delegated, without the express written consent of all the Parties. Any attempt to assign or delegate this Agreement or any of the obligations or benefits of this Agreement without the express written consent of all Parties shall be void and of no force or effect.

Section 12. Severability

The partial or total invalidity of one or more sections of this Agreement shall not affect the validity of this Agreement.

Section 13. Integration

This Agreement comprises the entire integrated understanding between the Parties concerning the Project, and supersedes all prior negotiations, representations, or agreements.

Section 14. Governing Law

The law governing this Agreement shall be the laws of the state of California and the venue of any action brought hereunder shall be in Los Angeles County, California.

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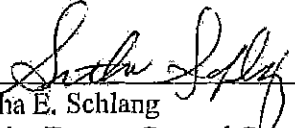
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement effective as of the date first hereinabove written.

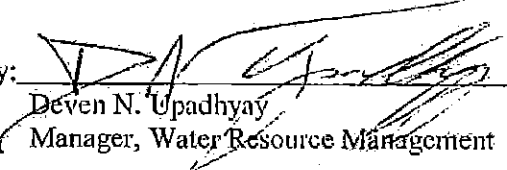
APPROVED AS TO FORM:

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Marcia L. Scully
Acting General Counsel

Jeffrey Kightlinger
General Manager

By: 
Setha E. Schlang
Senior Deputy General Counsel


By: 
Deven N. Upadhyay
Manager, Water Resource Management

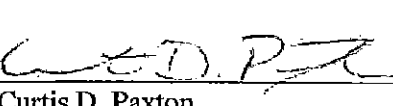
Date: 8/9/11

Date: 8/17/11

APPROVED AS TO FORM:

CHINO BASIN DESALTER AUTHORITY

By: 
Allison Burns
General Counsel

By: 
Curtis D. Paxton
General Manager

Date: 08/04/2011

Date: 08/04/2011

APPROVED AS TO FORM:

INLAND EMPIRE UTILITIES AGENCY

By: _____
Jean Cihigoyenetché
General Counsel

By: _____
Thomas A. Love
General Manager

Date: _____

Date: _____

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement effective as of the date first hereinabove written.

APPROVED AS TO FORM:

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Marcia L. Scully
Acting General Counsel

Jeffrey Kightlinger
General Manager

By: _____
Setha E. Schlang
Senior Deputy General Counsel

By: _____
Deven N. Upadhyay
Manager, Water Resource Management

Date: _____

Date: _____

APPROVED AS TO FORM:

CHINO BASIN DESALTER AUTHORITY

By: _____
Allison Burns
General Counsel

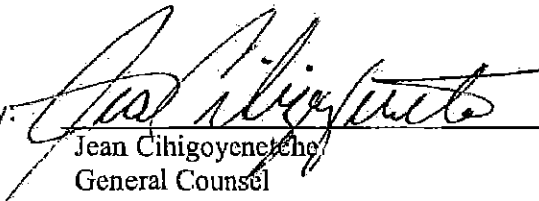
By: _____
Curtis D. Paxton
General Manager

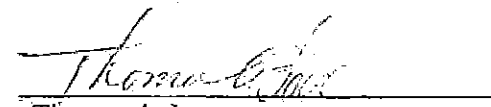
Date: _____

Date: _____

APPROVED AS TO FORM:

INLAND EMPIRE UTILITIES AGENCY

By: 
Jean Cihigoyenctche
General Counsel

By: 
Thomas A. Love
General Manager

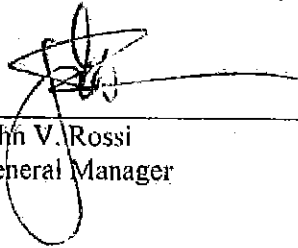
Date: 7/13/11

Date: 7/13/11

APPROVED AS TO FORM:

WESTERN MUNICIPAL WATER DISTRICT

By: John Schatz (Special Counsel)
John Schatz
General Counsel

By: 
John V. Rossi
General Manager

Date: 7/25/2011

Date: 7/26/11

In quadruplet

Exhibit A
Chino Basin Desalination Program
Project Description

Overview

The project includes a series of existing and proposed wells, pumps, pipelines and desalting facilities that will treat brackish water from the Chino Groundwater Basin. The product water will be delivered for potable use to Inland Empire Utilities Agency (IEUA) and Western Municipal Water District's (Western) service area. The project will be owned and operated by the Chino Basin Desalter Authority (CDA).

Project Facilities

The Project is being developed in three Phases. Phases I and II are existing and in operation and Phase III is under consideration. When fully developed, the Project could deliver up to 35,200 acre-feet per year. Below is a description of the project facilities.

Phase I Facilities:

The Chino I Desalter consists of 14 groundwater extraction wells, pipelines to convey raw water to the desalting facilities, pipelines to convey treated water to the existing potable systems, a 14 MGD treatment facility, a 3 million gallon reservoir and 2 booster pumping stations. Figure 1 shows the location of Chino I Desalter facilities.

Phase II Facilities:

The Chino II Desalter consists of 8 groundwater extraction wells pipelines to convey raw water to the desalting facilities, pipelines to convey treated water to the existing potable systems, a 10 MGD treatment facility, a 3 million gallon clearwell, a 5 million gallon storage reservoir, and 3 booster pumping stations. The location of Chino II Desalter facilities is shown on Figure 1.

Proposed Phase III Facilities

The proposed expansion consists of construction new treatment facilities, wells, pump stations and pipelines to increase potable water production from 24,600 AFY to approximately 35,200 AFY. The project consists of installing and operating the following equipment and components: up to six new extraction wells; approximately 22,500 feet of new pipelines to deliver the raw water to the Chino I Desalter and Chino II Desalter; new treatment facilities at the Chino Desalter II to treat the additional raw water; a proposed brine concentrate reduction facility at the Chino Desalter II; expansion of an existing booster pump station and construction of two new booster pump stations to transfer product water to potable water suppliers; and about 38,300 feet of new pipelines to deliver product (treated) water to water suppliers.

Source of Project Water

The source of the raw groundwater is the Chino Basin. The groundwater will be recovered through the Chino I and Chino II Desalters.

End Users

The users of the product water are the members of the CDA, IEUA, and Western.

Points of Connection

The Project will start at the wells and terminate at the point of connection to the existing distribution system and existing sewer discharge lines.

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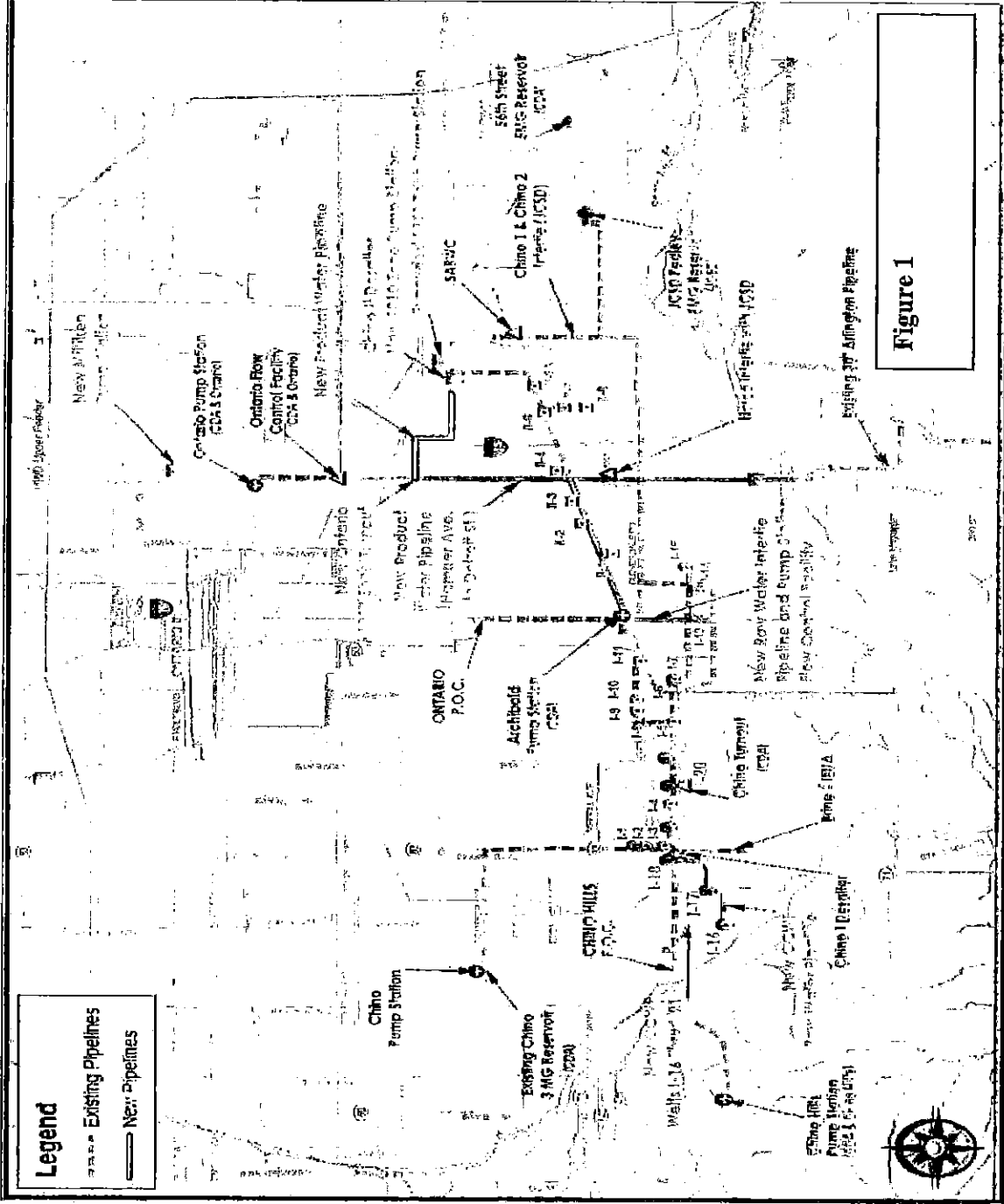


Exhibit B

PERFORMANCE PROVISIONS

1. If the Allowable Yield during the Fiscal Years 2010/11 through 2013/14 does not reach the target yield of 50 percent of the Ultimate Yield, then Metropolitan will reduce the Ultimate Yield by the target shortfall using the highest Allowable Yield produced in that period. For example, the Ultimate Yield of a project with the following performance will be revised from 35,200 to 33,000 AFY for Scenario 1 while there would be no adjustment under Scenario 2:

Project Ultimate Yield = 35,200 AFY

Fiscal Year	Scenario 1	Scenario 2
	Allowable Yield (AFY)	Allowable Yield (AFY)
2010/11	14,000	14,000
2011/12	15,000	15,500
2012/13	15,300	19,650
2013/14	15,400	18,520

50 percent of the Ultimate Yield = $0.50 \times 35,200 = 17,600$ AFY

Scenario 1. Shortfall = $17,600 - 15,400 = 2,200$ AFY

Revised Ultimate Yield = $35,200 - 2,200 = 33,000$ AFY

Scenario 2. Since, the Allowable Yield in the Fiscal Year 2012/13 is greater than 17,500, no adjustment is required.

2. If the Allowable Yield during the Fiscal Years 2014/15 through 2017/18 does not reach the target of 75 percent of the Ultimate Yield, then Metropolitan will reduce the Ultimate Yield (or the Revised Ultimate Yield) by the target shortfall using the highest Allowable Yield produced in that period. For example, the Ultimate Yield of the project in above example with the following performance will be reduced from 33,000 to 29,000 AFY for Scenario 1 and from 35,200 to 30,200 AFY in Scenario 2:

Fiscal Year	Scenario 1	Scenario 2
	Allowable Yield (AFY)	Allowable Yield (AFY)
2014/15	13,000	20,000
2015/16	15,000	20,700
2016/17	18,000	21,000
2017/18	20,750	21,400

Scenario 1. Revised Ultimate Yield = 33,000 AFY
75 percent of Ultimate Yield = $0.75 \times 33,000 = 24,750$ AFY
Shortfall = $24,750 - 20,750 = 4,000$ AFY
Revised Ultimate Yield = $33,000 - 4,000 = 29,000$ AFY

Scenario 2. Ultimate Yield = 35,200 AFY
75 percent of Ultimate Yield = $0.75 \times 35,200 = 26,400$ AFY
Shortfall = $26,400 - 21,400 = 5,000$ AFY
Revised Ultimate Yield = $35,200 - 5,000 = 30,200$ AFY

3. If the Allowable Yield during the Fiscal Years 2018/19 through 2018/22 (and every four-year period thereafter) does not reach the target yield of 75 percent of the Ultimate Yield, then Metropolitan will reduce the Ultimate Yield (or the revised Ultimate Yield) by one-half the target shortfall using the highest Allowable Yield produced in that period. The adjustment will be made using the same methodology shown in the above examples.

Exhibit C
Allowable Yield Calculation

The following methodology is used to calculate the Allowable Yield for monthly invoicing and annual production assessment:

Baseline and Cap

The following CDA agencies must collectively produce a minimum amount of groundwater (Baseline) annually to show that Project yield will increase groundwater production in the area, providing a regional benefit. The Baseline is established as a 5-yr moving average of Chino Basin groundwater production by the following CDA agencies, as reported in the column titled "Total Production & Exchanges" of the Table titled "Pool 3 Water Production Summary" of the Chino Basin Watermaster Report or Annual Assessment Package. A "production right cap" (Cap) is also established as a 5-yr moving average, which is the sum of the Operating Safe Yield and Net Ag Re-Allocation pumping rights of the following CDA agencies, as reported in columns titled "Assigned Share of Operating Safe Yield" and "Net Ag Pool Reallocation" of the Table titled "Pool 3 Water Production Summary" of the Chino Basin Watermaster Report or Annual Assessment Package. In the following example for FY 2011/12, the Baseline is 44,252 acre-feet and the Cap is 51,276 acre-feet.

Baseline – Total Production & Exchange

Agency	2005/06	2006/07	2007/08	2008/09	2009/10	Average
City of Chino	4,762	8,062	3,463	2,244	-424	3,621
City of Norco	0	0	0	0	0	0
City of Chino Hills	2,839	4,483	3,312	1,988	974	2,719
Santa Ana River Water Company	415	273	402	160	0	250
Jurupa Community Services District	17,558	17,840	16,062	17,159	13,728	16,469
City of Ontario	29,627	25,205	20,431	13,222	17,478	21,193
Western MWD	0	0	0	0	0	0
IEUA	1	0	0	0	0	0
Total	55,202	55,863	43,670	34,773	31,756	44,252

*Source – Chino Basin Watermaster Annual Report

Cap – Sum of the Operating Safe Yield and Net Ag Pool Reallocation

Agency	2005/06	2006/07	2007/08	2008/09	2009/10	Average
City of Chino	12,016	11,338	12,325	12,089	12,148	11,983
City of Norco	307	301	315	312	312	309
City of Chino Hills	4,197	3,975	4,225	4,164	4,168	4,146
Santa Ana River Water Company	1,978	1,946	2,032	2,011	2,013	1,996
Jurupa Community Services District	14,003	12,917	14,622	14,509	14,683	14,147
City of Ontario	18,434	18,163	19,101	18,881	18,894	18,695
Western MWD	-	-	-	-	-	-
IEUA	-	-	-	-	-	-
Total	50,936	48,640	52,619	51,967	52,218	51,276

*Source – Chino Basin Watermaster Annual Report

Allowable Yield Calculation

As indicated in Section 1.1, the Allowable Yield is the Project production through Chino I and Chino II Desalters that reduce a demand on Metropolitan’s imported water. Allowable Yield shall not exceed Project production in any month and Ultimate Yield in any fiscal year. If calculated Allowable Yield is a negative number, the Allowable Yield is zero for that month or year. The following formula is used to calculate the Allowable Yield.

$$\text{Allowable Yield} = \text{PY} + \text{GW} - (\text{the lesser of Baseline or Cap})$$

Where,

PY = Combined cumulative monthly production from Chino I and Chino II Desalters

GW = Total cumulative monthly Chino Basin groundwater production by the above CDA agencies, as reported in the column titled “Total Production & Exchanges” of the table titled “Pool 3 Water Production Summary” of Chino Basin Watermaster Report or Annual Assessment Package

Baseline and Cap are calculated annually using the methodology in the above tables.

All data will be obtained from CDA’s actual meter read records and/or Chino Basin Watermaster Assessment Package and Report.

Example 1 – Baseline is less than Cap

PY = 28,000 AF

GW = 45,000 AF

Baseline = 48,000 AF

Cap = 50,000 AF

For annual production assessment per Section 5: CDA shall provide Metropolitan with annual values for PY and GW based on actual meter reads.

$$\text{Allowable Yield} = 28,000 + 45,000 - 48,000 = 25,000 \text{ AF}$$

For monthly invoicing per Section 4.1: CDA shall provide Metropolitan with monthly values for PY and GW based on actual meter reads.

All values are in acre-feet. The lesser of Baseline or Cap = 48,000 AF

Month	PY	Cumulative PY	GW	PY+GW	Cumulative PY+GW	Allowable Yield	Cumulative Allowable Yield
July	2,500	2,500	4,000	6,500	6,500	0	0
August	2,300	4,800	4,200	6,500	13,000	0	0
September	2,600	7,400	4,100	6,700	19,700	0	0
October	2,100	9,500	3,800	5,900	25,600	0	0
November	2,200	11,700	4,000	6,200	31,800	0	0
December	2,100	13,800	3,800	5,900	37,700	0	0
January	2,400	16,200	3,000	5,400	43,100	0	0
February	2,600	18,800	3,500	6,100	49,200	1,200	1,200
March	2,500	21,300	3,200	5,700	54,900	5,700	6,900
April	2,100	23,400	3,200	5,300	60,200	5,300	12,200
May	2,200	25,600	4,100	6,300	66,500	6,300	18,500
June	2,400	28,000	4,100	6,500	73,000	6,500	25,000
Total	28,000		45,000	73,000		25,000	

Example 2 – Baseline is greater than Cap

PY = 28,000 AF

GW = 45,000 AF

Baseline = 53,000 AF

Cap = 50,000 AF

For annual production assessment per Section 5: CDA shall provide Metropolitan with annual values for PY and GW based on actual meter reads.

$$\text{Allowable Yield} = 28,000 + 45,000 - 50,000 = 23,000 \text{ AF}$$

For monthly invoicing per Section 4.1: CDA shall provide Metropolitan with monthly values for PY and GW based on actual meter reads.

All values are in acre-feet. The lesser of Baseline or Cap = 50,000 AF

Month	PY	Cumulative PY	GW	PY+GW	Cumulative PY+GW	Allowable Yield	Cumulative Allowable Yield
July	2,500	2,500	4,000	6,500	6,500	0	0
August	2,300	4,800	4,200	6,500	13,000	0	0
September	2,600	7,400	4,100	6,700	19,700	0	0
October	2,100	9,500	3,800	5,900	25,600	0	0
November	2,200	11,700	4,000	6,200	31,800	0	0
December	2,100	13,800	3,800	5,900	37,700	0	0
January	2,400	16,200	3,000	5,400	43,100	0	0
February	2,600	18,800	3,500	6,100	49,200	0	0
March	2,500	21,300	3,200	5,700	54,900	4,900	4,900
April	2,100	23,400	3,200	5,300	60,200	5,300	10,200
May	2,200	25,600	4,100	6,300	66,500	6,300	16,500
June	2,400	28,000	4,100	6,500	73,000	6,500	23,000
Total	28,000		45,000	73,000		23,000	



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: August 8, 2011
To: Deven N. Upadhyay, Manager, Water Resource Management
From: Ray Mokhtari, Senior Engineer
Subject: Execution of a new consolidated LRP Agreement for three phases of the Chino Basin Desalination Program and termination of existing agreements for Phases I and II

1. **Parties:** Metropolitan, IEUA, Western, and CDA
2. **Metropolitan Agreement Administrator:** Ray Mokhtari
3. **Purpose:** The subject project is being implemented in three phases. Phases I and II are in operation and Phase III is under consideration. We have two existing agreement for Phases I and II. Under the existing agreements, CDA owes us about \$6 million for LRP incentive overpayments. In order to recover our \$6 million, we are terminating the existing two agreements and executing a new consolidated LRP agreement for all three phases of the project. The new agreement will also simplify contract administration for the project by eliminating annual cost reconciliation.
4. **Authority:** Board action of June 2011.
5. **Financial Arrangements:** Provide \$139 per acre foot over 20 years.
6. **Compliance with Budget:** It is included in the LRP budget
7. **Start and Termination Dates:** Starts on July 1, 2011 and end on June 30, 2031.
8. **Pertinent Issues:** None
9. **Needed Action:** Sign all four agreements. Also, sign the termination letter. IEUA sent us only three signed originals instead of four. This way IEUA can have an original letter for their files.

Ray Mokhtari

RM:tt

o:\a\s\m\2011\Chino Desalter LRP agree memo to deven 2.docx

Exhibit J

1 SCOTT S. SLATER (State Bar No. 117317)
MICHAEL T. FIFE (State Bar No. 203025)
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Telephone No: (805) 963-7000
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5 Attorneys For
CHINO BASIN WATERMASTER
6
7

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SAN BERNARDINO

10 CHINO BASIN MUNICIPAL WATER
11 DISTRICT

Case No. RCV 51010

12 Plaintiff,

DECLARATION OF ANDREW MALONE

13 vs.

14 CITY OF CHINO, ET AL.

Hearing Date: October 28, 2011
Time: 10:30 a.m.
Dept: C-1

15 Defendant.
16
17

18 I, ANDREW MALONE, declare:

19 1. I am a Principal Scientist and Partner with Wildermuth Environmental, Inc., which
20 serves as a technical consultant to the Chino Basin Watermaster ("Watermaster"). I am a
21 professional geologist licensed by the State of California. The information contained herein is based
22 on my own personal knowledge except those statements which I make based on information and
23 belief.

24 2. I have seventeen years of technical expertise in sedimentary geology, tectonics, basin
25 characterization, hydrogeologic and hydrologic analysis, aquifer mechanics, and database design.

26 3. As a consultant to Watermaster, I am intimately familiar with Watermaster's
27 Optimum Basin Management Program ("OBMP") and the Court-approved actions requiring
28

1 implementation of certain measures, including Hydraulic Control and the subsidence management
2 plan.

3 4. As consultant to Watermaster, I have knowledge of the Expansion Parties' Future
4 Desalter facilities and their design, and specifically, I am familiar with the Preliminary Design
5 Report ("PDR") that establishes where the new Desalter Production wells will be located.

6 5. The proposed wells identified in the PDR will be located within the area identified in
7 the Peace II Agreement, Section 5.8(a), as required as a precondition for Watermaster allocation of
8 controlled overdraft to Desalter Production.

9 6. Based on my experience with Watermaster's OBMP, it is my opinion that the
10 Expansion Parties' Future Desalter facilities are reasonably calculated to achieve the stated OBMP
11 objectives of Future Desalters: (a) yield preservation; (b) water supply; (c) salt management; (d)
12 expanded use of recycled water; and (e) hydraulic control.

13 7. Based on my personal review of the design and anticipated operation for the Future
14 Desalters wells, I believe the Future Desalters have been designed and will be constructed and
15 operated to produce water with high total dissolved solids ("TDS") and high nitrate concentrations
16 from the shallow aquifer system only.

17 8. Watermaster has proposed the measures set forth in the Supplemental Environmental
18 Impact Report ("SEIR") attached to Resolution 2010-04 as Exhibit "F" and will establish
19 measurement and monitoring protocols that if followed, will minimize the long-term risk of inelastic
20 subsidence that might cause physical damage to de minimus levels and will report on these protocols
21 to the parties.

22 9. Based on my review of the Future Desalter well designs and anticipated operations
23 pumping from the shallow aquifer system only, and based on the planned measurement and
24 monitoring protocols described above, and based on my extensive knowledge of the hydrologic
25 conditions of the Chino Basin, it is my opinion that the proposed location and the proposed operation
26 of the Future Desalter wells are highly unlikely to result in inelastic subsidence that causes any
27 physical damage to the aquifer, roads or structures.

28

1 10. Based on my personal review and knowledge of the location plans for the Chino
2 Creek Well Field ("CCWF"), I know that the CCWF will be located in an area that is consistent with
3 the designations in the Supplement to the OBMP and the purposes of the OBMP Implementation
4 Plan.

5 11. In the course of my experience with various past and current well designs, I know that
6 prudent well operators will design, construct and operate groundwater production facilities that
7 withstand known, historical fluctuations in water levels.

8 12. Based on my knowledge of the Chino Basin obtained in the course of my duties as
9 consultant to Watermaster, I am aware that the localized impacts of the CCWF and from changes in
10 the production at other wells that provide water to the Desalters have been identified by
11 Watermaster. These local impacts are characterized by groundwater-levels decline greater than
12 twenty (20) feet more than would occur if the Peace II Measures and Basin Re-Operation had not
13 been pursued (approximately thirty-five (35) feet lower than present groundwater elevations). This
14 area is referred to as the Zone of Influence. It is my opinion that groundwater-level drawdown
15 caused by the Phase II Desalter Expansion could reach up to 35 feet in the immediate vicinity of the
16 Chino Creek Well Field, and that drawdown caused by the Phase II Desalter Expansion of more than
17 20 feet can be addressed and mitigated through the mitigation measures proposed in the SEIR
18 mitigation plan.

19 I declare under penalty of perjury under the laws of the State of California that the foregoing
20 is true and correct.

21
22 Executed on September 30, 2011, at Rancho Cucamonga, California.

23
24 
25 _____
26 ANDREW MALONE
27
28

Exhibit K

1 SCOTT S. SLATER (State Bar No. 117317)
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8 Attorneys For
9 CHINO BASIN WATERMASTER

10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 FOR THE COUNTY OF SAN BERNARDINO

12 CHINO BASIN MUNICIPAL WATER
13 DISTRICT

14 Plaintiff,

15 vs.

16 CITY OF CHINO, ET AL.

17 Defendant.

Case No. RCV 51010

DECLARATION OF DESI ALVAREZ,
WATERMASTER CEO

Hearing Date: October 28, 2011
Time: 10:30 a.m.
Dept: C-1

18 I, DESI ALVAREZ, declare:

19 1. I am the current Chief Executive Officer (“CEO”) of Chino Basin Watermaster
20 (“Watermaster”) and have served in that capacity as CEO of Watermaster since May, 2011. The
21 information contained herein is made based on my own personal knowledge except those statements
22 which I make based on information and belief.

23 2. I am a licensed engineer and I have more than 30 years experience in the water
24 industry as the former Director of Public Works for the City of Downey. The City of Downey relies
25 upon groundwater to meet its daily water supply requirements, and I was responsible for managing
26 virtually every aspect of the City’s system and for interfacing with the neighboring cities and
27 districts and regional agencies.
28

1 3. In my role as CEO of Watermaster I am in charge of all Watermaster staff, and I have
2 made myself intimately familiar with the day-to-day operations of Watermaster. I am also
3 intimately familiar with Watermaster documents, records, rules of the various committees and the
4 Board, and the practices and procedures of the various committees and the Board. Since May, 2011,
5 I have attended nearly all meetings of the various committees and the Board.

6 4. Since taking my current position I have made myself familiar with the full provisions
7 of the set of agreements known as the Peace Agreement and the Peace II Measures and I have sought
8 advice and counsel where required on its meaning. I have personal knowledge that the Peace
9 Agreement and Peace II Measures' obligations regarding the requirement of providing hydrologic
10 balance in each Management Zone, including Management Zone Number 3, remain in full force and
11 effect.

12 5. As CEO, I have been intimately involved with review of and negotiations concerning
13 the terms of Watermaster Resolution 2010-04, which recites specific evidence, proposes findings
14 and reaches proposed conclusions regarding what is known as the Phase III Desalter Expansion
15 ("Expansion").

16 6. As part of my job as CEO of Watermaster, I have met with the Regional Water
17 Quality Control Board, Santa Ana Region, on a number of occasions and I am generally familiar
18 with their expectations regarding the implementation of Hydraulic Control as required under the
19 Peace II Agreement and pursuant to the Court's prior order of December 17, 2007.

20 7. I am familiar with prior Watermaster negotiations regarding the implementation of
21 the Phase III Desalter expansion negotiations. I am informed and believe that in May 2010, the
22 Watermaster Board requested General Counsel and Staff to support efforts among the various
23 stakeholders to facilitate the timely completion of documentation that would allow the Expansion to
24 proceed.

25 8. Because of my position as CEO of Watermaster, I am aware that Watermaster has
26 proposed measures set forth in the Supplemental Environmental Impact Report ("SEIR") on the
27 Peace II Measures, prepared by Inland Empire Utilities Agency ("IEUA") in October 2010, attached
28 to Resolution 2010-04.

1 9. Based on my experience as CEO and as a water supply manager, I am aware that the
2 potential impacts attributable to the general lowering of the water table were analyzed in connection
3 with the Court approval of the Peace II Measures in 2007. The more specific impact in the
4 immediate vicinity of the Expansion Project was addressed in the SEIR completed by IEUA for the
5 Peace II Measures.

6 10. Consistent with the direction of the Peace II Measures and to avoid Material Physical
7 Injury, Watermaster will establish measurement and monitoring protocols that if followed, will
8 minimize the long-term risk of inelastic subsidence that might cause physical damage to de minimus
9 levels and report on these protocols to the parties.

10 11. Based on my experience and observations in my role as CEO of Watermaster, I know
11 that Watermaster has timely filed its Recharge Master Plan and intends to implement the Plan in a
12 manner that creates hydrologic balance with Management Zone 3 and minimizes adverse impacts of
13 pumping within the Management Zone, as required by the Peace Agreement.

14 12. Based on my personal knowledge as CEO of Watermaster, I know that within 24
15 months from the adoption of Resolution 2010-04, Western Municipal Water District (“WMWD”)
16 can reasonably negotiate terms for intervention into the Appropriative Pool, or request Watermaster
17 to designate a member of the Chino Basin Desalter Authority (“CDA”) that is also a member of the
18 Appropriative Pool for purposes of accounting for the Desalter Production.


19 13. Consistent with Watermaster Resolution 2010-04, staff will not recommend approval
20 of a designation by Watermaster as referenced above that increases the assignee Appropriator’s
21 obligations or benefits to Watermaster or under the Judgment, Peace Agreement and the Peace II
22 Measures.

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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on September 30, 2011, at Cucamonga, California.



DESI ALVAREZ

BROWNSTEIN HYATT FARBER SCHRECK, LLP
21 East Carrillo Street
Santa Barbara, CA 93101

Exhibit L

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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN BERNARDINO
10

11 CHINO BASIN MUNICIPAL WATER
12 DISTRICT,

13 Plaintiff,

No. RCV 51010¹

14
15 v.

16 CITY OF CHINO, et al.

17 Defendants

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19 RESTATED JUDGMENT
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27 ¹ Original Judgment signed January 27, 1978, Case # 164327 by Judge Howard B. Weiner. File transferred August 1989, by order
28 of the Court and assigned new case number RCV 51010.

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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN BERNARDINO
10

11 CHINO BASIN MUNICIPAL WATER
12 DISTRICT,

13 Plaintiff,

No. RCV 51010²

14 v.

15 CITY OF CHINO, et al.

16 Defendants

JUDGMENT

17
18
19 I. INTRODUCTION

20 1. Pleadings, Parties and Jurisdiction. The complaint herein was filed on January 2, 1975,
21 seeking an adjudication of water rights, injunctive relief and the imposition of a physical solution. A first
22 amended complaint was filed on July 16, 1976. The defaults of certain defendants have been entered,
23 and certain other defendants dismissed. Other than defendants who have been dismissed or whose
24 defaults have been entered, all defendants have appeared herein. By answers and order of this Court,
25

26
27 ² Original Judgment signed January 27, 1978, Case # 164327 by Judge Howard B. Weiner. File transferred August 1989, by order
of the Court and assigned new case number RCV 51010.
28

1 the issues have been made those of a full inter se adjudication between the parties. This Court has
2 jurisdiction of the subject matter of this action and of the parties herein.

3 2. Stipulation For Judgment. Stipulation for entry of judgment has been filed by and on
4 behalf of a majority of the parties, representing a majority of the quantitative rights herein adjudicated.

5 3. Trial; Findings and Conclusions. Trial was commenced on December 16, 1977, as to the
6 non-stipulating parties, and findings of fact and conclusions of law have been entered disposing of the
7 issues in the case.

8 4. Definitions. As used in this Judgment, the following terms shall have the meanings
9 herein set forth:

10 (a) Active Parties. All parties other than those who have filed with Watermaster a
11 written waiver of service of notices, pursuant to Paragraph 58.

12 (b) Annual or Year — A fiscal year, July 1 through June 30, following, unless the
13 context shall clearly indicate a contrary meaning.

14 (c) Appropriative Right — The annual production right of a producer from the Chino
15 Basin other than pursuant to an overlying right.

16 (d) Basin Water — Ground water within Chino Basin which is part of the Safe Yield,
17 Operating Safe Yield, or replenishment water in the Basin as a result of operations under the
18 Physical Solution decreed herein. Said term does not include Stored Water.

19 (e) CBMWD — Plaintiff Chino Basin Municipal Water District.

20 (f) Chino Basin or Basin — The ground water basin underlying the area shown as
21 such on Exhibit "B" and within the boundaries described in Exhibit "K".

22 (g) Chino Basin Watershed — The surface drainage area tributary to and overlying
23 Chino Basin.

24 (h) Ground Water — Water beneath the surface of the ground and within the zone of
25 saturation, i.e., below the existing water table.
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1 (i) Ground Water Basin — An area underlain by one or more permeable formations
2 capable of furnishing substantial water storage.

3 (j) Minimal Producer — Any producer whose production does not exceed ten acre-
4 feet per year.³

5 (k) MWD — The Metropolitan Water District of Southern California.

6 (l) Operating Safe Yield — The annual amount of ground water which Watermaster
7 shall determine, pursuant to criteria specified in Exhibit "I", can be produced from Chino Basin by
8 the Appropriative Pool parties free of replenishment obligation under the Physical Solution herein.

9 (m) Overdraft — A condition wherein the total annual production from the Basin
10 exceeds the Safe Yield thereof.

11 (n) Overlying Right — The appurtenant right of an owner of lands overlying Chino
12 Basin to produce water from the Basin for overlying beneficial use on such lands.

13 (o) Person. — Any individual, partnership, association, corporation, governmental
14 entity or agency, or other organization.

15 (p) PVMWD — Defendant Pomona Valley Municipal Water District.

16 (q) Produce or Produced — To pump or extract ground water from Chino Basin.

17 (r) Producer — Any person who produces water from Chino Basin.

18 (s) Production — Annual quantity, stated in acre feet, of water produced.

19 (t) Public Hearing — A hearing after notice to all parties and to any other person
20 legally entitled to notice.

21 (u) Reclaimed Water — Water which, as a result of processing of waste water, is
22 suitable for a controlled use.

23 (v) Replenishment Water — Supplemental water used to recharge the Basin
24 pursuant to the Physical Solution, either directly by percolating the water into the Basin or
25

26
27 ³ Order dated September 27, 2001.

1 indirectly by delivering the water for use in lieu of production and use of safe yield or Operating
2 Safe Yield.

3 (w) Responsible Party — The owner, co-owner, lessee or other person designated by
4 multiple parties interested in a well as the person responsible for purposes of filing reports
5 hereunder.

6 (x) Safe Yield — The long-term average annual quantity of ground water (excluding
7 replenishment or stored water but including return flow to the Basin from use of replenishment or
8 stored water) which can be produced from the Basin under cultural conditions of a particular year
9 without causing an undesirable result.

10 (y) SBVMWD — San Bernardino Valley Municipal Water District.

11 (z) State Water — Supplemental Water imported through the State Water Resources
12 Development System, pursuant to Chapter 8, Division 6, Part 6 of the Water Code.

13 (aa) Stored Water — Supplemental water held in storage, as a result of direct
14 spreading, in lieu delivery, or otherwise, for subsequent withdrawal and use pursuant to
15 agreement with Watermaster.

16 (bb) Supplemental Water — Includes both water imported to Chino Basin from outside
17 Chino Basin Watershed, and reclaimed water.

18 (cc) WMWD — Defendant Western Municipal Water District of Riverside County.

19 5. List of Exhibits. The following exhibits are attached to this Judgment and made a part
20 hereof:

21
22 "A" — "Location Map of Chino Basin" showing boundaries of Chino Basin Municipal Water
23 District, and other geographic and political features of Chino Basin.

24 "B" — "Hydrologic Map of Chino Basin" showing hydrologic features of Chino Basin.

25 "C" — Table Showing Parties in Overlying (Agricultural) Pool.

26 "D" — Table Showing Parties in Overlying (Non-agricultural Pool and Their Rights.

27 "E" — Table Showing Appropriators and Their Rights.
28

1 "F" -- Overlying (Agricultural) Pool Pooling Plan.

2 "G" -- Overlying (Non-agricultural) Pool Pooling Plan.

3 "H" -- Appropriative Pool Pooling Plan.

4 "I" -- Engineering Appendix.

5 "J" -- Map of In Lieu Area No. 1.

6 "K" -- Legal Description of Chino Basin.

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9 II. DECLARATION OF RIGHTS

10 A. HYDROLOGY

11
12 6. Safe Yield. The Safe Yield of Chino Basin is 140,000 acre feet per year.

13 7. Overdraft and Prescriptive Circumstances. In each year for a period in excess of five
14 years prior to filing of the First Amended Complaint herein, the Safe Yield of the Basin has been
15 exceeded by the annual production therefrom, and Chino Basin is and has been for more than five years
16 in a continuous state of over draft. The production constituting said overdraft has been open, notorious,
17 continuous, adverse, hostile and under claim of right. The circumstances of said overdraft have given
18 notice to all parties of the adverse nature of such aggregate over-production.

19 B. WATER RIGHTS IN SAFE YIELD

20
21 8. Overlying Rights. The parties listed in Exhibits "C" and "D", are the owners or in
22 possession of lands which overlie Chino Basin. As such, said parties have exercised overlying water
23 rights in Chino Basin. All overlying rights owned or exercised by parties listed in Exhibits "C" and "D",
24 have, in the aggregate, been limited by prescription except to the extent such rights have been preserved
25 by self-help by said parties. Aggregate preserved overlying rights in the Safe Yield for agricultural pool
26 use, including the rights of the State of California, total 82,800 acre feet per year. Overlying rights for
27 non-agricultural pool use total 7,366 acre feet per year and are individually decreed for each affected
28

1 party in Exhibit "D". No portion of the Safe Yield of Chino Basin exists to satisfy unexercised overlying
2 rights, and such rights have all been lost by prescription. However, uses may be made of Basin Water on
3 overlying lands which have no preserved overlying rights pursuant to the Physical Solution herein. All
4 overlying rights are appurtenant to the land and cannot be assigned or conveyed separate or apart
5 therefrom ***for the term of the Peace Agreement except that the members of the Overlying Non-***
6 ***Agricultural Pool shall have the right to Transfer or lease their quantified production rights (i)***
7 ***within the Overlying Non-Agricultural Pool; or (ii) to Watermaster in conformance with the***
8 ***procedures described in the Peace Agreement between the Parties therein, dated June 29, 2000;***
9 ***or (iii) in accordance with the Overlying (Non-Agricultural) Pool Pooling Plan set forth in Exhibit***
10 ***"G."***⁴

11 9. Appropriative Rights. The parties listed in Exhibit "E" are the owners of appropriative
12 rights, including rights by prescription, in the unadjusted amounts therein set forth, and by reason thereof
13 are entitled under the Physical Solution to share in the remaining Safe Yield, after satisfaction of overlying
14 rights and rights of the State of California, and in the Operating Safe Yield in Chino Basin, in the annual
15 shares set forth in Exhibit "E".

16 (a) Loss of Priorities. By reason of the long continued overdraft in Chino Basin, and
17 in light of the complexity of determining appropriative priorities and the need for conserving and
18 making maximum beneficial use of the water resources of the State, each and all of the parties
19 listed in Exhibit "E" are estopped and barred from asserting special priorities or preferences, inter
20 se. All of said appropriative rights are accordingly deemed and considered of equal priority.

21 (b) Nature and Quantity. All rights listed in Exhibit "E" are appropriative and
22 prescriptive in nature. By reason of the status of the parties, and the provisions of Section 1007
23 of the Civil Code, said rights are immune from reduction or limitation by prescription.
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27 ⁴ Order dated September 28, 2000 and Order dated April 19, 2001 further modified by Order dated December 21, 2007.
28

1 10. Rights of the State of California. The State of California, by and through its Department
2 of Corrections, Youth Authority and Department of Fish and Game, is a significant producer of ground
3 water from and the State is the largest owner of land overlying Chino Basin. The precise nature and
4 scope of the claims and rights of the State need not be, and are not, defined herein. The State, through
5 said departments, has accepted the Physical Solution herein decreed, in the interests of implementing the
6 mandate of Section 2 of Article X of the California Constitution. For all purposes of this Judgment, all
7 future production by the State or its departments or agencies for overlying use on State-owned lands shall
8 be considered as agricultural pool use.

9
10 C. RIGHTS TO AVAILABLE GROUND WATER STORAGE CAPACITY

11 11. Available Ground Water Storage Capacity. There exists in Chino Basin a substantial
12 amount of available ground water storage capacity which is not utilized for storage or regulation of Basin
13 Waters. Said reservoir capacity can appropriately be utilized for storage and conjunctive use of
14 supplemental water with Basin Waters. It is essential that said reservoir capacity utilization for storage
15 and conjunctive use of supplemental water be undertaken only under Watermaster control and regulation,
16 in order to protect the integrity of both such Stored Water and Basin Water in storage and the Safe Yield
17 of Chino Basin.

18
19 12. Utilization of Available Ground Water Capacity. Any person or public entity, whether a
20 party to this action or not, may make reasonable beneficial use of the available ground water storage
21 capacity of Chino Basin for storage of supplemental water; provided that no such use shall be made
22 except pursuant to written agreement with Watermaster, as authorized by Paragraph 28. In the allocation
23 of such storage capacity, the needs and requirements of lands overlying Chino Basin and the owners of
24 rights in the Safe Yield or Operating Safe Yield of the Basin shall have priority and preference over
25 storage for export.

1 III. INJUNCTION

2 13. Injunction Against Unauthorized Production of Basin Water. Each party in each of the
3 respective pools is enjoined, as follows:
4

5 (a) Overlying Agricultural Pool. Each party in the Overlying Agricultural Pool, its
6 officers, agents, employees, successors and assigns, is and they each are ENJOINED AND
7 RESTRAINED from producing ground water from Chino Basin in any year hereafter in excess of
8 such party's correlative share of the aggregate of 82,800 acre feet allocated to said Pool, except
9 pursuant to the Physical Solution or a storage water agreement.

10 (b) Overlying Non-Agricultural Pool. Each party in the Overlying Non-Agricultural
11 Pool, its officers, agents, employees, successors and assigns, is and they each are ENJOINED
12 AND RESTRAINED from producing ground water of Chino Basin in any year hereafter in excess
13 of such party's decreed rights in the Safe Yield, except pursuant to the provisions of the Physical
14 Solution or a storage water agreement.

15 (c) Appropriative Pool. Each party in the Appropriative Pool, its officers, agents,
16 employees, successors and assigns, is and they are each ENJOINED AND RESTRAINED from
17 producing ground water of Chino Basin in any year hereafter in excess of such party's decreed
18 share of Operating Safe Yield, except pursuant to the provisions of the Physical Solution or a
19 storage water agreement.

20
21 14. Injunction Against Unauthorized Storage or Withdrawal of Stored Water. Each party, its
22 officers, agents, employees, successors and assigns is and they each are ENJOINED AND
23 RESTRAINED from storing supplemental water in Chino Basin for withdrawal, or causing withdrawal of,
24 water stored by that party, except pursuant to the terms of a written agreement with Watermaster and in
25 accordance with Watermaster regulations. Any supplemental water stored or recharged in the Basin,
26 except pursuant to such a Watermaster agreement, shall be deemed abandoned and not classified as
27 Stored Water. This paragraph has no application, as such, to supplemental water spread or provided in
28 lieu by Watermaster pursuant to the Physical Solution.

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IV. CONTINUING JURISDICTION

15. Continuing Jurisdiction. Full jurisdiction, power and authority are retained and reserved to the Court as to all matters contained in this judgment, except:

(a) The redetermination of Safe Yield, as set forth in Paragraph 6, during the first ten (10) years of operation of the Physical Solution;

(b) The allocation of Safe Yield as between the several pools as set forth in Paragraph 44 of the Physical Solution;

(c) The determination of specific quantitative rights and shares in the declared Safe Yield or Operating Safe Yield herein declared in Exhibits "D" and "E"; and

(d) The amendment or modification of Paragraphs 7 (a) and (b) of Exhibit "H", during the first ten (10) years of operation of the Physical Solution, and thereafter only upon affirmative recommendation of at least 67% of the voting power (determined pursuant to the formula described in Paragraph 3 of Exhibit "H"), but not less than one-third of the members of the Appropriative Pool Committee representatives of parties who produce water within IEUA or WMWD; after said tenth year the formula set forth in said Paragraph 7 (a) and 7 (b) of Exhibit "H" for payment of the costs of replenishment water may be changed to 100% gross or net, or any percentage split thereof, but only in response to recommendation to the Court by affirmative vote of at least 67% of said voting power of the Appropriative Pool representatives of parties who produce ground water within IEUA or WMWD, but not less than one-third of their number. In such event, the Court shall act in conformance with such recommendation unless there are compelling reasons to the contrary; and provided, further, that the fact that the allocation of Safe Yield or Operating Safe Yield shares may be rendered moot by a recommended change in the formula for replenishment assessments shall not be deemed to be such a "compelling reason."

1 Said continuing jurisdiction is provided for the purpose of enabling the Court, upon application of any
2 party, the Watermaster, the Advisory Committee or any Pool Committee, by motion and, upon at least 30
3 days' notice thereof, and after hearing thereon, to make such further or supplemental orders or directions
4 as may be necessary or appropriate for interpretation, enforcement or carrying out of this Judgment, and
5 to modify, amend or amplify any of the provisions of this Judgment.

6
7 V. WATERMASTER

8 A. APPOINTMENT

9
10 16. Watermaster Appointment. CBMWD, acting by and through a majority of its board of
11 directors, is hereby appointed Watermaster, to administer and enforce the provisions of this Judgment
12 and any subsequent instructions or orders of the Court hereunder. The term of appointment of
13 Watermaster shall be for five (5) years. The Court will by subsequent orders provide for successive terms
14 or for a successor Watermaster. Watermaster may be changed at any time by subsequent order of the
15 Court, on its own motion, or on the motion of any party after notice and hearing. Unless there are
16 compelling reasons to the contrary, the Court shall act in conformance with a motion requesting the
17 Watermaster be changed if such motion is supported by a majority of the voting power of the Advisory
18 Committee.

19 B. POWERS AND DUTIES

20
21 17. Powers and Duties. Subject to the continuing supervision and control of the Court,
22 Watermaster shall have and may exercise the express powers, and shall perform the duties, as provided
23 in this Judgment or hereafter ordered or authorized by the Court in the exercise of the Court's continuing
24 jurisdiction.

1 18. Rules and Regulations.⁵

2 (a) Upon recommendation by the Advisory Committee, Watermaster shall make
3 and adopt, after public hearing, appropriate rules and regulations for conduct of Watermaster
4 affairs, including, meeting schedules and procedures, and compensation of members of
5 Watermaster. Thereafter, Watermaster may amend the rules from time to time upon
6 recommendation, or with approval of the Advisory Committee after hearing noticed to active
7 parties, except that compensation of Watermaster members shall be subject to Court Approval. A
8 copy of the rules and regulations, and of amendments, shall be mailed to each active party.
9

10 (b) Under the rules, Watermaster members shall be paid up to \$125 for each day's
11 attendance at meetings at the direction of the board, not to exceed eight meetings in each month.
12 Compensation shall not be paid for junkets or attendance at conferences, seminars, or retreats at
13 locations other than Watermaster headquarters. Members shall not be compensated for more than
14 one meeting each day.
15

16 (c) Under the rules, Watermaster members may be reimbursed for reasonable and
17 necessary travel, meals, lodging and registration expenses incurred on Watermaster business.
18 Mileage shall not be paid for travel to or from Watermaster meetings unless the individual must
19 travel more than 50 miles per month. The Watermaster's budget shall include an appropriation for
20 expense reimbursement. The Watermaster shall file a report on the expense reimbursement with
21 the court as part of the Annual Report. The Report shall disclose total expense reimbursements
22 and single expenditures for items of \$125.00 or more.

23 19. Acquisition of Facilities. Watermaster may purchase, lease, acquire and hold all
24 necessary facilities and equipment; provided, that it is not the intent of the Court that Watermaster acquire
25 any interest in real property or substantial capital assets.
26

27 ⁵ Order dated March 31, 1999.
28

1 20. Employment of Experts and Agents. Watermaster may employ or retain such
2 administrative, engineering, geologic, accounting, legal or other specialized personnel and consultants as
3 may be deemed appropriate in the carrying out of its powers and shall require appropriate bonds from all
4 officers and employees handling Watermaster funds. Watermaster shall maintain records for purposes of
5 allocation of costs of such services as well as of all other expenses of Watermaster administration as
6 between the several pools established by the Physical Solution.

7
8 21. Measuring Devices. Watermaster shall cause parties, pursuant to uniform rules, to install
9 and maintain in good operating condition, at the cost of each party, such necessary measuring devices or
10 meters as Watermaster may deem appropriate. Such measuring devices shall be inspected and tested
11 as deemed necessary by Watermaster, and the cost thereof shall constitute an expense of Watermaster.

12 22. Assessments. Watermaster is empowered to levy and collect all assessments provided
13 for in the pooling plans and Physical Solution.

14
15 23. Investment of Funds. Watermaster may hold and invest any and all Watermaster funds
16 in investments authorized from time to time for public agencies of the State of California.

17 24. Borrowing. Watermaster may borrow from time to time amounts not exceeding the
18 annual anticipated receipts of Watermaster during such year.

19
20 25. Contracts. Watermaster may enter into contracts for the performance of any powers
21 herein granted; provided, however, that Watermaster may not contract with or purchase materials,
22 supplies or services from IEUA, except upon the prior recommendation and approval of the Advisory
23 Committee and pursuant to written order of the Court.

24
25 26. Cooperation With Other Agencies. Subject to prior recommendation or approval of the
26 Advisory Committee, Watermaster may act jointly or cooperate with agencies of the United States and the
27 State of California or any political subdivisions, municipalities or districts or any person to the end that the
28 purpose of the Physical Solution may be fully and economically carried out.

1 27. Studies. Watermaster may, with concurrence of the Advisory Committee or affected Pool
2 Committee and in accordance with Paragraph 54 (b), undertake relevant studies of hydrologic conditions,
3 both quantitative and qualitative, and operating aspects of implementation of the management program
4 for Chino Basin.

5 28. Ground Water Storage Agreements. Watermaster shall adopt, with the approval of the
6 Advisory Committee, uniformly applicable rules and a standard form of agreement for storage of
7 supplemental water, pursuant to criteria therefore set forth in Exhibit "I". Upon appropriate application by
8 any person, Watermaster shall enter into such a storage agreement; provided that all such storage
9 agreements shall first be approved by written order of the Court, and shall by their terms preclude
10 operations which will have a substantial adverse impact on other producers.

11 29. Accounting for Stored Water. Watermaster shall calculate additions, extractions and
12 losses and maintain an annual account of all Stored Water in Chino Basin, and any losses of water
13 supplies or Safe Yield of Chino Basin resulting from such Stored Water.

14 30. Annual Administrative Budget. Watermaster shall submit to Advisory Committee an
15 administrative budget and recommendation for each fiscal year on or before March 1. The Advisory
16 Committee shall review and submit said budget and their recommendations to Watermaster on or before
17 April 1, following. Watermaster shall hold a public hearing on said budget at its April quarterly meeting
18 and adopt the annual administrative budget which shall include the administrative items for each pool
19 committee. The administrative budget shall set forth budgeted items in sufficient detail as necessary to
20 make a proper allocation of the expense among the several pools, together with Watermaster's proposed
21 allocation. The budget shall contain such additional comparative information or explanation as the
22 Advisory Committee may recommend from time to time. Expenditures within budgeted items may
23 thereafter be made by Watermaster in the exercise of powers herein granted, as a matter of course. Any
24 budget transfer in excess of 20% of a budget category during any budget year or modification of such
25 administrative budget during any year shall be first submitted to the Advisory Committee for review and
26 recommendation.

1 31. Review Procedures. All actions, decisions or rules of Watermaster shall be subject to
2 review by the Court on its own motion or on timely motion by any party, the Watermaster (in the case of a
3 mandated action), the Advisory Committee, or any Pool Committee, as follows:

4 (a) Effective Date of Watermaster Action. Any action, decision or rule of
5 Watermaster shall be deemed to have occurred or been enacted on the date on which written
6 notice thereof is mailed. Mailing of copies of approved Watermaster minutes to the active parties
7 shall constitute such notice to all parties.

8 (b) Noticed Motion. Any party, the Watermaster (as to any mandated action), the
9 Advisory Committee, or any Pool Committee may, by a regularly noticed motion, apply to the
10 Court for review of any Watermaster's action, decision or rule. Notice of such motion shall be
11 served personally or mailed to Watermaster and to all active parties. Unless otherwise ordered
12 by the Court, such motion shall not operate to stay the effect of such Watermaster action,
13 decision or rule.

14 (c) Time for Motion. Notice of motion to review any Watermaster action, decision or
15 rule shall be served and filed within ninety (90) days after such Watermaster action, decision or
16 rule, except for budget actions, in which event said notice period shall be sixty (60) days.

17 (d) De Novo Nature of Proceedings. Upon the filing of any such motion, the Court
18 shall require the moving party to notify the active parties, the Watermaster, the Advisory
19 Committee, and each Pool Committee, of a date for taking evidence and argument, and on the
20 date so designated shall review de novo the question at issue. Watermaster's findings or
21 decision, if any, may be received in evidence at said hearing, but shall not constitute presumptive
22 or prima facie proof of any fact in issue.

23 (e) Decision. The decision of the Court in such proceeding shall be an appealable
24 supplemental order in this case. When the same is final, it shall be binding upon the
25 Watermaster and all parties.
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C. ADVISORY AND POOL COMMITTEES

32. Authorization. Watermaster is authorized and directed to cause committees of producer representatives to be organized to act as Pool Committees for each of the several pools created under the Physical solution. Said Pool Committees shall, in turn, jointly form an Advisory Committee to assist Watermaster in performance of its functions under this judgment. Pool Committees shall be composed as specified in the respective pooling plans, and the Advisory Committee shall be composed of voting representatives from each pool, as designated by the respective Pool Committee ⁶ *in accordance with each pool's pooling plan.* WMWD, *Three Valleys Municipal Water District (Successor to PVMWD)* and SBVMWD shall each be entitled to one non-voting representative on said Advisory Committee.

33. Term and Vacancies. Members of any Pool Committee, shall serve for the term, and vacancies shall be filled, as specified in the respective pooling plan. Members of the Advisory Committee shall serve at the will of their respective Pool Committee.

34. Voting Power. The voting power on each Pool Committee shall be allocated as provided in the respective pooling plan. The voting power on the Advisory Committee shall be one hundred (100) votes allocated among the three pools in proportion to the total assessments paid to Watermaster during the preceding year; provided, that the minimum voting power of each pool shall be

- (a) Overlying Agricultural Pool 20,
- (b) Overlying Non-Agricultural Pool 5, and
- (c) Appropriative Pool 20.

⁶ Order dated September 18, 1996.

1 In the event any pool is reduced to its said minimum vote, the remaining votes shall be allocated between
2 the remaining pools on said basis of assessments paid to Watermaster by each such remaining pool
3 during the preceding year. The method of exercise of each pool's voting power on the Advisory
4 Committee shall be as determined by the respective pool committees.

5
6 35. Quorum. A majority of the voting power of the Advisory Committee or any Pool
7 Committee shall constitute a quorum for the transaction of affairs of such Advisory or Pool Committee;
8 provided, that at least one representative of each Pool Committee shall be required to constitute a
9 quorum of the Advisory Committee. No Pool Committee representative may purposely absent himself or
10 herself, without good cause, from an Advisory Committee meeting to deprive it of a quorum. Action by
11 affirmative vote of a majority of the entire voting power of any Pool Committee or the Advisory Committee
12 shall constitute action by such committee. Any action or recommendation of a Pool Committee or the
13 Advisory Committee shall be transmitted to Watermaster in writing, together with a report of any
14 dissenting vote or opinion.

15 36. Compensation. Pool or Advisory Committee members may receive compensation, to be
16 established by the respective pooling plan, but not to exceed twenty-five dollars (\$25.00) for each
17 meeting of such Pool or Advisory Committee attended, and provided that no member of a Pool or
18 Advisory Committee shall receive compensation of more than three hundred (\$300.00) dollars for service
19 on any such committee during any one year. All such compensation shall be a part of Watermaster
20 administrative expense. No member of any Pool or Advisory Committee shall be employed by
21 Watermaster or compensated by Watermaster for professional or other services rendered to such Pool or
22 Advisory Committee or to Watermaster, other than the fee for attendance at meetings herein provided,
23 plus reimbursement of reasonable expenses related to activities within the Basin.

24
25 37. Organization.

26 (a) Organizational Meeting. At its first meeting in each year, each Pool Committee
27 and the Advisory Committee shall elect a chairperson and a vice chairperson from its
28

1 membership. It shall also select a secretary, a treasurer and such assistant secretaries and
2 treasurers as may be appropriate, any of whom may, but need not, be members of such Pool or
3 Advisory Committee.

4 (b) Regular Meetings. All Pool Committees and the Advisory Committee shall hold
5 regular meetings at a place and time to be specified in the rules to be adopted by each Pool and
6 Advisory Committee. Notice of regular meetings of any Pool or Advisory Committee, and of any
7 change in time or place thereof, shall be mailed to all active parties in said pool or pools.
8

9 (c) Special Meetings. Special meetings of any Pool or Advisory Committee may be
10 called at any time by the Chairperson or by any three (3) members of such Pool or Advisory
11 Committee by delivering notice personally or by mail to each member of such Pool or Advisory
12 Committee and to each active party at least 24 hours before the time of each such meeting in the
13 case of personal delivery, and 96 hours in the case of mail. The calling notice shall specify the
14 time and place of the special meeting and the business to be transacted. No other business shall
15 be considered at such meeting.
16

17 (d) Minutes. Minutes of all Pool Committee, Advisory Committee and Watermaster
18 meetings shall be kept at Watermaster's offices. Copies thereof shall be mailed or otherwise
19 furnished to all active parties in the pool or pools concerned. Said copies of minutes shall
20 constitute notice of any Pool or Advisory Committee action therein reported, and shall be
21 available for inspection by any party.

22 (e) Adjournments. Any meeting of any Pool or Advisory Committee may be
23 adjourned to a time and place specified in the order of adjournment. Less than a quorum may so
24 adjourn from time to time. A copy of the order or notice of adjournment shall be conspicuously
25 posted forthwith on or near the door of the place where the meeting was held.

26 38. Powers and Functions. The powers and functions of the respective Pool Committees
27 and the Advisory Committee shall be as follows:
28

1 (a) Pool Committees. Each Pool Committee shall have the power and responsibility
2 for developing policy recommendations for administration of its particular pool, as created under
3 the Physical Solution. All actions and recommendations of any Pool Committee which require
4 Watermaster implementation shall first be noticed to the other two pools. If no objection is
5 received in writing within thirty (30) days, such action or recommendation shall be transmitted
6 directly to Watermaster for action. If any such objection is received, such action or
7 recommendation shall be reported to the Advisory Committee before being transmitted to
8 Watermaster.

9 (b) Advisory Committee. The Advisory Committee shall have the duty to study, and
10 the power to recommend, review and act upon all discretionary determinations made or to be
11 made hereunder by Watermaster.

12
13 [1] Committee Initiative. When any recommendation or advice of the
14 Advisory Committee is received by Watermaster, action consistent therewith may be
15 taken by Watermaster; provided, that any recommendation approved by 80 votes or more
16 in the Advisory Committee shall constitute a mandate for action by Watermaster
17 consistent therewith. If Watermaster is unwilling or unable to act pursuant to
18 recommendation or advice from the Advisory Committee (other than such mandatory
19 recommendations), Watermaster shall hold a public hearing, which shall be followed by
20 written findings and decision. Thereafter, Watermaster may act in accordance with said
21 decision, whether consistent with or contrary to said Advisory Committee
22 recommendation. Such action shall be subject to review by the Court, as in the case of
23 all other Watermaster determinations.

24
25 [2] Committee Review. In the event Watermaster proposes to take
26 discretionary action, other than approval or disapproval of a Pool Committee action or
27 recommendation properly transmitted, or execute any agreement not theretofore within
28 the scope of an Advisory Committee recommendation, notice of such intended action

1 shall be served on the Advisory Committee and its members at least thirty (30) days
2 before the Watermaster meeting at which such action is finally authorized.

3
4 (c) Review of Watermaster Actions. Watermaster (as to mandated action), the
5 Advisory Committee or any Pool Committee shall be entitled to employ counsel and expert
6 assistance in the event Watermaster or such Pool or Advisory Committee seeks Court review of
7 any Watermaster action or failure to act. The cost of such counsel and expert assistance shall be
8 Watermaster expense to be allocated to the affected pool or pools.

9 VI. PHYSICAL SOLUTION

10 A. GENERAL

11
12 39. Purpose and Objective. Pursuant to the mandate of Section 2 of Article X of the
13 California Constitution, the Court hereby adopts and orders the parties to comply with a Physical Solution.
14 The purpose of these provisions is to establish a legal and practical means for making the maximum
15 reasonable beneficial use of the waters of Chino Basin by providing the optimum economic, long-term,
16 conjunctive utilization of surface waters, ground waters and supplemental water, to meet the
17 requirements of water users having rights in or dependent upon Chino Basin.

18
19 40. Need for Flexibility. It is essential that this Physical solution provide maximum flexibility
20 and adaptability in order that Watermaster and the Court may be free to use existing and future
21 technological, social, institutional and economic options, in order to maximize beneficial use of the waters
22 of Chino Basin. To that end, the Court's retained jurisdiction will be utilized, where appropriate, to
23 supplement the discretion herein granted to the Watermaster.

24
25 41. Watermaster Control. Watermaster, with the advice of the Advisory and Pool
26 Committees, is granted discretionary powers in order to develop an optimum basin management program
27 for Chino Basin, including both water quantity and quality considerations. Withdrawals and supplemental
28 water replenishment of Basin Water, and the full utilization of the water resources of Chino Basin, must

1 be subject to procedures established by and administered through Watermaster with the advice and
2 assistance of the Advisory and Pool Committees composed of the affected producers. Both the quantity
3 and quality of said water resources may thereby be preserved and the beneficial utilization of the Basin
4 maximized.

5
6 42. General Pattern of Operations. It is contemplated that the rights herein decreed will be
7 divided into three (3) operating pools for purposes of Watermaster administration. A fundamental
8 premise of the Physical Solution is that all water users dependent upon Chino Basin will be allowed to
9 pump sufficient waters from the Basin to meet their requirements. To the extent that pumping exceeds
10 the share of the Safe Yield assigned to the Overlying Pools, or the Operating Safe Yield in the case of the
11 Appropriative Pool, each pool will provide funds to enable Watermaster to replace such overproduction.
12 The method of assessment in each pool shall be as set forth in the applicable pooling plan.

13 B. POOLING

14
15 43. Multiple Pools Established. There are hereby established three (3) pools for
16 Watermaster administration of, and for the allocation of responsibility for, and payment of, costs of
17 replenishment water and other aspects of this Physical Solution.

18 (a) Overlying (Agricultural) Pool. The first pool shall consist of the State of California
19 and all overlying producers who produce water for other than industrial or commercial purposes.
20 The initial members of the pool are listed in Exhibit "C".

21
22 (b) Overlying (Non-agricultural) Pool. The second pool shall consist of overlying
23 producers who produce water for industrial or commercial purposes. The initial members of this
24 pool are listed in Exhibit "D".

25
26 (c) Appropriative Pool. A third and separate pool shall consist of owners of
27 appropriative rights. The initial members of the pool are listed in Exhibit "E".
28

1 Any party who changes the character of his use may, by subsequent order of the Court, be
2 reassigned to the proper pool; but the allocation of Safe Yield under Paragraph 44 hereof shall not be
3 changed. Any non-party producer or any person who may hereafter commence production of water from
4 Chino Basin, and who may become a party to this physical solution by intervention, shall be assigned to
5 the proper pool by the order of the Court authorizing such intervention.

6
7 44. Determination and Allocation of Rights to Safe Yield of Chino Basin. The declared Safe
8 Yield of Chino Basin is hereby allocated as follows:

<u>Pool</u>	<u>Allocation</u>
9 Overlying (Agricultural) Pool	10 414,000 acre-feet in any five (5) consecutive years.
11 Overlying (Non-agricultural) Pool	12 7,366 acre-feet per year.
13 Appropriative Pool	14 49,834 acre-feet per year.

15 The foregoing acre foot allocations to the overlying pools are fixed. Any subsequent change in
16 the Safe Yield shall be debited or credited to the Appropriative Pool. Basin Water available to the
17 Appropriative Pool without replenishment obligation may vary from year to year as the Operating Safe
18 Yield is determined by Watermaster pursuant to the criteria set forth in Exhibit "I".

19 45. Annual Replenishment. Watermaster shall levy and collect assessments in each year,
20 pursuant to the respective pooling plans, in amounts sufficient to purchase replenishment water to
21 replace production by any pool during the preceding year which exceeds that pool's allocated share of
22 Safe Yield in the case of the overlying pools, or Operating Safe Yield in the case of the Appropriative
23 Pool. It is anticipated that supplemental water for replenishment of Chino Basin may be available at
24 different rates to the various pools to meet their replenishment obligations. If such is the case, each pool
25 will be assessed only that amount necessary for the cost of replenishment water to that pool, at the rate
26 available to the pool, to meet its replenishment obligation.
27
28

1 systems within the basin. Under those agreements, which are recognized hereby but shall be
2 unaffected and unimpaired by this judgment, substantial quantities of reclaimed water may be
3 made available for replenishment purposes. There are additional sources of reclaimed water
4 which are, or may become, available to Watermaster for said purposes. Maximum beneficial use
5 of reclaimed water shall be given high priority by Watermaster.

6 (b) State Water. State water constitutes a major available supply of supplemental
7 water. In the case of State Water, Watermaster purchases shall comply with the water service
8 provisions of the State's water service contracts. More specifically, Watermaster shall purchase
9 State Water from MWD for replenishment of excess production within IEUA, WMWD and
10 TVMWD, and from SBVMWD to replenish excess production within SBVMWD's boundaries in
11 Chino Basin, except to the extent that MWD and SBVMWD give their consent as required by
12 such State water service contracts.

13
14 (c) Local Import. There exists facilities and methods for importation of surface and
15 ground water supplies from adjacent basins and watersheds.

16
17 (d) Colorado River Supplies. MWD has water supplies available from its Colorado
18 River Aqueduct.

19 50. Methods of Replenishment. Watermaster may accomplish replenishment of
20 overproduction from the Basin by any reasonable method, including:

21
22 (a) Spreading and percolation or Injection of water in existing or new facilities,
23 subject to the provisions of Paragraphs 19, 25 and 26 hereof.

24
25 (b) In Lieu Procedures. Watermaster may make, or cause to be made, deliveries of
26 water for direct surface use, in lieu of ground water production.

27 E. REVENUES

1 51. Production Assessment. Production assessments, on whatever basis, may be levied by
2 Watermaster pursuant to the pooling plan adopted for the applicable pool.

3 52. Minimal Producers. Minimal Producers shall be exempted from payment of production
4 assessments, upon filing of production reports as provided in Paragraph 47 of this Judgment, and
5 payment of an annual five dollar (\$5.00) administrative fee as specified by Watermaster rules.
6

7 53. Assessment Proceeds — Purposes. Watermaster shall have the power to levy
8 assessments against the parties (other than minimal pumpers) based upon production during the
9 preceding period of assessable production, whether quarterly, semi-annually or annually, as may be
10 determined most practical by Watermaster or the affected Pool Committee.
11

12 54. Administrative Expenses. The expenses of administration of this Physical Solution shall
13 be categorized as either (a) general Watermaster administrative expense, or (b) special project expense.

14 (a) General Watermaster Administrative Expense shall include office rental, general
15 personnel expense, supplies and office equipment, and related incidental expense and general
16 overhead.
17

18 (b) Special Project Expense shall consist of special engineering, economic or other
19 studies, litigation expense, meter testing or other major operating expenses. Each such project
20 shall be assigned a Task Order number and shall be separately budgeted and accounted for.

21 General Watermaster administrative expense shall be allocated and assessed against the
22 respective pools based upon allocations made by the Watermaster, who shall make such
23 allocations based upon generally accepted cost accounting methods. Special Project Expense
24 shall be allocated to a specific pool, or any portion thereof, only upon the basis of prior express
25 assent and finding of benefit by the Pool Committee, or pursuant to written order of the Court.
26

27 55. Assessments -- Procedure. Assessments herein provided for shall be levied and
28 collected as follows:

1 (a) Notice of Assessment. Watermaster shall give written notice of all applicable
2 assessments to each party on or before ninety (90) days after the end of the production period to
3 which such assessment is applicable.

4 (b) Payment. Each assessment shall be payable on or before thirty (30) days after
5 notice, and shall be the obligation of the party or successor owning the water production facility at
6 the time written notice of assessment is given, unless prior arrangement for payment by others
7 has been made in writing and filed with Watermaster.
8

9 (c) Delinquency. Any delinquent assessment shall bear interest at 10% per annum
10 (or such greater rate as shall equal the average current cost of borrowed funds to the
11 Watermaster) from the due date thereof. Such delinquent assessment and interest may be
12 collected in a show-cause proceeding herein instituted by the Watermaster, in which case the
13 Court may allow Watermaster its reasonable costs of collection, including attorney's fees.
14

15 56. Accumulation of Replenishment Water Assessment Proceeds. In order to minimize
16 fluctuation in assessment and to give Watermaster flexibility in purchase and spreading of replenishment
17 water, Watermaster may make reasonable accumulations of replenishment water assessment proceeds.
18 Interest earned on such retained funds shall be added to the account of the pool from which the funds
19 were collected and shall be applied only to the purchase of replenishment water.

20 57. Effective Date. The effective date for accounting and operation under this Physical
21 Solution shall be July 1, 1977, and the first production assessments hereunder shall be due after July 1,
22 1978. Watermaster shall, however, require installation of meters or measuring devices and establish
23 operating procedures immediately, and the cost of such Watermaster activity (not including the cost of
24 such meters and measuring devices) may be recovered in the first administrative assessment in 1978.
25
26
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28

1 VII. MISCELLANEOUS PROVISIONS

2 58. Designation of Address for Notice and Service. Each party shall designate the name and
3 address to be used for purposes of all subsequent notices and service herein, either by its endorsement
4 on the Stipulation for Judgment or by a separate designation to be filed within thirty (30) days after
5 Judgment has been served. Said designation may be changed from time to time by filing a written notice
6 of such change with the Watermaster. Any party desiring to be relieved of receiving notices of
7 Watermaster or committee activity may file a waiver of notice on a form to be provided by Watermaster.
8 Thereafter such party shall be removed from the Active Party list. Watermaster shall maintain at all times
9 a current list of all active parties and their addresses for purposes of service. Watermaster shall also
10 maintain a full current list of names and addresses of all parties or their successors, as filed herein.
11 Copies of such lists shall be available, without cost, to any party, the Advisory Committee or any Pool
12 Committee upon written request therefor.
13

14 59. Service of Documents. Delivery to or service upon any party or active party by the
15 Watermaster, by any other party, or by the Court, of any item required to be served upon or delivered to
16 such party or active party under or pursuant to the Judgment shall be made personally or by deposit in
17 the United States mail, first class, postage prepaid, addressed to the designee and at the address in the
18 latest designation filed by such party or active party.
19

20 60. Intervention After Judgment. Any non-party assignee of the adjudicated appropriate
21 rights of any appropriator, or any other person newly proposing to produce water from Chino Basin, may
22 become a party to this Judgment upon filing a petition in intervention. Said intervention must be
23 confirmed by order of this Court. Such intervenor shall thereafter be a party bound by this judgment and
24 entitled to the rights and privileges accorded under the Physical Solution herein, through the pool to which
25 the Court shall assign such intervenor.
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EXHIBIT A

Location Map of Chino Basin

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EXHIBIT B

Hydrologic Map of Chino Basin

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	STATE OF CALIFORNIA	Aphesssetche, Xavier
2	COUNTY OF SAN BERNARDINO	Arena Mutual Water Assn.
3	Abacherli, Dairy, Inc.	Armstrong Nurseries, Inc.
4	Abacherli, Frank	Arretche, Frank
5	Abacherli, Shirley	Arretche, Jean Pierre
6	Abbona, Anna	Arvidson, Clarence F.
7	Abbona, James	Arvidson, Florence
8	Abbona, Jim	Ashley, George W.
9	Abbona, Mary	Ashley, Pearl E.
10	Agliani, Amelia H.	Atlas Farms
11	Agman, Inc.	Atlas Ornamental Iron Works, Inc.
12	Aguerre, Louis B.	Aukeman, Carol
13	Ahmanson Trust Co.	Aukeman, Lewis
14	Akiyama, Shizuye	Ayers, Kenneth C., aka
15	Akiyama, Tomoo	Kelley Ayers
16	Akkerman, Dave	Bachoc, Raymond
17	Albers, J.N.	Baldwin, Edgar A.
18	Albers, Nellie	Baldwin, Lester
19	Alewyn, Jake J.	Banbury, Carolyn
20	Alewyn, Normalee	Bangma Dairy
21	Alger, Mary D.	Bangma, Arthur
22	Alger, Raymond	Bangma, Ida
23	Allen, Ben F.	Bangma, Martin
24	Allen, Jane F.	Bangma, Sam
25	Alta-Dena Dairy	Barba, Anthony B.
26	Anderson Farms	Barba, Frank
27	Anguiano, Sarah L.S.	Barcellos, Joseph
28	Anker, Gus	Barnhill, Maurine W.
	Barnhill, Paul	Boersma, Angie

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Bartel, Dale	Boersma, Berdina
2	Bartel, Ursula	Boersma, Frank
3	Bartel, Willard	Boersma, Harry
4	Barthelemy, Henry	Boersma, Paul
5	Barthelemy, Roland	Boersma, Sam
6	Bassler, Donald V., M.D.	Boersma, William L.
7	Bates, Lowell R.	Bohlander & Holmes, Inc.
8	Bates, Mildred L.	Bokma, Peter
9	Beahm, James W.	Bollema, Jacob
10	Beahm, Joan M.	Boonstoo, Edward
11	Bekendam, Hank	Bootsma, Jim
12	Bekendam, Pete	Borba, Dolene
13	Bello, Eugene	Borba, Dolores
14	Bello, Olga	Borba, Emily
15	Beltman, Evelyn	Borba, George
16	Beltman, Tony	Borba, John
17	Bergquist Properties, Inc.	Borba, John & Sons
18	Bevacqua, Joel A.	Borba, John Jr.
19	Bevacqua, Marie B.	Borba, Joseph A.
20	Bidart, Bernard	Borba, Karen E.
21	Bidart, Michael J.	Borba, Karen M.
22	Binnell, Wesley	Borba, Pete, Estate of
23	Black, Patricia E.	Borba, Ricci
24	Black, Victor	Borba, Steve
25	Bodger, John & Sons Co.	Borba, Tom
26	Boer, Adrian	Bordisso, Alleck
27	Boersma and Wind Dairy	Borges, Angelica M.
28	Borges, Bernadette	Bothof, Roger W.

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Borges, John O.	Bouma, Cornie
2	Borges, Linda L.	Bouma, Emma
3	Borges, Manual Jr.	Bouma, Henry P.
4	Borges, Tony	Bouma, Martin
5	Bos, Aleid	Bouma, Peter G. & Sons Dairy
6	Bos, Gerrit	Bouma, Ted
7	Bos, John	Bouman, Helen
8	Bos, John	Bouman, Sam
9	Bos, Margaret	Bower, Mabel E.
10	Bos, Mary	Boys Republic
11	Bos, Mary Beth	Breedyk, Arie
12	Bos, Tony	Breedyk, Jessie
13	Bosch, Henrietta	Briano Brothers
14	Bosch, Peter T.	Briano, Albert
15	Boschma, Betty	Briano, Albert Trustee for
16	Boschma, Frank	Briano, Albert Frank
17	Boschma, Greta	Briano, Lena
18	Boschma, Henry	Brink, Russell N.
19	Bosma, Dick	Brinkerhoff, Margaret
20	Bosma, Florence G.	Brinkerhoff, Robert L.
21	Bosma, Gerrit	Britschgi, Florence
22	Bosma, Jacob J.	Britschgi, Magdalena Garetto
23	Bosma, Jeanette Thea	Britschgi, Walter P.
24	Bosman, Frank	Brommer, Marvin
25	Bosman, Nellie	Brookside Enterprizes, dba
26	Bosnyak, Goldie M.	Brookside Vineyard Co.
27	Bosnyak, Martin	Brothers Three Dairy
28	Brown, Eugene	Chino Corona Investment

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Brun, Martha M.	Chino Water Co.
2	Brun, Peter Robert	Christensen, Leslie
3	Buma, Duke	Christensen, Richard G.
4	Buma, Martha	Christian, Ada R.
5	Bunse, Nancy	Christian, Harold F.
6	Bunse, Ronnie L.	Christy, Ella J.
7	Caballero, Bonnie L.	Christy, Ronald S.
8	Caballero, Richard F.	Cihigoyenette, Jean
9	Cable Airport Inc.	Cihigoyenette, Leona
10	Cadlini, Donald	Cihigoyenette, Martin
11	Cadlini, Jesse R.	Clarke, Arthur B.
12	Cadlini, Marie Edna	Clarke, Nancy L.
13	Cambio, Anna	Clarke, Phyllis J.
14	Cambio, Charles, Estate of	Coelho, Isabel
15	Cambio, William V.	Coelho, Joe A. Jr.
16	Cardoza, Florence	Collins, Howard E.
17	Cardoza, Olivi	Collins, Judith F.
18	Cardoza, Tony	Collinsworth, Ester L.
19	Carnesi, Tom	Collinsworth, John E.
20	Carver, Robt M., Trustee	Collinsworth, Shelby
21	Cauffman, John R.	Cone Estate (05-2-00648/649)
22	Chacon Bros.	Consolidated Freightways Corp.
23	Chancon, Elvera P.	of Delaware
24	Chacon, Joe M.	Corona Farms Co.
25	Chacon, Robert M.	Corra, Rose
26	Chacon, Virginia L.	Costa, Dimas S.
27	Chez, Joseph C.	Costa, Laura
28	Costa, Myrtle	De Boer, L.H.

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Costamagna, Antonio	De Boer, Sidney
2	Costamagna, Joseph	De Bos, Andrew
3	Cousyn, Claus B.	De Graaf, Anna Mae
4	Cramer, Carole F.	De Graaf, Gerrit
5	Cramer, William R.	De Groot, Dick
6	Crossroads Auto Dismantlers, Inc.	De Groot, Dorothy
7	Crouse, Beatrice I.	De Groot, Ernest
8	Crouse, Roger	De Groot, Henrietta
9	Crowley, Juanita C.	De Groot, Jake
10	Crowley, Ralph	De Groot, Pete Jr.
11	Cucamonga Vintners	De Haan, Bernadene
12	D'Astici, Teresa	De Haan, Henry
13	Da Costa, Cecilia B.	De Hoog, Adriana
14	Da Costa, Joaquim F.	De Hoog, Joe
15	Daloisio, Norman	De Hoog, Martin
16	De Berard Bros.	De Hoog, Martin L.
17	De Berard, Arthur, Trustee	De Hoog, Mitch
18	De Berard, Charles	De Hoog, Tryntje
19	De Berard, Chas., Trustee	De Jager, Cobi
20	De Berard, Helan J.	De Jager, Edward D.
21	De Berard, Robert	De Jong Brothers Dairy
22	De Berard, Robert Trustee	De Jong, Cornelis
23	De Bie, Adrian	De Jong, Cornelius
24	De Bie, Henry	De Jong, Grace
25	De Bie, Margaret M.	De Jong, Jake
26	De Bie, Marvin	De Jong, Lena
27	De Boer, Fred	De Leeuw, Alice
28	De Leeuw, Sam	Dirkse, Catherine

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	De Soete, Agnes	Dirkse, Charles C.
2	De Soete, Andre	Dixon, Charles E.
3	De Vries, Abraham	Dixon, Geraldine A.
4	De Vries, Case	Doesberg, Hendrica
5	De Vries, Dick	Doesburg, Theodorus, P.
6	De Vries, Evelyn	Dolan, Marion
7	De Vries, Henry, Estate of	Dolan, Michael H.
8	De Vries, Hermina	Dominguez, Helen
9	De Vries, Jack H.	Dominguez, Manual
10	De Vries, Jane	Donkers, Henry A.
11	De Vries, Janice	Donkers, Nellie G.
12	De Vries, John	Dotta Bros.
13	De Vries, John J.	Douma Brothers Dairy
14	De Vries, Neil	Douma, Betty A.
15	De Vries, Ruth	Douma, Fred A.
16	De Vries, Theresa	Douma, Hendrika
17	De Wit, Gladys	Douma, Herman G.
18	De Wit, Peter S.	Douma, Narleen J.
19	De Wyn, Evert	Douma, Phillip M.
20	De Zoete, Hattie V.	Dow Chemical Co.
21	Do Zoete, Leo A.	Dragt, Rheta
22	Decker, Hallie	Dragt, William
23	Decker, Henry A.	Driftwood Dairy Farm
24	Demmer, Ernest	Droogh, Case
25	Di Carlo, Marie	Duhalde, Marian
26	Di Carlo, Victor	Duhalde, Lauren
27	Di Tommaso, Frank	Duits, Henrietta
28	Duits, John	Excelsior Farms F.D.I.C.

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Dunlap, Edna Kraemer,	Fagundes, Frank M.
2	Estate of	Fagundes, Mary
3	Durrington, Glen	Fernandes, Joseph Jr.
4	Durrington, William F.	Fernandes, Velma C.
5	Dusi, John Sr.	Ferraro, Ann
6	Dykstra, Dick	Ferreira, Frank J.
7	Dykstra, John	Ferreira, Joe C. Jr.
8	Dykstra, John & Sons	Ferreira, Narcie
9	Dykstra, Wilma	Filippi, J. Vintage Co.
10	Dyt, Cor	Filippi, Joseph
11	Dyt, Johanna	Filippi, Joseph A.
12	E and S Grape Growers	Filippi, Mary E.
13	Eaton, Thomas, Estate of	Fitzgerald, John R.
14	Echeverria, Juan	Flameling Dairy Inc.
15	Echeverria, Carlos	Flamingo Dairy
16	Echeverria, Pablo	Foss, Douglas E.
17	Eilers, E. Myrle	Foss, Gerald R.
18	Eilers, Henry W.	Foss, Russel
19	El Prado Golf Course	Fred & John Troost No. 1 Inc.
20	Ellsworth, Rex C.	Fred & Maynard Troost No. 2 Inc.
21	Engelsma, Jake	Freitas, Beatriz
22	Engelsma, Susan	Freitas, Tony T.
23	Escojeda, Henry	Gakle, Louis L.
24	Etiwanda Grape Products Co.	Galleano Winery, Inc.
25	Euclid Ave. Investment One	Galleano, Bernard D.
26	Euclid Ave. Investment Four	Galleano, D.
27	Euclid Ave. Three Investment	Galleano, Mary M.
28	Garcia, Pete	Hansen, Raymond F.

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Gardner, Leland V.	Hanson, Ardeth W.
2	Gardner, Lola M.	Harada, James T.
3	Garrett, Leonard E.	Harada, Violet A.
4	Garrett, Patricia T.	Haringa, Earl and Sons
5	Gastelluberry, Catherine	Haringa, Herman
6	Gastelluberry, Jean	Haringa, Rudy
7	Gilstrap, Glen E.	Haringa, William
8	Gilstrap, Marjorie J.	Harper, Cecilia de Mille
9	Godinho, John	Harrington, Winona
10	Godinho, June	Harrison, Jacqueline A.
11	Gonsalves, Evelyn	Hatanaka, Kenichi
12	Gonsalves, John	Heida, Annie
13	Gorzeman, Geraldine	Heida, Don
14	Gorzeman, Henry A.	Heida, Jim
15	Gorzeman, Joe	Heida, Sam
16	Govea, Julia	Helms, Addison D.
17	Goyenetché, Albert	Helms, Irma A.
18	Grace, Caroline E.	Hermans, Alma I.
19	Grace, David J.	Hermans, Harry
20	Gravatt, Glenn W.	Hettinga, Arthur
21	Gravatt, Sally Mae	Hettinga, Ida
22	Greydanus Dairy, Inc.	Hettinga, Judy
23	Greydanus, Rena	Hettinga, Mary
24	Griffin Development Co.	Hettinga, Wilbur
25	Haagsma, Dave	Heublein, Inc., Grocery Products
26	Haagsma, John	Group
27	Hansen, Mary D.	Hibma, Catherine M.
28	Hibma, Sidney	Hohberg, Harold C.

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Hicks, Kenneth I.	Hohberg, Harold W.
2	Hicks, Minnie M.	Holder, Arthur B.
3	Higgins Brick Co.	Holder, Dorothy F.
4	Highstreet, Alfred V.	Holmes, A. Lee
5	Highstreet, Evada V.	Holmes, Frances P.
6	Hilarides, Bertha as Trustee	Hoogeboom, Gertrude
7	Hilarides, Frank	Hoogeboom, Pete
8	Hilarides, John as Trustee	Hoogendam, John
9	Hindelang, Tillie	Hoogendam, Tena
10	Hindelang, William	Houssels, J. K. Thoroughbred
11	Hobbs, Bonnie C.	Farm
12	Hobbs, Charles W.	Hunt Industries
13	Hobbs, Hazel I.	Idsinga, Ann
14	Hobbs, Orlo M.	Idsinga, William W.
15	Hoekstra, Edward	Imbach Ranch, Inc.
16	Hoekstra, George	Imbach, Kenneth E.
17	Hoekstra, Grace	Imbach, Leonard K.
18	Hoekstra, Louie	Imbach, Oscar K.
19	Hofer, Paul B.	Imbach, Ruth M.
20	Hofer, Phillip F.	Indaburu, Jean
21	Hofstra, Marie	Indaburu, Marceline
22	Hogeboom, Jo Ann M.	Iseli, Kurt H.
23	Hogeboom, Maurice D.	Ito, Kow
24	Hogg, David V.	J & B Dairy Inc.
25	Hogg, Gene P.	Jaques, Johnny C. Jr.
26	Hogg, Warren G.	Jaques, Mary
27	Hohberg, Edith J.	Jaques, Mary Lou
28	Jay Em Bee Farms	Knevelbaard, John

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Johnson Bro's Egg Ranches, Inc.	Knudsen, Ejnar
2	Johnston, Ellwood W.	Knudsen, Karen M.
3	Johnston, George F. Co.	Knudsen, Kenneth
4	Johnston, Judith H.	Knudson, Robert
5	Jones, Leonard P.	Knudson, Darlene
6	Jongsma & Sons Dairy	Koel, Helen S.
7	Jongsma, Diana A.	Koetsier, Gerard
8	Jongsma, Dorothy	Koetsier, Gerrit J.
9	Jongsma, George	Koetsier, Jake
10	Jongsma, Harold	Koning, Fred W.
11	Jongsma, Henry	Koning, Gloria
12	Jongsma, John	Koning, J. W. Estate
13	Jongsma, Nadine	Koning, James A.
14	Jongsma, Tillie	Koning, Jane
15	Jordan, Marjorie G.	Koning, Jane C.
16	Jordan, Troy O.	Koning, Jennie
17	Jorritsma, Dorothy	Koning, John
18	Juliano, Albert	Koning, Victor A.
19	Kamper, Cornelis	Kooi Holstein Corporation
20	Kamstra, Wilbert	Koolhaas, Kenneth E.
21	Kaplan, Lawrence J.	Koolhaas, Simon
22	Kasbergen, Martha	Koolhaas, Sophie Grace
23	Kasbergen, Neil	Koopal, Grace
24	Kazian, Angelen Estate of	Koopal, Silas
25	Kingsway, Const. Corp.	Koopman, Eka
26	Klapps Market	Koopman, Gene T.
27	Kline, James K.	Koopman, Henry G.
28	Koopman, Ted	Leck, Arthur A.

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Koopman, Tena	Leck, Evelyn M.
2	Koot, Nick	Lee, Harold E.
3	Koster, Aart	Lee, Helen J.
4	Koster, Frances	Lee, Henrietta C.
5	Koster, Henry B.	Lee, R. T. Construction Co.
6	Koster, Nellie	Lekkerkerk, Adriana
7	Kroes, Jake R.	Lekkerkerk, L. M.
8	Kroeze, Bros	Lekkerkerker, Nellie
9	Kroeze, Calvin E.	Lekkerkerker, Walt
10	Kroeze, John	Lewis Homes of California
11	Kroeze, Wesley	Livingston, Dorothy M.
12	Kruckenber, Naomi	Livingston, Rex E.
13	Kruckenber, Perry	Lokey, Rosemary Kraemer
14	L. D. S. Welfare Ranch	Lopes, Candida A.
15	Labrucherie, Mary Jane	Lopes, Antonio S.
16	Labrucherie, Raymond F.	Lopez, Joe D.
17	Lako, Samuel	Lourenco, Carlos, Jr.
18	Landman Corp.	Lourenco, Carmelina P.
19	Lanting, Broer	Lourenco, Jack C.
20	Lanting, Myer	Lourenco, Manual H.
21	Lass, Jack	Lourenco, Mary
22	Lass, Sandra L.	Lourenco, Mary
23	Lawrence, Cecelia, Estate of	Luiten, Jack
24	Lawrence, Joe H., Estate of	Luiz, John M.
25	Leal, Bradley W.	Luna, Christine I.
26	Leal, John C.	Luna, Ruben T.
27	Leal, John Craig	Lusk, John D. and Sons A California Corporation
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	Lyon, Gregory E.	Mickel, Louise

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Lyon, Paula E.	Miersma, Dorothy
2	M & W Co. #2	Meirsma, Harry C.
3	Madole, Betty M.	Minaberry, Arnaud
4	Madole, Larry B.	Minaberry, Marie
5	Marquez, Arthur	Mistretta, Frank J.
6	Marquine, Jean	Mocho and Plaa Inc.
7	Martin, Lelon O.	Mocho, Jean
8	Martin, Leon O.	Mocho, Noeline
9	Martin, Maria D.	Modica, Josephine
10	Martin, Tony J.	Montes, Elizabeth
11	Martins, Frank	Montes, Joe
12	Mathias, Antonio	Moons, Beatrice
13	Mc Cune, Robert M.	Moons, Jack
14	Mc Masters, Gertrude	Moramarco, John A. Enterprise
15	Mc Neill, J. A.	Moreno, Louis W.
16	Mc Neill, May F.	Moss, John R.
17	Mees, Leon	Motion Pictures Associates, Inc.
18	Mello and Silva Dairy	Moynier, Joe
19	Mello and Sousa Dairy	Murphy, Frances V.
20	Mello, Emilia	Murphy, Myrl L.
21	Mello, Enos C.	Murphy, Naomi
22	Mello, Mercedes	Nanne, Martin Estate of
23	Mendiondo, Catherine	Nederend, Betty
24	Mendiondo, Dominique	Nederend, Hans
25	Meth. Hosp. - Sacramento	Norfolk, James
26	Metzger, R. S.	Norfolk, Martha
27	Metzger, Winifred	Notrica, Louis
28	Nyberg, Lillian N.	Ormonde, Viva

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Nyenhuis, Annie	Ortega, Adeline B.
2	Nyenhuis, Jim	Ortega, Bernard Dino
3	Occidental Land Research	Osterkamp, Joseph S.
4	Okumura, Marion	Osterkamp, Margaret A.
5	Okumura, Yuiche	P I E Water Co.
6	Oldengarm, Effie	Palmer, Eva E.
7	Oldengarm, Egbert	Palmer, Walter E.
8	Oldengarm, Henry	Parente, Luis S.
9	Oliviera, Manuel L.	Parente, Mary Borba
10	Oliviera, Mary M.	Parks, Jack B.
11	Olson, Albert	Parks, Laura M.
12	Oltmans Construction Co.	Patterson, Lawrence E. Estate of
13	Omlin, Anton	Payne, Clyde H.
14	Omlin, Elsie L.	Payne, Margo
15	Ontario Christian School Assn.	Pearson, Athelia K.
16	Oord, John	Pearson, William C.
17	Oostdam, Jacoba	Pearson, William G.
18	Oostdam, Pete	Pene, Robert
19	Oosten, Agnes	Perian, Miller
20	Oosten, Anthonia	Perian, Ona E.
21	Oosten, Caroline	Petrissans, Deanna
22	Oosten, John	Petrissans, George
23	Oosten, Marinus	Petrissans, Jean P.
24	Oosten, Ralph	Petrissans, Marie T.
25	Orange County Water District	Pickering, Dora M.
26	Ormonde, Manuel	(Mrs. A. L. Pickering)
27	Ormonde, Pete, Jr.	Pierce, John
28	Pierce, Sadie	Righetti, A. T.

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Pietszak, Sally	Riley, George A.
2	Pine, Joe	Riley, Helen C.
3	Pine, Virginia	Robbins, Jack K.
4	Pires, Frank	Rocha, John M.
5	Pires, Marie	Rocha, Jose C.
6	Plaa, Jeanne	Rodrigues, John
7	Plaa, Michel	Rodrigues, Manuel
8	Plantenga, Agnes	Rodrigues, Manuel, Jr.
9	Plantenga, George	Rodrigues, Mary L.
10	Poe, Arlo D.	Rodriguez, Daniel
11	Pomona Cemetery Assn.	Rogers, Jack D.
12	Porte, Cecelia, Estate of	Rohrer, John A.
13	Porte, Garritt, Estate of	Rohrer, Theresa D.
14	Portsmouth, Vera McCarty	Rohrs, Elizabeth H.
15	Ramella, Mary M.	Rossetti, M. S.
16	Ramirez, Concha	Roukema, Angeline
17	Rearick, Hildegard H.	Roukema, Ed.
18	Rearick, Richard R.	Roukema, Nancy
19	Reinalda, Clarence	Roukema, Siebren
20	Reitsma, Greta	Ruderian, Max J.
21	Reitsma, Louis	Russell, Fred J.
22	Rice, Bernice	Rusticus, Ann
23	Rice, Charlie E.	Rusticus, Charles
24	Richards, Karin	Rynsburger, Arie
25	(Mrs. Ronnie Richards)	Rynsburger, Berdena, Trust
26	Richards, Ronald L.	Rynsburger, Joan Adele
27	Ridder, Jennie Wassenaar	Rynsburger, Thomas
28	S. P. Annex, Inc.	Scott, Frances M.

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Salisbury, Elinor J.	Scott, Linda F.
2	Sanchez, Edmundo	Scott, Stanley A.
3	Sanchez, Margarita O.	Scritsmier, Lester J.
4	Santana, Joe Sr.	Serl, Charles A.
5	Santana, Palmira	Serl, Rosalie P.
6	Satragni, John B. Jr.	Shady Grove Dairy, Inc.
7	Scaramella, George P.	Shamel, Burt A.
8	Schaafsma Bros.	Shelby, Harold E.
9	Schaafsma, Jennie	Shelby, John A.
10	Schaafsma, Peter	Shelby, Velma M.
11	Schaafsma, Tom	Shelton, Alice A.
12	Schaap, Andy	Sherwood, Robert W.
13	Schaap, Ids	Sherwood, Sheila J.
14	Schaap, Maria	Shue, Eva
15	Schacht, Sharon C.	Shue, Gilbert
16	Schakel, Audrey	Sieperda, Anne
17	Schakel, Fred	Sieperda, James
18	Schmid, Olga	Sigrist, Hans
19	Schmidt, Madeleine	Sigrist, Rita
20	Schoneveld, Evert	Silveira, Arline L.
21	Schoneveld, Henrietta	Silveira, Frank
22	Schoneveld, John	Silveira, Jack
23	Schoneveld, John Allen	Silveira, Jack P. Jr.
24	Schug, Donald E.	Simas, Dolores
25	Schug, Shirley A.	Simas, Joe
26	Schuh, Bernatta M.	Singleton, Dean
27	Schuh, Harold H.	Singleton, Elsie R.
28	Sinnott, Jim	Staal, John

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Sinnott, Mildred B.	Stahl, Zippora P.
2	Slegers, Dorothy	Stampfl, Berta
3	Slegers, Hubert J.	Stampfl, William
4	Slegers, Jake	Stanley, Robert E.
5	Slegers, Jim	Stark, Everett
6	Slegers, Lenwood M.	Stellingwerf, Andrew
7	Slegers, Martha	Stellingwerf, Henry
8	Slegers, Tesse J.	Stellingwerf, Jenette
9	Smith, Edward S.	Stellingwerf, Shana
10	Smith, Helen D.	Stellingwerf, Stan
11	Smith, James E.	Stelzer, Mike C.
12	Smith, Keith J.	Sterk, Henry
13	Smith, Lester W.	Stiefel, Winifred
14	Smith, Lois Maxine	Stiefel, Jack D.
15	Smith, Marjorie W.	Stigall, Richard L.
16	Soares, Eva	Stigall, Vita
17	Sogioka, Mitsuyoshi	Stockman's Inn
18	Sogioka, Yoshimato	Stouder, Charlotte A.
19	Sousa, Sam	Stouder, William C.
20	Southern Pacific Land Co.	Struikmans, Barbara
21	Southfield, Eddie	Struikmans, Gertie
22	Souza, Frank M.	Struikmans, Henry Jr.
23	Souza, Mary T.	Struikmans, Henry Sr.
24	Spickerman, Alberta	Struikmans, Nellie
25	Spickerman, Florence	Swager, Edward
26	Spickerman, Rudolph	Swager, Gerben
27	Spyksma, John	Swager, Johanna
28	Swager, Marion	Terpstra, Theodore G.

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Swierstra, Donald	Teune, Tony
2	Swierstra, Fanny	Teunissen, Bernard
3	Sybrandy, Ida	Teunissen, Jane
4	Sybrandy, Simon	Thomas, Ethel M.
5	Sytsma, Albert	Thommen, Alice
6	Sytsma, Edith	Thommen, Fritz
7	Sytsma, Jennie	Tillema, Allie
8	Sytsma, Louie	Tillema, Harold
9	Te Velde, Agnes	Tillema, Klaas D.
10	Te Velde, Bay	Timmons, William R.
11	Te Velde, Bernard A.	Tollerup, Barbara
12	Te Velde, Bonnie	Tollerup, Harold
13	Te Velde, Bonnie G.	Trapani, Louis A.
14	Te Velde, George	Trimlett, Arlene R.
15	Te Velde, George, Jr.	Trimlett, George E.
16	Te Velde, Harm	Tristant, Pierre
17	Te Velde, Harriet	Tuinhout, Ale
18	Te Velde, Henry J.	Tuinhout, Harry
19	Te Velde, Jay	Tuinhout, Hilda
20	Te Velde, Johanna	Tuls, Elizabeth
21	Te Velde, John H.	Tuls, Jack S.
22	Te Velde, Ralph A.	Tuls, Jake
23	Te Velde, Zwaantina, Trustee	Union Oil Company of California
24	Ter Maaten, Case	United Dairyman's Co-op.
25	Ter Maaten, Cleone	Urquhart, James G.
26	Ter Maaten, Steve	Usle, Cathryn
27	Terpstra, Carol	Usle, Faustino
28	V & Y Properties	Van Hofwegen, Clara

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Vaile, Beryl M.	Van Hofwegen, Jessie
2	Valley Hay Co.	Van Klaveren, A.
3	Van Beek Dairy Inc.	Van Klaveren, Arie
4	Van Canneyt Dairy	Van Klaveren, Wilhelmina
5	Van Canneyt, Maurice	Van Klaveren, William
6	Van Canneyt, Wilmer	Van Leeuwen, Arie C.
7	Van Dam, Bas	Van Leeuwen, Arie C.
8	Van Dam, Isabelle	Van Leeuwen, Arlan
9	Van Dam, Nellie	Van Leeuwen, Clara G.
10	Van Den Berg, Gertrude	Van Leeuwen, Cornelia L.
11	Van Den Berg, Joyce	Van Leeuwen, Harriet
12	Van Den Berg, Marinus	Van Leeuwen, Jack
13	Van Den Berg, Marvin	Van Leeuwen, John
14	Van Der Linden, Ardith	Van Leeuwen, Letie
15	Van Der Linden, John	Van Leeuwen, Margie
16	Van Der Linden, Stanley	Van Leeuwen, Paul
17	Van Der Veen, Kenneth	Van Leeuwen, William A.
18	Van Diest, Anna T.	Van Ravenswaay, Donald
19	Van Diest, Cornelius	Van Ryn Dairy
20	Van Diest, Ernest	Van Ryn, Dick
21	Van Diest, Rena	Van Surksum, Anthonetta
22	Van Dyk, Bart	Van Surksum, John
23	Van Dyk, Jeanette	Van Veen, John
24	Van Foeken, Martha	Van Vliet, Effie
25	Van Foeken, William	Van Vliet, Hendrika
26	Van Hofwegen, Steve	Van Vliet, Hugo
27	Van Hofwegen, Adrian A.	Van Vliet, Klaas
28	Vande Witte, George	Vander Laan, Katie

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Vanden Berge, Gertie	Vander Laan, Martin Jr.
2	Vanden Berge, Gertie	Vander Laan, Tillie
3	Vanden Berge, Jack	Vander Leest, Anna
4	Vanden Berge, Jake	Vander Leest, Ann
5	Vanden Brink, Stanley	Vander Meer, Alice
6	Vander Dussen, Agnes	Vander Meer, Dick
7	Vander Dussen, Cor	Vander Poel, Hank
8	Vander Dussen, Cornelius	Vander Poel, Pete
9	Vander Dussen, Edward	Vander Pol, Irene
10	Vander Dussen, Geraldine Marie	Vander Pol, Margie
11	Vander Dussen, James	Vander Pol, Marines
12	Vander Dussen, John	Vander Pol, William P.
13	Vander Dussen, Nelvina	Vander Schaaf, Earl
14	Vander Dussen, Rene	Vander Schaaf, Elizabeth
15	Vander Dussen, Sybrand Jr.	Vander Schaaf, Henrietta
16	Vander Dussen, Sybrand Sr.	Vander Schaaf, John
17	Vander Dussen Trustees	Vander Schaaf, Ted
18	Vander Eyk, Case Jr.	Vander Stelt, Catherine
19	Vander Eyk, Case Sr.	Vander Stelt, Clarence
20	Vander Feer, Peter	Vander Tuig, Arlene
21	Vander Feer, Rieka	Vander Tuig, Sylvester
22	Vander Laan, Ann	Vander Veen, Joe A.
23	Vander Laan, Ben	Vandervlag, Robert
24	Vander Laan, Bill	Vander Zwan, Peter
25	Vander Laan, Corrie	Vanderford, Betty W.
26	Vander Laan, Henry	Vanderford, Claud R.
27	Vander Laan, James	Vanderham, Adrian
28	Vanderham, Cornelius	Vestal, J. Howard

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Vanderham, Cornelius P.	Visser, Gerrit
2	Vanderham, Cory	Visser, Grace
3	Vanderham, E. Jane	Visser, Henry
4	Vanderham, Marian	Visser, Jess
5	Vanderham, Martin	Visser, Louie
6	Vanderham, Pete C.	Visser, Neil
7	Vanderham, Wilma	Visser, Sam
8	Vasquez, Eleanor	Visser, Stanley
9	Veenendaal, Evert	Visser, Tony D.
10	Veenendaal, John H.	Visser, Walter G.
11	Veiga, Dominick, Sr.	Von Der Ahe, Fredric T.
12	Verbree, Jack	Von Euw, George
13	Verbree, Tillie	Von Euw, Majorie
14	Verger, Bert	Von Lusk, a limited partnership
15	Verger, Betty	Voortman, Anna Marie
16	Verhoeven, Leona	Voortman, Edward
17	Verhoeven, Martin	Voortman, Edwin J.
18	Verhoeven, Wesley	Voortman, Gertrude Dena
19	Vermeer, Dick	Wagner, Richard H.
20	Vermeer, Jantina	Walker, Carole R.
21	Vernola Ranch	Walker, Donald E.
22	Vernola, Anthonietta	Walker, Wallace W.
23	Vernola, Anthony	Wardle, Donald M.
24	Vernola, Frank	Warner, Dillon B.
25	Vernola, Mary Ann	Warner, Minnie
26	Vernola, Pat F.	Wassenaar, Peter W.
27	Vestal, Frances Lorraine	Waters, Michael
28	Weeda, Adriana	Wiersma, Jake

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Weeda, Daniel	Wiersma, Otto
2	Weeks, O. L.	Wiersma, Pete
3	Weeks, Verona E.	Winchell, Veme H., Trustee
4	Weidman, Maurice	Wind, Frank
5	Weidman, Virginia	Wind, Fred
6	Weiland, Adaline I.	Wind, Hilda
7	Weiland, Peter J.	Wind, Johanna
8	Wesselink, Jules	Woo, Frank
9	West, Katharine R.	Woo, Sem Gee
10	West, Russel	Wybenga, Clarence
11	West, Sharon Ann	Wybenga, Gus
12	Western Horse Property	Wybenga, Gus K.
13	Westra, Alice	Wybenga, Sylvia
14	Westra, Henry	Wynja, Andy
15	Westra, Hilda	Wynja, Iona F.
16	Westra, Jake J.	Yellis, Mildred
17	Weststeyn, Freida	Yellis, Thomas E.
18	Weststeyn, Pete	Ykema-Harmsen Dairy
19	Whitehurst, Louis G.	Ykema, Floris
20	Whitehurst, Pearl L.	Ykema, Harriet
21	Whitmore, David L.	Yokley, Betty Jo
22	Whitmore, Mary A.	Yokley, Darrell A.
23	Whitney, Adolph M.	Zak, Zan
24	Wiersema, Harm	Zivelonghi, George
25	Wiersema, Harry	Zivelonghi, Margaret
26	Wiersma, Ellen H.	Zwaagstra, Jake
27	Wiersma, Gladys J.	Zwaagstra, Jessie M.
28		Zwart, Case

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

NON-PRODUCER WATER DISTRICTS

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- Chino Basin Municipal Water District
- Chino Basin Water Conservation District
- Pomona Valley Municipal Water District
- Western Municipal Water District of Riverside County

DEFAULTING OVERLYING AGRICULTURAL PRODUCERS

Cheryl L. Bain	Roy W. Lantis
Warren Bain	Sharon I. Lantis
John M. Barcelona	Frank Lorenz
Letty Bassler	Dagney H. MacDonald
John Brazil	Frank E. Martin
John S. Briano	Ruth C. Martin
Lupe Briano	Connie S. Mello
Paul A. Briano	Naldiro J. Mello
Tillie Briano	Felice Miller
Arnie B. Carlson	Ted Miller
John Henry Fikse	Masao Nerio
Phyllis S. Fikse	Tom K. Nerio
Lewellyn Flory	Toyo Nerio
Mary I. Flory	Yuriko Nerio
L. H. Glazer	Harold L. Rees
Dorothy Goodman	Alden G. Rose
Sidney D. Goodman	Claude Rouleau, Jr.
Frank Grossi	Patricia M. Rouleau
Harada Brothers	Schultz Enterprises
Ellen Hettinga	Albert Shaw

EXHIBIT "C"

STIPULATING OVERLYING AGRICULTURAL PRODUCERS

1	Hein Hettinga	Lila Shaw
2	Dick Hofstra, Jr.	Cathy M. Stewart
3	Benjamin M. Hughey	Marvin C. Stewart
4	Frieda L. Hughey	Betty Ann Stone
5	Guillaume Indart	John B. Stone
6	Ellwood B. Johnston, Trustee	Vantoll Cattle Co., Inc.
7	Perry Kruckenberg, Jr.	Catherine Verburg
8	Martin Verburg	
9	Donna Vincent	
10	Larry Vincent	
11	Cliff Wolfe & Associates	
12	Ada M. Woll	
13	Zarubica Co.	

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EXHIBIT "D"

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OVERLYING NON-AGRICULTURAL RIGHTS

<u>Party</u>	<u>Total Overlying Non-Agricultural Rights (Acre-Feet)</u>	<u>Share of Safe Yield (Acre-Feet)</u>
Ameron Steel Producers, Inc.	125	97.858
County of San Bernardino (Airport)	171	133.870
Conrock Company	406	317.844
Kaiser Steel Corporation	3,743	2,930.274
Red Star Fertilizer	20	15.657
Southern California Edison Co.	1,255	982.499
Space Center, Mira Loma	133	104.121
Southern Service Co. dba Blue Seal Linen	24	18.789
Sunkist Growers, Inc.	2,393	1,873.402
Carlsberg Mobile Home Properties, Ltd '73	593	464.240
Union Carbide Corporation	546	427.446
Quaker Chemical Co.	<u>0</u>	<u>0.000</u>
Totals	9,409	7,366.000

EXHIBIT "E"

APPROPRIATIVE RIGHTS

<u>Party</u>	<u>Appropriative Right (Acre Feet)</u>	<u>Share of Initial Operating Safe Yield (Acre-Feet)</u>	<u>Share of Operating Safe Yield (Percent)</u>
City of Chino	5,271.7	3,670.067	6.693
City of Norco	289.5	201.545	0.368
City of Ontario	16,337.4	11,373.816	20.742
City of Pomona	16,110.5	11,215.852	20.454
City of Upland	4,097.2	2,852.401	5.202
Cucamonga County Water District	4,431.0	3,084.786	5.626
Jurupa Community Services District	1,104.1	768.655	1.402
Monte Vista County Water District	5,958.7	4,148.344	7.565
West San Bernardino County Water District	925.5	644.317	1.175
Etiwanda Water Company	768.0	534.668	0.975
Feldspar Gardens Mutual Water Company	68.3	47.549	0.087
Fontana Union Water Company	9,188.3	6,396.736	11.666
Marygold Mutual Water Company	941.3	655.317	1.195
Mira Loma Water Company	1,116.0	776.940	1.417
Monte Vista Irrigation Company	972.1	676.759	1.234
Mutual Water Company of Glen Avon Heights	672.2	467.974	0.853
Park Water Company	236.1	164.369	0.300
Pomona Valley Water Company	3,106.3	2,162.553	3.944
San Antonio Water Company	2,164.5	1,506.888	2.748
Santa Ana River Water Company	1,869.3	1,301.374	2.373
Southern California Water Company	1,774.5	1,235.376	2.253
West End Consolidated Water Company	<u>1,361.3</u>	<u>947.714</u>	<u>1.728</u>
TOTAL	78,763.8	55,834.000	100.000

EXHIBIT "F"
OVERLYING (AGRICULTURAL) POOL
POOLING PLAN

1. Membership in Pool. The State of California and all producers listed in Exhibit "C" shall be the initial members of this pool, which shall include all producers of water for overlying uses other than industrial or commercial purposes.

2. Pool Meetings. The members of the pool shall meet annually, in person or by proxy, at a place and time to be designated by Watermaster for purposes of electing members of the Pool Committee and conducting any other business of the pool. Special meetings of the membership of the pool may be called and held as provided in the rules of the pool.

3. Voting. All voting at meetings of pool members shall be on the basis of one vote for each 100 acre feet or any portion thereof of production from Chino Basin during the preceding year, as shown by the records of Watermaster.

4. Pool Committee. The Pool Committee for this pool shall consist of not less than nine (9) representatives selected at large by members of the pool. The exact number of members of the Pool Committee in any year shall be as determined by majority vote of the voting power of members of the pool in attendance at the annual pool meeting. Each member of the Pool Committee shall have one vote and shall serve for a two-year term. The members first elected shall classify themselves by lot so that approximately one-half serve an initial one-year term. Vacancies during any term shall be filled by a majority of the remaining members of the Pool Committee.

5. Advisory Committee Representatives. The number of representatives of the Pool Committee on the Advisory Committee shall be as provided in the rules of the pool from time to time but not exceeding ten (10). The voting power of the pool on the Advisory Committee shall be apportioned and exercised as determined from time to time by the Pool Committee.

6. Replenishment Obligation. The pool shall provide funds for replenishment of any production by persons other than members of the Overlying Non-Agricultural Pool or Appropriator Pool,

in excess of the pool's share of Safe Yield. During the first five (5) years of operations of the Physical Solution, reasonable efforts shall be made by the Pool Committee to equalize annual assessments.

7. Assessments. All assessments in this pool (whether for replenishment water cost or for pool administration or the allocated share of Watermaster administration) shall be in an amount uniformly applicable to all production in the pool during the preceding year or calendar quarter. Provided, however, that the Agricultural Pool Committee, may recommend to the Court modification of the method of assessing pool members, inter se, if the same is necessary to attain legitimate basin management objectives, including water conservation and avoidance of undesirable socio-economic consequences. Any such modification shall be initiated and ratified by one of the following methods:

(a) Excess Production. - In the event total pool production exceeds 100,000 acre feet in any year, the Pool Committee shall call and hold a meeting, after notice to all pool members, to consider remedial modification of the assessment formula.

(b) Producer Petition. - At any time after the fifth full year of operation under the Physical Solution, a petition by ten percent (10%) of the voting power or membership of the Pool shall compel the holding of a noticed meeting to consider revision of said formula of assessment for replenishment water.

In either event, a majority action of the voting power in attendance at such pool members' meeting shall be binding on the Pool Committee.

8. Rules. - The Pool Committee shall adopt rules for conducting meetings and affairs of the committee and for administering its program and in amplification of the provisions, but not inconsistent with, this pooling plan.

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EXHIBIT "G"
OVERLYING (NON-AGRICULTURAL) POOL
POOLING PLAN

1. **Membership in Pool.** The initial members of the pool, together with the decreed share of the Safe Yield of each, are listed in Exhibit "D". Said pool includes producers of water for overlying industrial or commercial non-agricultural purposes, or such producers within the Pool who may hereafter take water pursuant to Paragraph 8 hereof.

2. **Pool Committee.** The Pool Committee for this pool shall consist of one representative designated by each member of the pool. Voting on the committee shall be on the basis of one vote for each member, unless a volume vote is demanded, in which case votes shall be allocated as follows:

The volume voting power on the Pool Committee shall be 1,484 votes. Of these, 742 votes shall be allocated on the basis of one vote for each ten (10) acre feet or fraction thereof of decreed shares in Safe Yield. (See Exhibit "D"). The remaining 742 votes shall be allocated proportionally on the basis of assessments paid to Watermaster during the preceding year.⁸

Affirmative action of the Committee shall require a majority of the voting power of the members in attendance, provided that it includes concurrence by at least one-third of its total members.⁹

3. **Advisory Committee Representatives.** At least three (3) members of the Pool Committee shall be designated by said committee to serve on the Advisory Committee. The exact number of such representatives at any time shall be as determined by the Pool Committee. The voting power of the pool shall be exercised in the Advisory Committee as a unit, based upon the vote of a majority of said representatives.

⁸ Or production assessments paid under Water Code Section 72140 et seq., as to years prior to the second year of operation under the Physical Solution hereunder.

⁹ Order dated October 8, 2010.

4. Replenishment Obligation. The pool shall provide funds for replenishment of any production in excess of the pool's share of Safe Yield in the preceding year.

5. Assessments.¹⁰

(a) Replenishment Assessments. Each member of this pool shall pay an assessment equal to the cost of replenishment water times the number of acre feet of production by such producer during the preceding year in excess of (a) his decreed share of the Safe Yield, plus (b) any carry-over credit under Paragraph 7 hereof.

(b) Administrative Assessments. In addition, the cost of the allocated share of Watermaster administration expense shall be recovered on an equal assessment against each acre foot of production in the pool during such preceding fiscal year or calendar quarter; and in the case of Pool members who take substitute ground water as set forth in Paragraph 8 hereof, such producer shall be liable for its share of administration assessment, as if the water so taken were produced, up to the limit of its decreed share of Safe Yield.

(c) Special Project OBMP Assessment. Each year, every member of this Pool will dedicate ten (10) percent of their annual share of Operating Safe Yield to Watermaster or in lieu thereof Watermaster will levy a Special Project OBMP Assessment in an amount equal to ten percent of the Pool member's respective share of Safe Yield times the then-prevailing MWD Replenishment Rate.

6. Assignment. Rights herein decreed are appurtenant to *that* land and are only assignable with the land for overlying use thereon; provided, however, (a) that any appropriator who may, directly or indirectly, undertake to provide water service to such overlying lands may, by an appropriate agency agreement on a form approved by Watermaster, exercise said overlying right to the extent, but only to the extent necessary to provide water service to said overlying lands, and (b) *the members of the pool shall have the right to Transfer or lease their quantified production rights within the pool or to*

¹⁰ Order dated December 21, 2007.

Watermaster in conformance with the procedures described in the Peace Agreement between the Parties therein, dated June 29, 2000 for the term of the Peace Agreement.¹¹

7. **Carry-over.** Any member of the pool who produces less than its assigned water share of Safe Yield may carry such unexercised right forward for exercise in subsequent years. The first water produced during any such subsequent year shall be deemed to be an exercise of such carry-over right. In the event the aggregate carry-over by any pool member exceeds its share of Safe Yield, such member shall, as a condition of preserving such surplus carryover, execute a storage agreement with Watermaster.

8. **Substitute Supplies.** To the extent that any Pool member, at the request of Watermaster and with the consent of the Advisory Committee, takes substitute surface water in lieu of producing ground water otherwise subject to production as an allocated share of Safe Yield, said party shall nonetheless remain a member of this Pool.

9. **Physical Solution Transfers.** All overlying rights are appurtenant to the land and cannot be assigned or conveyed separate or apart therefrom except that for the term of the Peace Agreement the members of the Overlying (Non-Agricultural) Pool shall have the discretionary right to Transfer or lease their quantified Production rights and carry-over water held in storage accounts in quantities that each member may from time to time individually determine as Transfers in furtherance of the Physical Solution: (i) within the Overlying (Non-Agricultural) Pool; (ii) to Watermaster in conformance with the procedures described in the Peace Agreement between the Parties therein, dated June 29, 2000; (iii) in conformance with the procedures described in Paragraph I of the Purchase and Sale Agreement for the Purchase of Water by Watermaster from Overlying (Non-Agricultural Pool dated June 30, 2007; or (iv) to Watermaster and thence to members of the Appropriate Pool in accordance with the following guidelines and those procedures Watermaster may further provide in Watermaster's Rules and Regulations:

¹¹ Order dated September 28, 2000 and Order dated April 19, 2001.

(a) By December 31 of each year, the members of the Overlying (Non-Agricultural) Pool shall notify Watermaster of the amount of water each member shall make available in their individual discretion for purchase by the Appropriators. By January 31 of each year, Watermaster shall provide a Notice of Availability of each Appropriator's pro-rata share of such water;

(b) Except as they may be limited by paragraph 9(e) below, each member of the Appropriative Pool will have, in their discretion, a right to purchase its pro-rata share of the supply made available from the Overlying (Non-Agricultural) Pool at the price established in 9(d) below. Each Appropriative Pool member's pro-rata share of the available supply will be based on each Producer's combined total share of Operating Safe Yield and the previous year's actual Production by each party;

(c) If any member of the Appropriative Pool fails to irrevocably commit to their allocated share by March 1 of each year, its share of the Overlying (Non-Agricultural) Pool water will be made available to all other members of the Appropriative Pool according to the same proportions as described in 9(b) above and at the price established in Paragraph 9(d) below. Each member of the Appropriative Pool shall complete its payment for its share of water made available by June 30 of each year.

(d) Commensurate with the cumulative commitments by members of the Appropriative Pool pursuant to (b) and (c) above, Watermaster will purchase the surplus water made available by the Overlying (Non-Agricultural) Pool water on behalf of the members of the Appropriative Pool on an annual basis at 92% of the then-prevailing "MWD Replenishment Rate" and each member of the Appropriative Pool shall complete its payment for its determined share of water made available by June 30 of each year.

(e) Any surplus water cumulatively made available by all members of the Overlying (Non-Agricultural) Pool that is not purchased by Watermaster after completion of the process set forth herein will be pro-rated among the members of the Pool in proportion to the total quantity offered for transfer in accordance with this provision and may be retained by the

Overlying (Non-Agricultural) Pool member without prejudice to the rights of the members of the Pool to make further beneficial use or transfer of the available surplus.

(f) Each Appropriator shall only be eligible to purchase their pro-rata share under this procedure if the party is: (i) current on all their assessments; and (ii) in compliance with the OBMP.

(g) The right of any member of the Overlying (Non-Agricultural) Pool to transfer water in accordance with this Paragraph 9(a)-(c) in any year is dependent upon Watermaster making a finding that the member of the Overlying (Non-Agricultural) Pool is using recycled water where it is both physically available and appropriate for the designated end use in lieu of pumping groundwater.

(h) Nothing herein shall be construed to affect or limit the rights of any Party to offer or accept an assignment as authorized by the Judgment Exhibit "G" paragraph 6 above, or to affect the rights of any Party under a valid assignment.

910. Rules. The Pool Committee shall adopt rules for administering its program and in amplification of the provisions, but not inconsistent with, this pooling plan.

EXHIBIT "H"
APPROPRIATIVE POOL
POOLING PLAN

1. Qualification for Pool. Any city, district or other public entity and public utility -- either regulated under Public Utilities Commission jurisdiction, or exempt therefrom as a non-profit mutual water company (other than those assigned to the Overlying (Agricultural) Pool) -- shall be a member of this pool. All initial members of the pool are listed in Exhibit "E", together with their respective appropriative rights and acre foot allocation and percentage shares of the initial and subsequent Operating Safe Yield.

2. Pool Committee. The Pool Committee shall consist of one (1) representative appointed by each member of the Pool.

3. Voting. The total voting power on the Pool Committee shall be 1,000 votes. Of these, 500 votes shall be allocated in proportion to decreed percentage shares in Operating Safe Yield. The remaining 500 votes shall be allocated proportionally on the basis of assessments paid to Watermaster during the preceding year. Routine business of the Pool Committee may be conducted on the basis of one vote per member, but upon demand of any member a weighted vote shall be taken. Affirmative action of the Committee shall require a majority of the voting power of members in attendance, provided that it includes concurrence by at least one-third of its total members.

4. Advisory Committee Representatives. **Members of the Pool Committee shall be designated to represent this pool on the Advisory Committee *on the following basis:* Each major appropriator, i.e., the owner of an adjudicated appropriative right in excess of 3,000 acre feet, or each appropriator that produces in excess of 3,000 acre feet based upon the prior year's production, shall be entitled to one representative. Two additional representatives of the Appropriative Pool on the Advisory Committee shall be elected at large by the remaining members of the pool. The voting power of the Appropriative Pool on the Advisory Committee shall be apportioned between the major appropriator representatives in proportion to their respective voting power in the Pool Committee. The two representatives of the remaining appropriators shall exercise equally the voting power proportional to the Pool Committee voting power of said**

remaining appropriators; provided, however, that if any representative fails to attend an Advisory Committee meeting, the voting power of that representative shall be allocated among the representatives of the Appropriative Pool in attendance in the same proportion as their respective voting powers.¹²

5. Replenishment Obligation. The pool shall provide funds for purchase of replenishment water to replace any production by the pool in excess of Operating Safe Yield during the preceding year.

6. Administrative Assessment. Costs of administration of this pool and its share of general Watermaster expense shall be recovered by a uniform assessment applicable to all production during the preceding year.

7. Replenishment Assessment. The cost of replenishment water required to replace production from Chino Basin in excess of Operating Safe Yield in the preceding year shall be allocated and recovered as follows:

(a) For production, other than for increased export,
within CBMWD or WMWD:

(1) Gross Assessment. 15% of such replenishment water costs shall be recovered by a uniform assessment against all production of each appropriator producing in said area during the preceding year.

(2) Net Assessment. The remaining 85% of said costs shall be recovered by a uniform assessment on each acre foot of production from said area by each such appropriator in excess of his allocated share of Operating Safe Yield during said preceding year.

(b) For production which is exported for use outside Chino Basin in excess of maximum export in any year through 1976, such increased export production shall be assessed against the exporting appropriator in an amount sufficient to purchase replenishment water from CBMWD or WMWD in the amount of such excess.

¹² Order dated September 18, 1996.

(c) For production within SBVMWD or PVMWD:

By an assessment on all production in excess of an appropriator's share of Operating Safe Yield in an amount sufficient to purchase replenishment water through SBVMWD or MWD in the amount of such excess.

8. Socio-Economic Impact Review. The parties have conducted certain preliminary socio-economic impact studies. Further and more detailed socio-economic impact studies of the assessment formula and its possible modification shall be undertaken for the Appropriator Pool by Watermaster no later than ten (10) years from the effective date of this Physical Solution, or whenever total production by this pool has increased by 30% or more over the decreed appropriative rights, whichever is first.

9. Facilities Equity Assessment. Watermaster may, upon recommendation of the Pool Committee, institute proceedings for levy and collection of a Facilities Equity Assessment for the purposes and in accordance with the procedures which follow:

(a) Implementing Circumstances. - There exist several sources of supplemental water available to Chino Basin, each of which has a differential cost and quantity available. The optimum management of the entire Chino Basin water resource favors the maximum use of the lowest cost supplemental water to balance the supplies of the Basin, in accordance with the Physical Solution. The varying sources of supplemental water include importations from MWD and SBVMWD, importation of surface and ground water supplies from other basins in the immediate vicinity of Chino Basin, and utilization of reclaimed water. In order to fully utilize any of such alternate sources of supply, it will be essential for particular appropriators having access to one or more of such supplies to have invested, or in the future to invest, directly or indirectly, substantial funds in facilities to obtain and deliver such water to an appropriate point of use. To the extent that the use of less expensive alternative sources of supplemental water can be maximized by the inducement of a Facilities Equity Assessment, as herein provided, it is to the long-term benefit of the entire basin that such assessment be authorized and levied by Watermaster.

(b) Study and Report. - At the request of the Pool Committee, Watermaster shall undertake a survey study of the utilization of alternate supplemental supplies by

members of the Appropriative Pool which would not otherwise be utilized and shall prepare a report setting forth the amount of such alternative supplies being currently utilized, the amount of such supplies which could be generated by activity within the pool, and the level of cost required to increase such uses and to optimize the total supplies available to the basin. Said report shall contain an analysis and recommendation for the levy of a necessary Facilities Equity Assessment to accomplish said purpose.

(c) Hearing. - If the said report by Watermaster contains a recommendation for imposition of a Facilities Equity Assessment, and the Pool Committee so requests, Watermaster shall notice and hold a hearing not less than 60 days after distribution of a copy of said report to each member of the pool, together with a notice of the hearing date. At such hearing, evidence shall be taken with regard to the necessity and propriety of the levy of a Facilities Equity Assessment and full findings and decision shall be issued by Watermaster.

(d) Operation of Assessment. - If Watermaster determines that it is appropriate that a Facilities Equity Assessment be levied in a particular year, the amount of additional supplemental supplies which should be generated by such assessment shall be estimated. The cost of obtaining such supplies, taking into consideration the investment in necessary facilities shall then be determined and spread equitably among the producers within the pool in a manner so that those producers not providing such additional lower cost supplemental water, and to whom a financial benefit will result, may bear a proportionate share of said costs, not exceeding said benefit; provided that any producer furnishing such supplemental water shall not thereby have its average cost of water in such year reduced below such producer's average cost of pumping from the Basin. In so doing, Watermaster shall establish a percentage of the total production by each party which may be produced without imposition of a Facilities Equity Assessment. Any member of the pool producing more water than said percentage shall pay such Facilities Equity Assessment on any such excess production. Watermaster is authorized to transmit and pay the proceeds of such Facilities Equity Assessment to those producers who take less than their share of Basin water by reason of furnishing a higher percentage of their requirements through use of supplemental water.

10. Unallocated Safe Yield Water. To the extent that, in any five years, any portion of the share of Safe Yield allocated to the Overlying (Agricultural) Pool is not produced, such water shall be available for reallocation to members of the Appropriative Pool, as follows:

(a) Priorities. - Such allocation shall be made in the following sequence:

(1) to supplement, in the particular year, water available from Operating Safe Yield to compensate for any reduction in the Safe Yield by reason of recalculation thereof after the tenth year of operation hereunder.

(2) pursuant to conversion claims as defined in Subparagraph (b) hereof.

(3) as a supplement to Operating Safe Yield, without regard to reductions in Safe Yield.

(b) Conversion Claims.¹³ The following procedures may be utilized by any appropriator:

1) **Record of Unconverted Agricultural Acreage.** *Watermaster shall maintain on an ongoing basis a record with appropriate related maps of all agricultural acreage within the Chino Basin subject to being converted to appropriative water use pursuant to the provisions of this subparagraph. An initial identification of such acreage as of June 30, 1995 is attached hereto as Appendix 1.*

(2) **Record of Water Service Conversion.** *Any appropriator who undertakes to permanently provide water service to lands subject to conversion may report such intent to change water service to Watermaster. Watermaster should thereupon verify such change in water service and shall maintain a record and account for each appropriator of the total acreage involved. Should, at any time, converted acreage return to water service from the Overlying (Agricultural) Pool, Watermaster shall return such acreage to unconverted status*

¹³ Order dated November 17, 1995.

and correspondingly reduce or eliminate any allocation accorded to the appropriator involved.

(3) Allocation of Safe Yield Rights

(i) For the term of the Peace Agreement in any year in which sufficient unallocated Safe Yield from the Overlying (Agricultural) Pool is available for such conversion claims, Watermaster shall allocate to each appropriator with a conversion claim 2.0 acre feet of unallocated Safe Yield water for each converted acre for which conversion has been approved and recorded by the Watermaster.¹⁴

(ii) In any year in which the unallocated Safe Yield water from the Overlying (Agricultural) Pool is not sufficient to satisfy all outstanding conversion claims pursuant to subparagraph (i) herein above, Watermaster shall establish allocation percentages for each appropriator with conversion claims. The percentages shall be based upon the ratio of the total of such converted acreage approved and recorded for each appropriators's account in comparison to the total of converted acreage approved and recorded for all appropriators. Watermaster shall apply such allocation percentage for each appropriator to the total unallocated Safe Yield water available for conversion claims to derive the amount allocable to each appropriator.

(4) Notice and Allocation. Notice of the special allocation of Safe Yield water pursuant to conversion claims shall be given to each appropriator and shall be treated for purposes of this Physical Solution as an addition to such appropriator's share of the Operating Safe Yield for the particular year only.

¹⁴ Order dated September 28, 2000 and Order dated April 19, 2001.

(5) Administrative Costs. Any costs of Watermaster attributable to the administration of such special allocations and conversion claims shall be assessed against the appropriators participating in such reporting, apportioned in accordance with the total amount of converted acreage held by each appropriator participating in the conversion program.

11. In Lieu Procedures. There are, or any develop, certain areas within Chino Basin where good management practices dictate that recharge of the basin be accomplished, to the extent practical, by taking surface supplies of supplemental water in lieu of ground water otherwise subject to production as an allocated share of Operating Safe Yield.

(a) Method of Operation. - An appropriator producing water within such designated in lieu area who is willing to abstain for any reason from producing any portion of such producer's share of Operating Safe Yield in any year may offer such unpumped water to Watermaster. In such event, Watermaster shall purchase said water in place, in lieu of spreading replenishment water, which is otherwise required to make up for over production. The purchase price for in lieu water shall be the lesser of:

- (1) Watermaster's current cost of replenishment water, whether or not replenishment water is currently then obtainable, plus the cost of spreading; or
- (2) The cost of supplemental surface supplies to the appropriator, less
 - a. said appropriator's average cost of ground water production, and
 - b. the applicable production assessment were the water produced.

Where supplemental surface supplies consist of MWD or SBVMWD supplies, the cost of treated, filtered State water from such source shall be deemed the cost of supplemental surface supplies to the appropriator for purposes of such calculation.

In any given year in which payments may be made pursuant to a Facilities Equity Assessment, as to any given quantity of water the party will be entitled to payment under this section or pursuant to the Facilities Equity Assessment, as the party elects, but not under both.

(b) Designation of In Lieu Areas. - The first in lieu area is designated as the "In Lieu Area No. 1" and consists of an area wherein nitrate levels in the ground water generally exceed 45 mg/l, and is shown on Exhibit "J" hereto. Other in lieu areas may be designated by subsequent order of Watermaster upon recommendation or approval by Advisory Committee. Said in lieu areas may be enlarged, reduced or eliminated by subsequent orders; provided, however, that designation of In Lieu Areas shall be for a minimum fixed term sufficient to justify necessary capital investment. In Lieu Area No. 1 may be enlarged, reduced or eliminated in the same manner, except that any reduction of its original size or elimination thereof shall require the prior order of Court.

12. Carry-over. Any appropriator who produces less than his assigned share of Operating Safe Yield may carry such unexercised right forward for exercise in subsequent years. The first water produced during any such subsequent year shall be deemed to be an exercise of such carry-over right. In the event the aggregate carry-over by any appropriator exceeds its share of Operating Safe Yield, such appropriator shall, as a condition of preserving such surplus carry-over, execute a storage agreement with Watermaster. Such appropriator shall have the option to pay the gross assessment applicable to such carry-over in the year in which it accrued.

13. Assignment, Transfer and Lease. Appropriative rights, and corresponding shares of Operating Safe Yield, may be assigned or may be leased or licensed to another appropriator for exercise in a given year. Any transfer, lease or license shall be ineffective until written notice thereof is furnished to and approved as to form by Watermaster, in compliance with applicable Watermaster rules. Watermaster shall not approve transfer, lease or license of a right for exercise in an area or under conditions where such production would be contrary to sound basin management or detrimental to the rights or operations of other producers.

14. Rules. The Pool Committee shall adopt rules for administering its program and in amplification of the provisions, but not inconsistent with, this pooling plan.

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EXHIBIT "I"

ENGINEERING APPENDIX

1. **Basin Management Parameters.** In the process of implementing the physical solution for Chino Basin, Watermaster shall consider the following parameters:

(a) **Pumping Patterns.** - Chino Basin is a common supply for all persons and agencies utilizing its waters. It is an objective in management of the Basin's waters that no producer be deprived of access to said waters by reason of unreasonable pumping patterns, nor by regional or localized recharge of replenishment water, insofar as such result may be practically avoided.

(b) **Water Quality.** - Maintenance and improvement of water quality is a prime consideration and function of management decisions by Watermaster.

(c) **Economic Considerations.** - Financial feasibility, economic impact and the cost and optimum utilization of the Basin's resources and the physical facilities of the parties are objectives and concerns equal in importance to water quantity and quality parameters.

2. **Hydraulic Control and Re-Operation.** In accordance with the purpose and objective of the Physical Solution to "establish a legal and practical means for making the maximum reasonable beneficial use of the waters of the Chino Basin" (paragraph 39) including but not limited to the use and recapture of reclaimed water (paragraph 49(a)) and the identified Basin Management Parameters set forth above, Watermaster will manage the Basin to secure and maintain Hydraulic Control through controlled overdraft.

(a) **Hydraulic Control.** "Hydraulic Control" means the reduction of groundwater discharge from the Chino North Management Zone to the Santa Ana River to de minimus quantities. The Chino North Management Zone is more fully described and set forth in Attachment I-1 to this Engineering Appendix. By obtaining Hydraulic Control, Watermaster will ensure that the water management activities in the Chino North Management Zone do not cause

materially adverse impacts to the beneficial uses of the Santa Ana River downstream of Prado Dam.

(b) **Re-Operation.** "Re-Operation" means the controlled overdraft of the Basin by the managed withdrawal of groundwater for the Desalters and the potential increase in the cumulative un-replenished Production from 200,000 acre-feet authorized by paragraph 3 below, to 600,000 acre feet for the express purpose of securing and maintaining Hydraulic Control as a component of the Physical Solution.

[1] The increase in the controlled overdraft herein is separate from and in addition to the 200,000 acre-feet of accumulated overdraft authorized in paragraph 3(a) and 3(b) below over the period of 1978 through 2017.

[2] "Desalters" means the Chino I Desalter, the Chino I Expansion, the Chino II Desalter and Future Desalters, consisting of all the capital facilities and processes that remove salt from Basin water, including extraction wells and transmission facilities for delivery of groundwater to the Desalter. Desalter treatment and delivery facilities for the desalted water include pumping and storage facilities and treatment and disposal capacity in the Santa Ana Regional Interceptor.

[3] The groundwater Produced through controlled overdraft pursuant to Re-Operation does not constitute New Yield or Operating Safe Yield and it is made available under the Physical Solution for the express purpose of satisfying some or all of the groundwater Production by the Desalters until December 31, 2030. ("Period of Re-Operation").

[4] The operation of the Desalters, the Production of groundwater for the Desalters and the use of water produced by the Desalters pursuant to Re-Operation are

subject to the limitations that may be set forth in Watermaster Rules and Regulations for the Desalters.

(5) Watermaster will update its Recharge Master Plan and obtain Court approval of its update, to address how the Basin will be contemporaneously managed to secure and maintain Hydraulic Control and operated at a new equilibrium at the conclusion of the period of Re-Operation. The Recharge Master Plan shall contain recharge projections and summaries of the projected water supply availability as well as the physical means to accomplish recharge projections. The Recharge Master Plan may be amended from time to time with Court approval.

(6) Re-Operation and Watermaster's apportionment of controlled overdraft in accordance with the Physical Solution will not be suspended in the event that Hydraulic Control is secured in any year before the full 400,000 acre-feet has been Produced without Replenishment, so long as: (i) Watermaster has prepared, adopted and the Court has approved a contingency plan that establishes conditions and protective measures that will avoid unreasonable and unmitigated material physical harm to a party or to the Basin and that equitably distributes the cost of any mitigation attributable to the identified contingencies; and (ii) Watermaster is in substantial compliance with a Court approved Recharge Master Plan.¹⁵

3. Operating Safe Yield. Operating Safe Yield in any year shall consist of the Appropriate Pool's share of Safe Yield of the Basin, plus any controlled overdraft of the Basin which Watermaster may authorize. In adopting the Operating Safe Yield for any year, Watermaster shall be limited as follows:

(a) Accumulated Overdraft. - During the operation of this Judgment and Physical Solution, the overdraft accumulated from and after the effective date of the Physical Solution and

¹⁵ Order dated December 21, 2007.

resulting from an excess of Operating Safe Yield over Safe Yield shall not exceed 200,000 acre feet.

(b) Quantitative Limits. - In no event shall Operating Safe Yield in any year be less than the Appropriative Pool's share of Safe Yield, nor shall it exceed such share of Safe Yield by more than 10,000 acre feet. The initial Operating Safe Yield is hereby set at 54,834 acre feet per year. Operating Safe Yield shall not be changed upon less than five (5) years' notice by Watermaster. Nothing contained in this paragraph shall be deemed to authorize, directly or indirectly, any modification of the allocation of shares in Safe Yield to the overlying pools, as set forth in Paragraph 44 of the Judgment.

4. Ground Water Storage Agreements. Any agreements authorized by Watermaster for storage of supplemental water in the available ground water storage capacity of Chino Basin shall include, but not be limited to:

- (a) The quantities and term of the storage right.
- (b) A statement of the priority or relation of said right, as against overlying or Safe Yield uses, and other storage rights.
- (c) The procedure for establishing delivery rates, schedules and procedures which may include:
 - [1] spreading or injection, or
 - [2] in lieu deliveries of supplemental water for direct use.
- (d) The procedures for calculation of losses and annual accounting for water in storage by Watermaster.
- (e) The procedures for establishment and administration of withdrawal schedules, locations and methods.

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Exhibit "J"

**CHINO BASIN
IN LIEU AREA NO. 1 (MAP)**

EXHIBIT "I"

EXHIBIT "K"
LEGAL DESCRIPTION
OF CHINO BASIN

Preamble

All of the townships and ranges referred to in the following legal description are the San Bernardino Base and Meridian. Certain designated sections are implied as the System of Government Surveys may be extended where not established. Said sections are identified as follows:

Section 20, T1N, R8W is extended across Rancho Cucamonga;

Section 36, T1N, R8W is extended across the City of Upland;

Sections 2,3, and 4, T1S, R7W are extended across Rancho Cucamonga;

Section 10, T1S, R8W is extended across the City of Claremont;

Sections 19, 20, 21, 30, 31 and 32, T1S, R8W are extended across the City of Pomona;

Sections 4, 5, and 28, T2S, R8W are extended across Rancho Santa Ana Del Chino;

Sections 15 and 16, T3S, R7W are extended across Rancho La Sierra; and

Sections 17 and 20, T3S, R7W are extended across Rancho El Rincon.

Description

Chino Basin is included within portions of the Counties of San Bernardino, Riverside and Los Angeles, State of California, bounded by a continuous line described as follows:

EXHIBIT "K"

BEGINNING at the Southwest corner of Lot 241 as shown on Map of Ontario Colony Lands, recorded in Map Book 11, page 6, Office of the County Recorder of San Bernardino County, said corner being the Point of Beginning;

1. Thence Southeasterly to the Southeast corner of Lot 419 of said Ontario Colony Lands;
2. Thence Southeasterly to a point 1300 feet North of the South line and 1300 feet East of the West line of Section 4, T1S, R7W;
3. Thence Easterly to a point on the East line of Section 4, 1800 feet North of the Southeast corner of said Section 4;
4. Thence Easterly to the Southeast corner of the Southwest quarter of the Northeast quarter of Section 3, T1S, R7W;
5. Thence Northeasterly to a point on the North line of Section 2, T1S, R7W, 1400 feet East of the West line of said Section 2;
6. Thence Northeasterly to the Southwest corner of Section 18, T1N, R6W;
7. Thence Northerly to the Northwest corner of said Section 18;
8. Thence Easterly to the Northeast corner of said Section 18;

EXHIBIT "K"

9. Thence Northerly to the Northwest corner of the Southwest Quarter of Section 8, T1N, R6W;
10. Thence Easterly to the Northeast corner of said Southwest quarter of said Section 8;
11. Thence Southerly to the Southeast corner of said Southwest Quarter of said Section 8;
12. Thence Easterly to the Northeast corner of Section 17, T1N, R6W;
13. Thence Easterly to the Northeast corner of Section 16, T1N, R6W;
14. Thence Southeasterly to the Northwest corner of the Southeast quarter of Section 15, T1N, R6W;
15. Thence Easterly to the Northeast corner of said Southeast quarter of said Section 15;
16. Thence Southeasterly to the Northwest corner of the Northeast quarter of Section 23, T1N, R6W;
17. Thence Southeasterly to the Northwest corner of Section 25, T1N, R6W;
18. Thence Southeasterly to the Northwest corner of the Northeast quarter of Section 31, T1N, R5W;
19. Thence Southeasterly to the Northeast corner of the Northwest quarter of Section 5, T1S, R5W;
20. Thence Southeasterly to the Southeast corner of Section 4, T1S, R5W;
21. Thence Southeasterly to the Southeast corner of the Southwest quarter of Section 11, T1S, R5W;
22. Thence Southwesterly to the Southwest corner of Section 14, T1S, R5W;

EXHIBIT "K"

23. Thence Southwest to the Southwest corner of Section 22, T1S, R5W;
24. Thence Southwesterly to the Southwest corner of the Northeast quarter of Section 6, T2S, R5W;
25. Thence Southeasterly to the Northeast corner of Section 18, T2S, R5W;
26. Thence Southwesterly to the Southwest corner of the Southeast quarter of Section 13, T2S, R6W;
27. Thence Southwesterly to the Southwest corner of the Northeast quarter of Section 26, T2S, R6W;
28. Thence Westerly to the Southwest corner of the Northwest quarter of said Section 26;
29. Thence Northerly to the Northwest corner of said Section 26;
30. Thence Westerly to the Southwest corner of Section 21, T2S, R6W;
31. Thence Southerly to the Southeast corner of Section 29, T2S, R6W;
32. Thence Westerly to the Southeast corner of Section 30, T2S, R6W;
33. Thence Southwesterly to the Southwest corner of Section 36, T2S, R7W;
34. Thence Southwesterly to the Southeast corner of Section 3, T3S, R7W;
35. Thence Southwesterly to the Southwest corner of the Northeast quarter of Section 10, T3S, R7W;

EXHIBIT "K"

36. Thence Southerly to the Northeast corner of the Northwest quarter of Section 15, T3S, R7W;
37. Thence Southwesterly to the Southeast corner of the Northeast quarter of Section 16, T3S, R7W;
38. Thence Southwesterly to the Southwest corner of said Section 16;
39. Thence Southwesterly to the Southwest corner of the Northeast quarter of Section 20, T3S, R7W;
40. Thence Westerly to the Southwest corner of the Northwest quarter of said Section 20;
41. Thence Northerly to the Northwest corner of Section 17, T3S, R7W;
42. Thence Westerly to the Southwest corner of Section 7, T3S, R7W;
43. Thence Northerly to the Southwest corner of Section 6, T3S, R7W;
44. Thence Westerly to the Southwest corner of Section 1, T3S, R8W;
45. Thence Northerly to the Southeast corner of Section 35, T2S, R8W;
46. Thence Northwesterly to the Northwest corner of said Section 35;
47. Thence Northerly to the Southeast corner of Lot 33, as shown on Map of Tract 3193, recorded in Map Book 43, pages 46 and 47, Office of the County Recorder of San Bernardino County;
48. Thence Westerly to the Northwest corner of the Southwest quarter of Section 28, T2S, R8W;

EXHIBIT "K"

49. Thence Northerly to the Southwest corner of Section 4, T2S, R8W;
50. Thence Westerly to the Southwest corner of Section 5, T2S, R8W;
51. Thence Northerly to the Southwest corner of Section 32, T1S, R8W;
52. Thence Westerly to the Southwest corner of Section 31, T1S, R8W;
53. Thence Northerly to the Southwest corner of Section 30, T1S, R8W;
54. Thence Northeasterly to the Southwest corner of Section 20, T1S, R8W;
55. Thence Northerly to the Northwest corner of the Southwest quarter of the Southwest quarter of said Section 20;
56. Thence Northwesterly to the Northeast corner of the Southeast quarter of the Southeast quarter of the Northwest quarter of Section 19, T1S, R8W;
57. Thence Easterly to the Northwest corner of Section 21, T1S, R8W;
58. Thence Northeasterly to the Southeast corner of the Southwest quarter of the Southwest quarter of Section 10, T1S, R8W;
59. Thence Northeasterly to the Southwest corner of Section 2, T1S, R8W;

60. Thence Northeasterly to the Southeast corner of the Northwest quarter of the Northwest quarter of Section 1, T1S, R8W;
61. Thence Northerly to the Northeast corner of the Northwest quarter of the Northeast quarter of Section 36, T1N, R8W;
62. Thence Northerly to the Southeast corner of Section 24, T1N, R8W;
63. Thence Northeasterly to the Southeast corner of the Northwest quarter of the Northwest quarter of Section 20, T1N, R7W; and
64. Thence Southerly to the Point of Beginning.

Sections Included

Said perimeter description includes all or portions of the following Townships, Ranges and Sections of San Bernardino Base and Meridian:

T1N, R5W - Sections: 30, 31 and 32

T1N, R6W - Sections: 8, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35
and 36

T1N, R7W - Sections: 19, 20, 24, 25, 26, 29, 30, 31, 32, 35 and 36

T1N, R8W - Sections: 25 and 36

T1S, R5W - Sections: 4, 5, 6, 7, 8, 9, 10, 11, 14, 15,16, 17, 18, 19, 20, 21, 22, 28, 29,30, 31 and 32

T1S, R6W - Sections: 1 through 36, inclusive

T1S, R7W - Sections: 1 through 36, inclusive

T1S, R8W - Sections: 1, 2, 10, 11, 12, 13, 14, 15, 16, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31,
32, 33, 34, 35 and 36

T2S, R5W - Sections: 6, 7 and 18

T2S, R6W - Sections: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24,
26, 29, 30 and 31

T2S, R7W - Sections: 1 through 36, inclusive

T2S, R8W - Sections: 1, 2, 3, 4, 5, 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26, 27, 28, 35 and
36

T3S, R7W - Sections: 2, 3, 4, 5, 6, 7, 8, 9, 10, 15, 16, 17 and 20

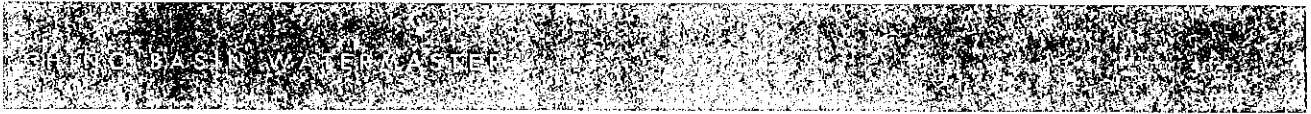
T3S, R8W - Sections: 1.

SB 565248 v1:008350.0001

Exhibit M

Optimum Basin Management Program

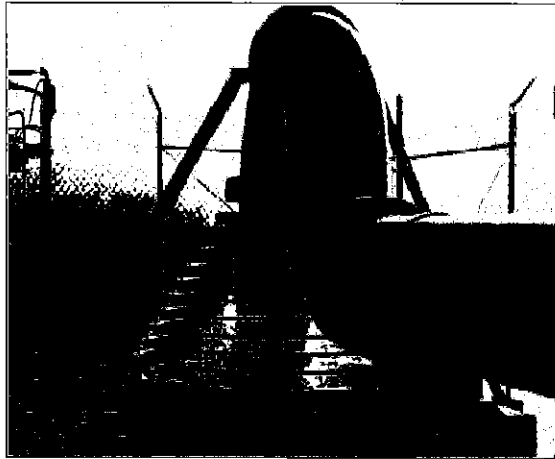
Staff Status Report 2011-1: January to June 2011



Optimum Basin Management Program

Highlighted Activities

- California is experiencing the second wettest year on record and the State's surface reservoir are full allowing the Governor to officially proclaim an end to California's drought.
- As a result in the State's bountiful water supply, Metropolitan Water District of Southern California (MWD) made imported water available at the replenishment rate. Watermaster is purchasing 40,000-50,000 acre-feet of this water to be used toward future replenishment obligations. As of June 30, 2011, approximately 9,465 acre-feet of that water had been recharged. It will continue to be recharged through December 31, 2011.
- During the fiscal year, approximately 16,848 acre-feet of stormwater were recharged, the second-highest year on record. In addition, approximately 8,010 acre-feet of recycled water were recharged during the fiscal year.
- Watermaster is preparing a restated Judgment at the request of the Court. A draft version of the restated Judgment is available for review on the website.
- The proposed Chino Creek Well Field locations for Wells I-19, I-20, and I-21 by the Chino Desalter Authority (CDA) are under review by Watermaster. When completed and in operation, these wells will achieve hydraulic control and will not conflict with the Optimum Basin Management Plan (OBMP) goal to minimize or abate permanent subsidence.
- On June 14, 2011 the MWD Board approved the local resources program (LRP) grant for the desalters.
- Watermaster and the Inland Empire Utilities Agency (IEUA) are working together for the creation of a 5th retention facility at the Turner Basin. Up to 175,000 cubic yards of dirt are anticipated to be removed for the Milliken Avenue Grade Separation Project funded by the City of Ontario and the San Bernardino Associated Governments (SANBAG). This represents a savings of approximately \$4.5 million.



MWD Turnout CB-14

Program Element 1: Develop and Implement a Comprehensive Monitoring Program

Groundwater Level Monitoring

Watermaster initiated a comprehensive monitoring program as part of the implementation of the OBMP. The current groundwater level monitoring program is comprised of about 700 wells. At about 500 of these wells, water levels are measured by well owners, which include municipal water agencies, the California Department of Toxic Substance Control (DTSC), the County of San Bernardino, and various private consulting firms. The measurement frequency is typically about once per month. Watermaster collects these water level data quarterly. The remaining 200 wells are private wells or dedicated monitoring wells that are mainly located in the southern portion of the Chino Basin. Watermaster staff measures water levels at these wells using manual methods once per month or with

Important Court Hearings and Orders

- JANUARY 21—CHINO BASIN WATERMASTER COURT HEARING: REGARDING MOTION TO RE-APPOINT NINE MEMBER BOARD FOR A FURTHER FIVE-YEAR TERM
- JANUARY 26—ORDER GRANTING MOTION TO RE-APPOINT NINE MEMBER WATERMASTER BOARD FOR A FURTHER FIVE-YEAR TERM
- FEBRUARY 3—COURT OF APPEAL ORDER REGARDING PARAGRAPH 31 APPEAL BRIEFING SCHEDULE

Optimum Basin Management Program

Program Element 1: Develop and Implement a Comprehensive Monitoring Program (Continued)

GOVERNOR
JERRY BROWN
PROCLAIMED AN
END TO
CALIFORNIA'S
DROUGHT ON
MARCH 30,
2011.

pressure transducers that record water levels once every 15 minutes. The wells in the monitoring program within the southern portion of the Basin were preferentially selected to assist in Watermaster's monitoring programs for hydraulic control, land subsidence, and desalter impacts to private well owners. The remaining wells are monitored in support of the triennial recomputation of ambient water quality in the Chino-North management zone. The water level data are checked by Watermaster staff and uploaded to a centralized relational database.

Groundwater Quality Monitoring

Watermaster initiated a comprehensive monitoring program as part of the implementation of the OBMP. The groundwater quality monitoring program consists of the following four components:

1. An Annual Key Well Water Quality Monitoring Program consisting of 120 wells which are mostly privately owned agricultural wells in the southern portion of Chino Basin that are otherwise not included in an established sampling program. Twenty of these wells are sampled every year; the remaining wells are sampled every three years. The wells sampled annually are for the continuous monitoring of areas of concern associated with the southern edge of the Archibald South (formerly OIA) VOC plume, the southern region of the Chino Airport Plume, and the Kaiser Steel Plume which includes the two multi-port MZ-3 monitoring wells. Data obtained for the Key Well Quality Monitoring Program are used for the triennial ambient water quality analysis, hydraulic control assessment, the Biennial State of the Basin Report, and to assess the overall health of the Basin.
2. Annual sampling at nine HCMP multi-port monitoring wells strategically placed between the Chino Basin Desalter well fields and the Santa Ana River. Results of the annual sampling are used to analyze the effect of desalter pumping over time by comparing water quality of the native groundwater and the Santa Ana River.
3. Monthly sampling at four near-river wells to characterize the Santa Ana River's influence to nearby groundwater. These shallow monitoring wells along the Santa Ana River consist of two former United States Geologic Survey (USGS) National Water Quality Assessment Program (NAWQA) wells (Archibald 1 and Archibald 2), and two wells (Well 9 and Well 11) owned by the Santa Ana River Water Company (SARWC).
4. A cooperative basin-wide data collection effort known as the Chino Basin Data Collection (CBDC) program which relies on municipal producers and other government agencies to supply groundwater quality data on a cooperative basis. These sources include the

Appropriators, Department of Toxic Substance Control (DTSC), Regional Water Quality Control Board (RWQCB), US Geological Survey (USGS), the Counties, and other cooperators. All water quality data are routinely collected, QA/QC'd, and loaded into Watermaster's relational database.

Groundwater-Production Monitoring

All active wells (except for minimum user wells) are now metered. Watermaster reads the agricultural production data from the meters on a quarterly basis and enters these data into Watermaster's relational database.

Surface Water Monitoring

Water Quality and Quantity in Recharge Basins. Watermaster measures the quantity of storm and supplemental water entering the recharge basins. Pressure transducers or staff gauges are used to measure water levels during recharge operations. In addition to these quantity measurements, imported



Watermaster operations staff preparing to pump a monitoring well to collect water quality samples

Optimum Basin Management Program

Program Element 1: Develop and Implement a Comprehensive Monitoring Program (Continued)

water quality data for State Water Project water are obtained from the Metropolitan Water District of Southern California (MWDSC) and recycled water quality data for the RP-1 and RP-4 treatment plant effluents are obtained from IEUA. Combining the measured flow data with the respective water qualities enables the calculation of the blended water quality in each recharge basin, the "new yield" to the Chino Basin, and the adequate dilution of recycled water.

Surface Water Monitoring in the Santa Ana River (SAR). Watermaster measures the discharge of the River and selected water quality parameters to determine those reaches of the SAR that are gaining flow from the Chino Basin and/or, conversely, those reaches that are losing flow into the Chino Basin. These bi-weekly flow and water quality measurements are combined with discharge data from permanent USGS stream gauges and discharge data from publicly owned treatment works (POTWs). These data are used along with groundwater modeling to assess the extent of hydraulic control.

HCMP Annual Report

In January 2004, the RWQCB amended the Water Quality Control Plan (Basin Plan) for the Santa Ana River Basin to incorporate an updated total dissolved solids (TDS) and nitrogen (N) management plan. The Basin Plan Amendment includes both "antidegradation" and "maximum benefit" objectives for TDS and nitrate-nitrogen for the Chino and Cucamonga groundwater management zones. The application of the "maximum benefit" objectives relies on Watermaster and IEUA's implementation of a specific program of projects and requirements, which are an integral part of the OBMP. On April 15, 2005, the RWQCB adopted resolution R8-2005-0064; thus approving the Surface Water Monitoring Program and Groundwater Monitoring Program in support of maximum benefit commitments in the Chino and Cucamonga Basins.

Pursuant to the Basin Plan and the Watermaster/IEUA permit to recharge recycled water, Watermaster and IEUA have conducted groundwater and surface water monitoring programs since 2004. During this reporting period, Watermaster measured 426 manual water levels at private wells throughout the Chino Basin, conducted two quarterly downloads at the 130 wells containing pressure transducers, collected 26 groundwater quality samples, 221 surface water quality samples, and 36 direct discharge stream measurements. Quarterly Surface Water Monitoring Program Reports that summarize data collection efforts were submitted to the RWQCB in January and April of 2011. The Chino Basin Maximum Benefit Monitoring Program 2010 Annual Report was submitted to the RWQCB on April 15, 2011.



Installing a pressure transducer

Chino Basin Groundwater Recharge Program

IEUA, Watermaster, CBWCD, and the SBCFCD jointly sponsor the Chino Basin Groundwater Recharge Program. This is a comprehensive water supply program to enhance water supply reliability and improve the groundwater quality in local drinking water wells throughout the Chino Basin by increasing the recharge of storm water, imported water, and recycled water. The recharge program is regulated under RWQCB Order No. R8-2007-0039 and Monitoring and Reporting Program No. R8-2007-0039.

Recharge Activities. On-going recycled water recharge occurred in the Brooks, 7th Street, 8th Street, Victoria, San Sevaine, Ely, Hickory, and RP-3 Basins this reporting period.

Monitoring Activities. Watermaster and IEUA collect weekly water quality samples from basins that are actively recharging recycled water and from lysimeters installed within those

Optimum Basin Management Program

Program Element 1: Develop and Implement a Comprehensive Monitoring Program (Continued)

basins. During this reporting period, approximately 475 basin and lysimeter samples were collected and 21 recycled water samples were collected for alternative monitoring plans that include the application of a correction factor for Soil-Aquifer Treatment determined from each basin's start-up period. Monitoring wells located down-gradient of the recharge basins were sampled quarterly at a minimum, however, some monitoring wells were sampled more frequently during the reporting period for a total of 85 samples.

Reporting. Watermaster and IEUA completed the following required reports concerning the recharge program during the reporting period:

- 4Q-2010 Quarterly Report, submitted to the RWQCB – February 2011
- 1Q-2011 Quarterly Report, submitted to the RWQCB – May 2011
- 2010 Annual Report, submitted to the RWQCB — May 2011

Land Surface Monitoring

The MZ-1 Subsidence Management Plan (MZ-1 Plan) was approved by Watermaster in October 2007, and was approved by the Court in November 2007 which ordered its implementation (see Program Element 4: Develop and Implement a Comprehensive Groundwater Management Plan for Management Zone 1). The MZ-1 Plan calls for a number of activities with the goal of minimizing or completely abating the future occurrence of land subsidence and ground fissuring in Chino Basin. Some of these activities include:

- Continuing the scope and frequency of monitoring within the so-called Managed Area (southwest MZ-1) that was conducted during the period when the MZ-1 Plan was being developed.
- Expanding the monitoring of the aquifer system and land subsidence into other areas of MZ-1 and Chino Basin where the data indicate concern for future subsidence and ground fissuring.
- Monitoring of horizontal strain across the historical fissure zone.
- Further evaluating the potential contribution of pumping in the central and northern portions of MZ-1 on groundwater conditions in the central and southern portions of MZ-1.
- Conducting additional testing and monitoring to refine the Guidance Criteria.
- Developing alternative pumping plans for the MZ-1 producers that are impacted by the MZ-1 Plan.



MZ-1 Monument Construction & Surveying

- Constructing and testing a lower-cost extensometer facility at Ayala Park.
- Evaluating and comparing ground-level surveying and Interferometric Synthetic Aperture Radar (InSAR), and recommending future monitoring protocols for both techniques.
- Conducting an ASR (aquifer injection and recovery) feasibility study at a production well owned by the City of Chino Hills within the Managed Area.
- Providing for recovery of groundwater levels.

It was determined that the land subsidence is not just isolated to MZ-1. Hence, the Board of Directors approved the formation of the Land Subsidence Committee in December 2010, and its first meeting was held on January 20, 2011.

Optimum Basin Management Program

Program Element 1: Develop and Implement a Comprehensive Monitoring Program (Continued)

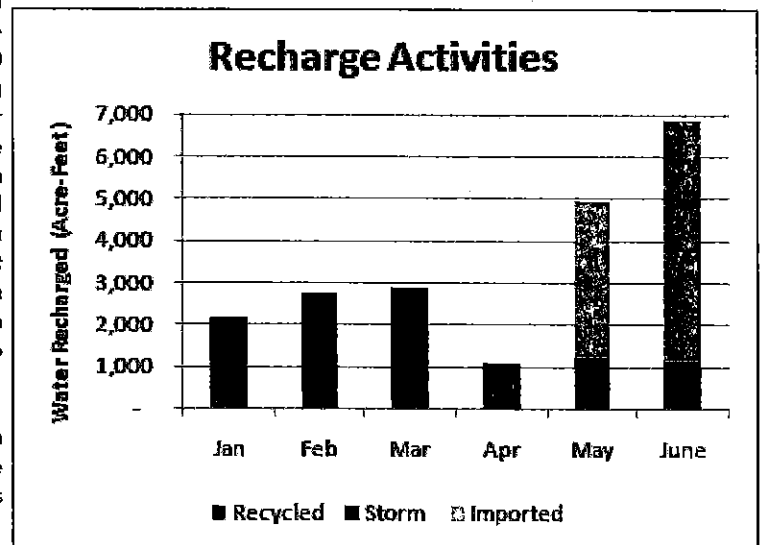
With regard to monitoring and testing, Watermaster began or continued the implementation of some of these activities called for in the MZ-1 Plan. During this reporting period these activities included:

- The continuation of detailed water-level monitoring at wells within the Managed Area and at wells in central MZ-1.
- Continuation of monitoring and maintenance at the Ayala Park Extensometer Facility. This includes monitoring at the newly installed lower-cost pair of cable extensometers within two piezometers at Ayala Park to test this technology for application in other parts of the Basin.
- Collected InSAR data from radar satellites during all six months of the reporting period, which will be analyzed for land surface displacement in early 2012.
- Performed the Spring 2011 ground-level survey across the MZ-1 Managed Area.
- Continued to plan for and implement a new testing and monitoring program within the MZ-1 Managed Area with the goals of (1) refining the Guidance Criteria, (2) confirming the existence of the Riley Barrier, (3) testing the feasibility of injection in the Managed Area, and (4) evaluating the effect of pumping/drawdown and injection/recovery on the fissure zone.
- Prepared equipment to install a horizontal extensometer across the zone of historical ground fissuring. This work was performed by the subcontractor that will be installing and calibrating the horizontal extensometer and data loggers.
- Prepared a right-of-entry agreement with a private property owner in the City of Chino to install the horizontal extensometer.
- Developed a scope of work and budget for Watermaster's 2011-12 fiscal year. The main features of this scope include (1) the installation of the horizontal extensometer across the fissure zone, (2) the installation of a new vertical extensometer near the Chino Creek Well Field, and (3) the implementation of a testing and monitoring program in the MZ-1 Managed Area during 2012 and 2013.

Program Element 2: Develop and Implement a Comprehensive Recharge Program

The theoretical average stormwater recharge capacity of the Chino Basin Facilities Improvement Program (CBFIP) facilities is about 14,000 acre-feet/yr (AFY) and the theoretical supplemental water recharge capacity is 99,000 AFY. Stormwater recharge in the first half of year ending June 30, 2011 was about 7,468 acre-feet. Recycled water recharge during this period were about 3,768 acre-feet. The IEUA and Watermaster recharge permit was amended in fiscal year 2009-10 to allow for underflow dilution and extended the dilution period from a running 60 months to a running 120 months. The significance of this permit amendment was to reduce the amount of imported and storm waters required for dilution. IEUA projects that dilution requirements will likely be met through 2019-20, even if no imported water were available for dilution.

In May, the Metropolitan Water District of Southern California (MWD) made water available at the replenishment rate. It had been approximately four years



Optimum Basin Management Program

Program Element 2: Develop and Implement a Comprehensive Recharge Program (Continued)

since it was last available. Watermaster intends to recharge 40,000-50,000 acre-feet of imported water to offset basin overdraft and to meet future replenishment obligations.

The cumulative unmet replenishment obligation (CURO) was approximately 8,889 acre-feet. It was fully satisfied in May 2011 by purchasing water from Appropriators. The total amount of supplemental water recharged in MZ-1 since the Peace II Agreement is approximately 19,671 acre-feet, which is 6,329 acre-feet (cumulative) less than the average annual requirement of 6,500 acre-feet.

As part of the Recharge Master Plan Implementation, MZ-3 recharge opportunities were discussed. The projects include Wineville Basin spillway and pipeline and pump station to Jurupa Basin, Jurupa Basin and RP-3 Inlet improvements. The Riverside County Flood Control and Water Conservation District is potentially looking to participate in the funding of these projects that would have a direct benefit to their service area.

Program Element 3: Develop and Implement Water Supply Plan for the Impaired Areas of the Basin; and Program Element 5: Develop and Implement Regional Supplemental Water Program

Construction of the Chino I Desalter Expansion and the Chino II Desalter facilities was completed in February 2006. As currently configured, the Chino I Desalter provides 2.6 million gallons per day (MGD) of treated (air stripping for VOC removal) water from Well Nos. 1-4, 4.9 MGD of treated (ion exchange for nitrate removal) water from Well Nos. 5-15, and 6.7 MGD of treated (reverse osmosis for nitrate and TDS removal) water from Well Nos. 5-15 for a total of 14.2 MGD (15,900 AFY). The Chino II Desalter provides 4.0 MGD of ion exchange treated water and 6.0 MGD of reverse osmosis treated water from eight additional wells for a total of 10.0 MGD (11,200 AFY).

Planning continued between the Chino Desalter Authority (CDA) and Western Municipal Water District (WMWD) to expand the Chino II Desalter by 10.5 MGD (11,800 AFY). Watermaster worked with the CDA parties to produce a realistic schedule approved by the RWQCB last June. Raw water will be drawn from existing CDA II wells, and possible additional new wells, if needed. In addition, a new Chino Creek Desalter Well Field, required for the hydraulic control commitment associated with Maximum Benefit, will provide additional raw water to the Chino I Desalter, enabling some existing wells to direct production to the expanded Chino II Desalter facility.

On June 14, 2011 the MWD Board approved the local resources program (LRP) grant for the desalters.

Program Element 4: Develop and Implement a Comprehensive Groundwater Management Plan for Management Zone 1 and Management Zone 3

MZ-1 Management Plan

Because of the historical occurrence of pumping-induced land subsidence and ground fissuring in southwestern Chino Basin (southern MZ-1), the OBMP called for the development and implementation of an Interim Management Plan (IMP) for MZ-1 that would:

- Minimize subsidence and fissuring in the short-term,
- Collect information necessary to understand the extent, rate, and mechanisms of subsidence and fissuring, and
- Formulate a management plan to reduce to tolerable levels or abate future subsidence and fissuring.

From 2001-2005, Watermaster developed, coordinated, and conducted an Interim Monitoring Program (IMP) under the guidance of the MZ-1 Technical Committee, which is composed of representatives from all major MZ-1 producers and their technical consultants. The IMP was an aquifer-system and land subsidence investigation focused in the southwestern region of MZ-1 that would support the development of a long-term management plan to minimize and abate subsidence and fissuring (MZ-1 Plan). The IMP involved the construction of highly-sophisticated monitoring facilities, such as deep borehole extensometers and piezometers, the monitoring of land surface displacements through traditional ground-level surveys and remote-sensing techniques, the detailed monitoring of

Optimum Basin Management Program

Program Element 4: Develop and Implement a Comprehensive Groundwater Management Plan for Management Zone 1 and Management Zone 3 (Continued)

the aquifer system with water-level-recording transducers installed at an array of production and monitoring wells, and the purposeful stressing of the aquifer system through multiple controlled pumping tests.

The investigation methods, results, and conclusions are described in detail in the MZ-1 Summary Report, dated February 2006. The investigation provided enough information for Watermaster to develop Guidance Criteria for the MZ-1 producers in the investigation area that, if followed, would minimize the potential for subsidence and fissuring during the completion of the MZ-1 Plan. The Guidance Criteria included a listing of Managed Wells and their owners subject to the criteria, a map of the so-called Managed Area, and an initial threshold water level (Guidance Level) of 245 feet below the top of the PA-7 well casing. The MZ-1 Summary Report and the Guidance Criteria were adopted by the Watermaster Board in May 2006. The Guidance Criteria formed the basis for the MZ-1 Plan, which was approved by Watermaster in October 2007. The Court approved the MZ-1 Plan in November 2007 and ordered its implementation.

During this reporting period, Watermaster continued implementation of the MZ-1 Plan. Drawdown at the PA-7 piezometer did not fall below the Guidance Level during the reporting period, and very little, if any permanent compaction was recorded at the Ayala Park Extensometer. The ongoing monitoring program called for by the MZ-1 Plan continues to be implemented.

Program Element 6: Develop and Implement Cooperative Programs with the Regional Water Quality Control Board, Santa Ana Region (Regional Board) and Other Agencies to Improve Basin Management; and Program Element 7: Develop and Implement a Salt Management Program

Ontario International Airport (Archibald South Plume)

Watermaster continued to negotiate with the potentially responsible parties (PRPs) associated with the Ontario International Airport (OIA). The PRPs have formed a group called ABGL (Aerojet, Boeing, GE, and Lockheed). Watermaster has continued to participate in meetings with ABGL and their consultants, counsel, the Regional Board, and CDA in order to find common ground for a joint remedy for desalting and plume mitigation. Watermaster prepared technical and legal responses to a presentation made by ABGL's technical consultant in December 2010. Watermaster also coordinated with ABGL's consultant regarding the next round of sampling for VOCs in ABGL's monitoring wells.

Chino Airport

Watermaster continued to negotiate with the County of San Bernardino, Department of Airports (County) in order to find common ground for a joint remedy for desalting and plume mitigation. Watermaster coordinated with the Chino Desalter Authority's consultant, who provided an update on the well drilling and construction activities at the Chino Creek Desalter Well Field (CCWF). Watermaster reviewed hydrogeological information for a cross-section near the Chino Desalter and CCWF (pumping test analysis, cross-sections, etc.) in order to develop estimates of Darcian groundwater flux past this area. Then Watermaster prepared maps and charts of the groundwater model that estimate the degree of hydraulic control that would be achieved after the CCWF is completed as well as the fate of the Chino Airport plume. Watermaster prepared for and attended a meeting at San Bernardino County offices with County staff and technical consultants in February 2011 to present the groundwater model results. Watermaster also prepared a letter report (text, tables, and figures) of modeling results of the Peace II alternative with updated well locations for the CCWF and pumping rates for all Chino Desalter wells.

Watermaster reviewed maps and aerial photos of Chino Creek to develop a surface water monitoring program to characterize groundwater/surface water interactions along Chino Creek.

California Institute for Men

Watermaster continued to coordinate with the State on a memorandum of understanding that would allow Watermaster to continue to monitor a subset of wells on CIM. Watermaster prepared the following letter: "Chino Basin Groundwater Monitoring Programs: Preservation of Certain Monitoring Wells Owned by the State of California at the California Institute for Men (CIM)."

Optimum Basin Management Program

Program Element 6: Develop and Implement Cooperative Programs with the Regional Water Quality Control Board, Santa Ana Region (Regional Board) and Other Agencies to Improve Basin Management; and Program Element 7: Develop and Implement a Salt Management Program (Continued)

Other Water Quality Issues

Watermaster is responding to a public information request regarding perchlorate and perchlorate stable isotope testing in the Chino Basin. The request was made by Lewis, Brisbois, Bisgaard, & Smith LLP, who are defending Sociedad Química y Minera de Chile S.A. (SQM), a Chilean company that historically produced fertilizer that was imported to the United States.

Program Element 8: Develop and Implement a Groundwater Storage Management Program; and Program Element 9: Develop and Implement a Storage and Recovery Program

The existing Watermaster/IEUA/MWDSC Dry-Year Yield (DYY) program continued during the reporting period. All DYY program construction projects have been completed and are currently being used for DYY "take", or removal from storage. As of April 30, 2011 all of the water in the DYY storage account was extracted, leaving the account with a zero balance.

In February 2008, the DYY Expansion Project was initiated by IEUA and Watermaster to evaluate increasing the DYY storage account. The purpose of the DYY Expansion Project was to determine the facilities needed to store up to 150,000 acre-feet and to recover up to 50,000 acre-feet/year. The expansion project analysis was completed in December 2008. The expansion project evaluated the technical, financial, and institutional frame work for individual projects to move forward. Negotiations to-date related to actual projects and the amount of expansion have not resulted in any planned expansion projects.

IN MAY, MWD
MADE WATER
AVAILABLE
AT THE
REPLENISHMENT
RATE FOR THE
FIRST TIME IN
APPROXIMATELY
FOUR YEARS.
WATERMASTER
INTENDS TO
RECHARGE
40,000-50,000
ACRE-FEET OF
IMPORTED
WATER TO BE
USED TOWARD
FUTURE
REPLENISHMENT
OBLIGATIONS.