

Minutes
CHINO BASIN WATERMASTER
ANNUAL AGRICULTURAL POOL MEETING
January 12, 2012

The Annual Agricultural Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on January 12, 2012 at 1:00 p.m.

Agricultural Pool Members Present Who Signed In

Bob Feenstra, Chair	Dairy
Nathan deBoom	Dairy
John Huitsing	Dairy
Gene Koopman	Milk Producers Council
Rob Vanden Heuvel	Milk Producers Council
Jeff Pierson	Crops
Glen Durrington	Crops
Jennifer Novak	State of California, Dept. of Justice, CIM

Watermaster Board Member Present

Paul Hofer	Crops
Geoffrey Vanden Heuvel	Dairy

Watermaster Staff Present

Danielle Maurizio	Senior Engineer, Interim CEO
Joe Joswiak	Chief Financial Officer
Gerald Greene	Senior Environmental Engineer
Sherri Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Mark Wildermuth	Wildermuth Environmental Inc.

Others Present Who Signed In

Tracy Egoscue	Paul Hastings
Dave Crosley	City of Chino
Gil Aldaco	City of Chino
Ken Jeske	California Steel Industries
Rick Reese	Geomatrix Consultants, Inc.
Bob Gluck	City of Ontario
Ron La Brucherie	Farmer
Don Galleano	Guest

Chair Feenstra called the Annual Agricultural Pool meeting to order at 1:03 p.m.

AGENDA - ADDITIONS/REORDER

Chair Feenstra wished all the parties present today a Happy New Year. Chair Feenstra thanked the 2011 Agricultural Pool committee members for a job well done and for their support last year with all the many important challenges that arose that year. Chair Feenstra introduced the 2012 Agricultural Pool committee members and offered introductions for Mr. Ron La Brucherie and Mr. Don Galleano.

Ms. Maurizio stated Business Item D. has a revised version which was revised this morning, and it changes one of the reference numbers to a resolution from 09-01 to 11-01 and noted the revised resolution is available on the back table. Ms. Maurizio stated Consent Calendar Item. F, Levying Replenishment and Administrative Assessments will be taken as a Business Item after Business Item A., Watermaster 2011/2012 Assessment Package.

I. ANNUAL ELECTIONS - ACTION

A. Calendar-Year 2012 Agricultural Pool Members

The Agricultural Pool membership shall consist of not less than ten representatives selected at large by members of the pool. Pool members will be asked to make any necessary changes to the following list in order to establish pool membership and alternates during calendar year 2012:

Current Agricultural Pool Members

Dairy: Robert Feenstra
Gene Koopman
Nathan deBoom
John Huitsing
Rob Vanden Heuvel

Crops: Glen Durrington
Jeff Pierson

State: Pete Hall
Jennifer Novak
Julie Cavender

Current Alternates:

Dairy: Syp Vander Dussen
Peter Hettinga

Crops: Dan Hostetler

State: Carol Boyd
Brian Pahel
Robert Nobles
Helen Arens

A discussion regarding the 2012 Agricultural Pool committee members and their alternates ensued. The recording secretary noted the changes made to the 2012 member slate of members.

NOTE: The above Agricultural Pool members and alternates list reflects the changes made at the January 12, 2012 annual meeting and not the list which was provided on the annual agenda.

Chair Feenstra turned the meeting over to Ms. Egoscue to call for the election of the 2012 Agricultural Pool officers.

B. Calendar Year 2012 Agricultural Pool Officers

Nominations will be heard for Pool Chair, followed by nominations for Pool Vice-Chair.

Chair	<u>Bob Feenstra, Dairy</u>
Vice-Chair	<u>Jeff Pierson, Crops</u>
Secretary/Treasurer	<u>Watermaster Chief Executive Officer</u>

Motion by Koopman, second by Vanden Heuvel, and by unanimous vote
Moved to keep the same 2011 slate Chair and Vice-Chair positions, as presented

Chair Feenstra resumed the chair position and continued the meeting as the 2012 Agricultural Pool Chair.

C. Calendar Year 2012 Advisory Committee Member

The pool members will be asked to determine the ten agricultural representatives to serve on the Advisory Committee and, according to the rotation sequence established among the pools, appoint a representative to serve as Chair of the Advisory Committee during calendar year 2012

Chair Agricultural Pool Jeff Pierson, Crops

Motion by Vanden Heuvel, second by Koopman, and by unanimous vote

Moved to approve 2012 Advisory Committee Member, as presented

Ms. Novak stated she was advised recently by Ms. Maurizio that the approved court rotation schedule for 2012 shows it is the State's turn to serve on the Watermaster Board this year; however, Ms. Novak stated the State of California will waive that and support the current directors to continue in that capacity.

D. Calendar-Year 2012 Pool Representation on Watermaster Board

The Pool members will be asked to consider selecting two representatives to serve on the Watermaster Board during Calendar-Year 2012 and one or two alternate representatives.

Member: Geoffrey Vanden Heuvel Alternate: Bob Feenstra/Jeff Pierson

Member: Paul Hofer Alternate: Jeff Pierson/Bob Feenstra

Motion by Koopman, second by de Boom, and by unanimous vote

Moved to keep the same 2011 slate for the Agricultural Pool positions for the members, their alternates, and their sub-alternates, as presented

II. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Agricultural Pool Meeting held December 8, 2011

Motion by Koopman, second by Pierson, and by unanimous vote – Durrington abstained

Moved to approve Consent Calendar item A, as presented

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of November 2011
2. Watermaster VISA Check Detail for the month of November 2011
3. Combining Schedule for the Period July 1, 2011 through November 30, 2011
4. Treasurer's Report of Financial Affairs for the Period November 1, 2011 through November 30, 2011
5. Budget vs. Actual Current Month, Year-To-Date, and Fiscal Year-End

C. NOTICE OF INTENT

Annual Filing of Notice of Intent Regarding the Determination of Operating Safe Yield

D. CHINO BASIN WATERMASTER INVESTMENT POLICY

Resolution 12-01 – Resolution of the Chino Basin Watermaster, San Bernardino County, California, Re-Authorizing the Watermaster's Investment Policy

E. LOCAL AGENCY INVESTMENT FUND

Resolution 12-02 – Resolution Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF)

Motion by Vanden Heuvel, second by Pierson, and by unanimous vote

Moved to approve Resolution 12-03 authorizing levying replenishment and administrative assessments for fiscal year 2011-2012, as presented

NOTE: Consent Calendar Item F. was pulled to take after Item H. and was voted on after Business Item A. Watermaster 2011/2012 Assessment Package.

III. BUSINESS ITEMS

A. WATERMASTER 2011/2012 ASSESSMENT PACKAGE

Ms. Maurizio stated an Assessment Package Workshop was held last week and the assessment package was discussed in detail. Ms. Maurizio stated Watermaster normally does the Assessment Package process in the November/December time frame; however, there were a variety of reasons it was delayed this time. Ms. Maurizio gave the Assessment Package presentation in detail. Ms. Maurizio gave the motion made at the Appropriative Pool. Ms. Maurizio stated the motion made at the Non-Agricultural Pool was different than the Appropriative Pool's. Ms. Maurizio stated the Non-Agricultural Pool wants footnotes about the Non-Agricultural Pool water that is still sitting in the individual accounts, which is still subject to an existing dispute, and also there is a dispute between Aqua Capital Management and California Steel Industries (CSI) regarding their water rights. CSI asked that also be footnoted as well. Mr. Koopman offered comment on replenishment water price, changing structure, and asked for an explanation on one of the presentation slides. A discussion on replenishment ensued. Mr. Koopman asked that staff provide a list of what water is in storage and what the actual storage capacity in the basin is. Mr. Koopman stated he wants the storage numbers, even if the water is called something other than storage water; actual wet water and who owns it. Ms. Maurizio stated all that information is in the Assessment Package; however, there have been discussions on potentially reclassifying some of it to call it a different kind of storage water. Ms. Maurizio reviewed pages 3A, 4A, and 15A of the Assessment Package with regard to Mr. Koopman's comments/questions. Mr. Koopman inquired if all that water is subject to losses and Ms. Maurizio stated yes it is; however, Monte Vista Water District feels that the carryover water on page 2A should not have losses applied to it because it is not local storage water. Ms. Maurizio stated if anything does need to be corrected out of those discussions, it will not affect any of the dollars in the Assessment Package, Watermaster can just give those acre-feet back to their excess carryover accounts. A discussion regarding the excess carryover account ensued. Mr. Pierson asked that Watermaster prepare something that is all on one sheet for the Agricultural Pool. Ms. Maurizio stated the losses have only been applied for approximately the last five years, not since the beginning of time. Mr. Geoff Vanden Heuvel inquired if this is a subject that will be covered in Wildermuth's Material Physical Injury Analysis discussion. Ms. Maurizio stated that it will be discussed, but there will not be a lot of discussed on storage numbers. Mr. Geoff Vanden Heuvel stated there is an issue here and the fact of the matter is over the last ten years, since the Peace Agreement, a lot of water has been accumulated under a lot of different names. Mr. Geoff Vanden Heuvel stated a comprehensive look needs to be done on everything that is in there and how it got in there, which was done for the original Peace Agreement. Mr. Geoff Vanden Heuvel offered further comment on this matter. Mr. Geoff Vanden Heuvel stated not only does a comprehensive look at this water need to be done, and from a policy standpoint, a discussion on how the various water got into the various places needs to also take place. Mr. Geoff Vanden Heuvel stated he does not want this entire thing to be legitimized because it was in the past and to start fresh as of today; this is serious enough to request a significant policy update. Mr. Durrington inquired if the total amount of water in storage could be provided from anything other than paperwork. Mr. Wildermuth stated, understanding the geological materials that are in the ground and where the water levels are, we can make an engineering estimate of what is in the total storage plus/minus 15 to 20%; it is believed there is an estimated 6M acre-feet total. Ms. Maurizio noted the Peace II Agreement specifically says the 100,000 cap is for new post-2000 supplemental storage, and there is a lot of water in excess carryover which is not subject to the cap, which doesn't violate the cap as far as she interprets the document. Mr. Geoff Vanden Heuvel inquired if, prior to the Peace Agreement, was there a lot of excess carryover water. Mr. Geoff Vanden Heuvel clarified his question and offered further comment on this matter. Ms. Novak stated she agrees with what Mr. Vanden Heuvel has stated today. Ms. Novak stated so much is done at Watermaster on a month-to-month and issue-by-issue basis that sometimes the parties lose sight of the big picture and where our individual

decisions fit in with the overall goals of Watermaster and where we are. Ms. Novak stated Watermaster has different ways of classifying water and different rules for those different waters so it would be very helpful to understand what it is that we have and why. Ms. Novak offered further comment on this matter. Counsel Fife stated this discussion is taking place under the Assessment Package item, and maybe when we are on Item C. there was an action by the Appropriative Pool that was consistent with what Agricultural Pool is trying to do. Chair Feenstra asked that Item A. be completed first. Mr. Pierson inquired about the footnotes that will be applied by the Non-Agricultural Pool and if they will be presented to the Advisory Committee. Ms. Maurizio stated yes, and those notations will be corrected prior to the package going to the Advisory Committee. Mr. Pierson asked if staff is asking for approval for what is in front of us now or what will be presented to the Advisory Committee. Ms. Egoscue stated this committee can only approve what is in front of it now, and gave a possible recommendation to staff moving forward. Ms. Novak asked what the footnotes are about. Ms. Maurizio stated the footnotes will be on pages 13A, 14A, and 15A for the three Non-Agricultural Pool pages. Ms. Maurizio stated she believes this Pool has approved things before with a statement that the person at the Advisory Committee can approve the specific item at that meeting. A discussion regarding this matter ensued.

Motion by Vanden Heuvel, second by Koopman, and by unanimous vote

Moved to approve the 2011-2102 Assessment Package which was in the meeting package today and to have the Agricultural Pool Chair and Agricultural Pool Legal Counsel review the Non-Agricultural footnotes being added to page 13A, 14A, and 15A prior to voting at the Advisory Committee, as presented

NOTE: Consent Calendar Item F. was pulled to be considered a Business Item rather than a Consent Calendar Item after Business Item A. Watermaster 2011/2012 Assessment Package.

F. LEVYING REPLENISHMENT AND ADMINISTRATIVE ASSESSMENTS

Ms. Maurizio stated this resolution states that Watermaster is allowed to bill all the parties their assessments and now that the Assessment Package has been approved, this resolution is now ready to be voted on.

Motion by Vanden Heuvel, second by Pierson, and by unanimous vote

Moved to approve Consent Calendar item F, as presented

B. MATERIAL PHYSICAL INJURY ANALYSIS

Ms. Maurizio stated this item is on the agenda because last month Watermaster brought through the City of Upland's and San Antonio Water Company's requests for Storage Agreements and for their Applications for Recharge, which triggered a great deal of discussion. Ms. Maurizio stated the discussions were reported to the Watermaster Board, and at the Board's request a Material Physical Injury Analysis was completed on all of the applications for Storage Agreements which have been received to date. Ms. Maurizio stated at your last Agricultural Pool meeting this committee approved the Recharge Application component and not the Storage Agreement component. Ms. Maurizio stated the Watermaster Board also requested that staff bring back this month only the Recharge Applications components. Mr. Wildermuth gave the Analysis of Material Physical Injury for the Local Storage Agreement Applications Pending on December 15, 2011 presentation in detail. Mr. Wildermuth reviewed the history of this matter, which applications were included in his analysis which equal 81,500 acre-feet of water, reviewed the impacts, and reviewed a Depth to Groundwater map in detail. Mr. Wildermuth stated with regard to the letter report that was in the meeting package, there is a support graphic that is used to show what the depth to water was in the areas of these recharge sites and the wells; which indicates we would not have any issues from high groundwater. Ms. Egoscue stated she has questions especially on the recycled water used in the Upland Basin. Ms. Egoscue inquired about the Wildermuth analysis on the recycled water use. Mr. Wildermuth stated no one would incur a water quality impact of significance that would make their wells un-potable or their

supplies un-potable from these recharge projects. Mr. Wildermuth stated in the Basin Plan we would be concerned about causing a concentration to exceed an objective as well as a beneficial use, and in both cases we are not impairing a beneficial use or causing the groundwater to exceed an objective. Ms. Egoscue inquired if that was the driver for how the City of Upland was dealt with, with regard to the recycled water use. Mr. Wildermuth stated it was different, and gave a detailed explanation as to why it is different. Mr. Wildermuth stated the Upland Basin has never been included in the current recharge permit and there has never been recycled water put in there. Mr. Wildermuth stated in order to put recycled water in there the current Inland Empire Utilities Agency (IEUA) permit would have to be amended after substantial regulatory demonstrations. Mr. Wildermuth offered further comment on recycled water in the Upland Basin and noted the City of Upland may need to go back and engineer their projects so that it does not have material physical injury, which is why staff is saying we can't go forward with an approval of that portion. Ms. Egoscue inquired about the level of treatment for the recycled water that the City of Upland wanted to use. Mr. Wildermuth stated it is tertiary Title 22. Mr. Geoffrey Vanden Heuvel inquired if the Material Physical Injury Analysis took into account all of the excess carryover water and other stored water that now exists in the basin. Mr. Wildermuth stated probably not all of it, and he noted he would have to go back and look and see how much was in storage when we did the work in 2009. Mr. Geoffrey Vanden Heuvel inquired was this work the end of the process or was this one piece of an overall policy development strategy. Ms. Maurizio stated with the actual report right now it is just being asked to receive and file it; however, out of this staff is planning on developing a process to look at all of the storage and move forward on approving Storage Agreements. Ms. Maurizio stated there will probably be a workshop that comes out of these discussions. Counsel Fife stated it is his understanding that this is one part of the foundation for a policy discussion about what is done with storage. A discussion regarding this matter ensued. Mr. Geoffrey Vanden Heuvel offered comment on the IEUA application which is a different type of application, and is more of a policy issue and not a material physical injury issue. Mr. Pierson inquired what the other Pools did with this item and Ms. Maurizio stated they moved to receive and file the report. Chair Feenstra inquired about the future workshop and what that workshop would accomplish. Ms. Maurizio stated one workshop will not be enough but it will kick off the discussions. Ms. Maurizio stated she has found traces of this same discussion for fourteen years, and since she has been here she has worked through it with three CEO's and two interim CEO's assignments, and we are still where we started fourteen years ago. Ms. Maurizio stated they have deferred over and over during the Peace Agreement, the Peace II Agreement, and then to now; however, the parties are still not in agreement on how to allocate the water. A discussion regarding the possible workshop and this matter ensued. Mr. Geoffrey Vanden Heuvel offered comment on the components of the Peace II Agreement with regard to this important matter. Mr. Geoffrey Vanden Heuvel stated the Agricultural Pool needs to be involved in this and possibly have Ms. Egoscue participate in the meetings/workshops to watch out for the Agricultural Pool's interests, and to make sure good public policy comes out of these meetings/workshops. Chair Feenstra asked that Ms. Egoscue take an active role with this regard. Mr. Koopman offered comment on alternative sources of water, the recent purchase of replenishment water, MWD availability of water in the future, and IEUA's possible participation as a holding source for water. Chair Feenstra stated there is a lot to discuss and to explore. Chair Feenstra stated the recommendation from staff is to receive and file this report.

Motion by Pierson, second by Koopman, and by unanimous vote

Moved to receive and file the Material Physical Injury Analysis, as presented

C. APPLICATIONS FOR RECHARGE

- 1. Consider Approval for Application for Recharge** - The City of Upland has submitted an application for recharge for 9,500,000 acre-feet to be placed into a Local Supplemental Storage Account. Date of Application: November 29, 2011. Consider Approval of the City of Upland's application in so far as Recharge is concerned but expressly condition the Storage element so that it is expressly subject to subsequent Watermaster determinations on: (1) the quantity of Local Supplemental Water in Storage; (2) the priority among all competing

applications for Local Storage Agreements; and (3) the general terms and conditions concerning Preemptive Replenishment and Storage.

2. **Consider Approval for Application for Recharge** - San Antonio Water Company has submitted an application for recharge for 2,000,000 acre-feet to be placed into a Local Supplemental Storage Account. Date of Application: December 1, 2011. Consider Approval of SAWCO's application in so far as Recharge is concerned but expressly condition the Storage element so that it is expressly subject to subsequent Watermaster determinations on: (1) the quantity of Local Supplemental Water in Storage; (2) the priority among all competing applications for Local Storage Agreements; and (3) the general terms and conditions concerning Preemptive Replenishment and Storage.

Ms. Maurizio stated there are two Applications for Recharge being presented today from last month from the City of Upland and San Antonio Water Company. Ms. Maurizio stated, as stated previously at the request of the Board, staff has brought back just the Recharge Application component. Ms. Maurizio reviewed the two applications in detail. Ms. Maurizio stated the storage component of these applications are not being brought forward today; however, there will be meetings and/or workshops in the next few months to figure out how we are going to go forward with Storage Agreements. Ms. Maurizio stated with regard to the City of Upland's recycled water component it is unknown at this point and has not been evaluated for Material Physical Injury Analysis. Ms. Maurizio stated from discussions, she understands the City of Upland is a couple of years away from having that capacity anyway. Ms. Maurizio then reviewed the motions made by the Appropriative Pool and the Non-Agricultural Pool. Mr. Geoffrey Vanden Heuvel asked for clarification on the other Pool's motions. Ms. Maurizio stated they basically disregarded the staff recommendation and made their own motions. Ms. Maurizio reviewed the motions in detail. A discussion regarding supplemental storage ensued. Ms. Maurizio stated the other Pools are very committed to working through the process and getting the storage agreement issue resolved. Counsel Fife stated the way they phrased their motions says nothing new and it is just to account for the water in existing storage agreements, so there is no storage agreement being approved here at all. Counsel Fife stated the action that was recommended was to approve recharge and notify them that it's at their own risk because they don't have a storage agreement. Counsel Fife stated what they said was, they were not going to approve a new storage agreement but whatever water they recharge will be accounted for in existing agreements. Mr. Geoffrey Vanden Heuvel stated that is a good motion. Mr. Pierson asked for clarification on C1. Counsel Fife stated they were asking for a new storage agreement; however, staff was recommending the recharge component and not to approve the storage agreement component, and then to make sure they were aware that whatever happened with that water that they are recharging, would be subject to a workout on the quantity of local supplemental, including acknowledging there is going to be a process going forward and notifying them that whatever happened with the storage account in the future, not now but in the future, it was going to be subject to that whole workout. Counsel Fife stated staff was asked to leave the Appropriative Pool meeting so they could hold their closed session discussions this morning about these agenda items. Counsel Fife noted the Appropriative Pool's closed session lasted approximately one hour. Counsel Fife stated when the closed session was over and they reconvened their regular meeting, the motion that Ms. Maurizio read was the motion they gave us, which was to account for it in existing agreements. Counsel Fife explained the motions in detail. A lengthy discussion regarding this matter and how to form a motion ensued. Mr. Geoffrey Vanden Heuvel stated the motion could be just to pass what the Appropriative Pool passed as our motion. Ms. Maurizio read the motions from the two other Pools.

Motion by Koopman, second by Pierson, and by unanimous vote

Moved to approve the Recharge Applications for the City of Upland and San Antonio Water Company Applications for Recharge exclusive of recycled water and to direct Watermaster to account for supplemental water recharged in the existing local supplemental storage account, as presented

IV. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**1. Aqua Capital Management versus California Steel Industries

Counsel Fife stated just before the holidays there was a hearing in the other court room that this case was filed in; California Steel Industries (CSI) was asking that the case be dismissed because there is the adjudication that exists, and CSI was arguing that this legal issue should be heard through the adjudication. Counsel Fife stated the judge clearly had difficulties figuring out the Chino Basin Adjudication but could tell that is where it needed to be, so the judge transferred the case to Judge Reichert. Counsel Fife stated the judge did not dismiss the case, and did not consolidate the case, he just figured Judge Reichert was the judge to understand this case and moved it on. Counsel Fife stated subsequently last week, Aqua Capital Management filed a 170.6 motion which is a motion to disqualify a judge. Counsel Fife stated everyone is allowed to file one 170.6 with no reason. Counsel Fife stated this case will now be moved to yet another judge and it is unclear how CSI will respond to that motion. Counsel Fife stated Watermaster Counsel will be talking to the Watermaster Board this month about what Watermaster should do; whether to intervene in the case to try and bring it back to Judge Reichert. Counsel Fife stated Watermaster could also file a Paragraph 15 motion and tee up the resolution of this with Judge Reichert, and it could be resolved in a short 30 day period. Counsel Fife stated Watermaster's concern is not with the substance of who should win, the concern is with the procedure of having water rights in Chino Basin being adjudicated by courts other than the Watermaster court.

2. December 16, 2011 Hearing

Counsel Fife stated this was the hearing to ask the Judge to continue the report on the progress under the Recharge Master Plan. Counsel Fife stated it was a quiet hearing, the Judge read the papers and was fine with the continuance; Judge Reichert gave Watermaster a six month continuance on that reporting.

3. Board Finding Regarding Compliance with Recharge Master Plan

Counsel Fife stated the Watermaster Board before the holidays considered the annual finding that is required under the Peace II Agreement regarding compliance with the Recharge Master Plan. Counsel Fife stated the ultimate resolution of the Watermaster Board was that they made the finding of compliance; however, it was conditioned that within the next twelve months an Implementation Plan and a Financial Plan be created for the Recharge Master Plan through meetings or workshops. Counsel Fife noted there is a meeting scheduled to take place January 17, 2012 at 10:00 a.m. Counsel Fife stated over the next twelve months a new look at the plan has to happen including the development of an Implementation and Finance Plan, and then halfway through that process, a report needs to be made to the court on its progress.

B. AGRICULTURAL POOL LEGAL COUNSEL REPORT

Ms. Egoscue stated on January 11, 2012 Watermaster counsel sent a proposed order regarding the October 28, 2011 hearing. Ms. Egoscue stated the issue was that the judge approved the mitigation measures for the desalting activities, but expressed a concern that he was baring any private claims by well owners against the Desalter Authority. Ms. Egoscue stated Watermaster counsel committed to working with the Agricultural Pool and the Desalter Authority to file a supplemental order. Ms. Egoscue stated yesterday she received that order, and that she made a preliminary review and had one question for Watermaster counsel. Ms. Egoscue stated there is a section that states it does not appear that any party objects to the order and inquired how counsel knows that. Counsel Fife stated what counsel sent Ms. Egoscue is a draft proposed order that will be submitted to the judge for his signature. Counsel Fife explained the document sent to Ms. Egoscue in detail. Ms. Novak inquired if this was going to go through the same process as last time, in that all the well owners and users would be contacted, or would we just go through the Watermaster process. Counsel Fife stated it would just be going through the

Watermaster process because people now know what is going on with the court and this is different because at the last hearing the judge expressed concern with what he was doing. Counsel Fife stated this order is a supplemental order for the judge to clarify what he was doing. Ms. Novak inquired about Ms. Egoscue's statement of "nobody was objecting to the signing of the order." Ms. Novak offered further comment regarding the objection statement and making it while not knowing if it is true or not. Ms. Novak asked how we verify that people do or don't object, and are we only relying on the Watermaster process, or is it going to be sent to people for their opinion on the wording etc. Counsel Fife stated since it is only a handful of people maybe it can be sent out to them. A discussion regarding this matter ensued. Ms. Novak suggested that maybe that section of language be taken out and Ms. Egoscue agreed. Counsel Fife stated that is fine to remove that language.

C. CEO/STAFF REPORT

1. Recharge Update

Ms. Maurizio stated there will be updated numbers for the recharge update at the Advisory Committee meeting next week. Ms. Maurizio noted 500 acre-feet of storm was captured in the month of December.

2. Notice of Availability - Non-Agricultural Water

Ms. Maurizio stated the Notice of Availability is included in the meeting package starting on page 181. Ms. Maurizio stated there has been one Non-Agricultural party who offered some of their stored water; Auto Club Speedway offered 250 acre-feet at \$406.64 an acre-foot. Ms. Maurizio stated the Appropriative Pool has until March 1, 2012 to inform Watermaster if they want to purchase that water. A discussion regarding this item ensued.

3. WEI Analysis of Well Design for CDA Well I-20

Ms. Maurizio stated Wildermuth has analyzed the well design for the CDA for their well number I-20, and it's consistent with the objectives and will be pumping only from the shallow system. Ms. Maurizio stated the well is constructed deeper; however, it will have the cement seal in it so it won't pump from the deeper aquifer, but should they choose to change it later they have that option. Ms. Novak stated she has concerns. Ms. Novak referenced page 197 of the meeting packet for the actual design diagrams and noted they are proposing to block pumping from the deeper zone to the shallow zone; this differs from the preliminary designs that were issued approximately one year ago. Ms. Novak offered detailed comments on the concerns regarding the new design for the seal which have been identified by the CDA zone consultants. Ms. Novak inquired why the recommendation for the installation of the initial proposed seal is now absent, especially when that well is within a mile or two of the Archibald South Plume and Chino Airport Plume. Ms. Novak stated that well is designed specifically to be pulling contaminants from those regions; this seal could minimize the risk of affecting good water quality. Mr. Wildermuth clarified it was the annular seal which Ms. Novak was talking about. Mr. Wildermuth stated the seal Ms. Novak is referring to was actually pitched back to them when Wildermuth Environmental first got this revision back. Mr. Wildermuth stated Wildermuth's staff recommended the annular seal be put in, and the CDA and their consultants came back and said there were concerns. Mr. Wildermuth offered further technical comments on this matter and noted Wildermuth's staff yielded to their professional recommendations. A lengthy discussion on water production problems with regard to the gravel pack consolidation ensued. Ms. Novak offered further comment on the size of the well and the digging of a much larger shaft, which is larger than they will need any time in the foreseeable future. Ms. Novak recommended that staff work with the CDA on this final design and that the two-foot cement seal be looked at again to see if it can be made more effective. Mr. Wildermuth stated in our past practice of doing wells like this, we have used annular seals; Wildermuth Engineering is not the design engineer and we don't have the responsibility for the integrity of the structure after it's built. Mr. Wildermuth stated Wildermuth was concerned about depressurizing the lower system and they have assured us that that will not happen. Ms. Novak noted she has property almost across the street from this well and her clients, the State of California, have concerns, and that just a small thing

that could be done, it is what can make the difference down the road between huge problems and no problem. Mr. Wildermuth stated what he would like to do is to meet with Ms. Novak's design consultant via a conference call and have this discussion and maybe bring it back next month. Mr. Durrington inquired about why they would want to go down to deeper water where it's not polluted; why pump it at all. Mr. Wildermuth stated the concern is these wells in the shallow zone are not producing as much water as we previously believed. Mr. Wildermuth stated a material physical injury analysis was done, and noted from that analysis that if these wells were constructed shallow we did not think there would be a subsidence problem. Mr. Wildermuth stated the CDA's consultants don't feel as strongly about subsidence as we do. Mr. Wildermuth stated at their risk they will dig a deeper well and seal off the bottom portion of it so there would not be a pumping problem, with the idea that subsidence would be continually monitored, and if subsidence was minimal or nonexistent they could possibly break out those plugs and pump more water. Mr. Wildermuth offered further comment on this matter. Mr. Koopman commented on drilling more wells, which would drive up the cost versus going into the deeper water where they can lower their cost. Mr. Koopman offered further comment on what he thinks is the RWQCB standpoint on this matter of cleaning up the basin. A discussion regarding Mr. Koopman's comments and this matter ensued. Mr. Wildermuth stated he will follow up on today's discussion items.

4. Chino Basin Watermaster Excess Reserves

Ms. Maurizio stated the Watermaster Board took action last month regarding the excess reserves and there is a handout on the back table on how that will be allocated out.

5. West Venture Development Water Rights

Ms. Maurizio stated the West Venture Development Water Rights item was brought through last month because the Non-Agricultural Pool had requested to have West Venture's rights reallocated amongst the Pool. Ms. Maurizio reviewed the actions taken by the other Pools. Ms. Maurizio stated this is an update until further research is done and staff is trying to determine exactly what lots came out of that parcel, and staff is working with the City of Chino on this matter.

Added to CEO/STAFF REPORT

6. Basin Plan Amendment

Ms. Maurizio stated with regard to the Basin Plan Amendment, and the issues surrounding it not being noticed by the Regional Water Quality Control Board (RWQCB), it has finally been noticed and will be going before the RWQCB board on February 10, 2012. Ms. Maurizio stated the RWQCB removed the controversial language which was inadvertently attached, and thought to possibly delay its approval. Ms. Maurizio stated staff will keep the parties updated on this matter next month after the hearing.

7. Vertical Extensometer

Ms. Maurizio stated some of the parties asked that an update be given on the vertical extensometer this month. Ms. Maurizio stated this is the extensometer that was having difficulties with what parcel of land to put it on. Ms. Maurizio stated a parcel has been identified with the County and staff has been working to get that easement approved. Ms. Maurizio stated staff hopes to bring this back in February. Ms. Maurizio stated Tom Dodson will be doing the CEQA work on this and we will be using Best Drilling through a change order with the Desalter wells to construct it.

8. GRCC Meeting

Ms. Maurizio stated the GRCC meeting has been rescheduled from the date on the original agenda to January 17, 2012 from 8:30 a.m. to 9:30 a.m., which is just before the Chino Basin Recharge Master Plan Update Steering Committee meeting.

9. New Board Members

Ms. Maurizio stated there are two new members coming on the Watermaster Board representing the Appropriative Pool. Ms. Maurizio stated Bill Kruger from the City of Chino Hills and Jim Curatalo from Fontana Union Water Company are the two new representatives starting at the annual Watermaster Board meeting in January.

Ms. Maurizio inquired about the February date for the Agricultural Pool meeting which has historically had a conflict due to the Farm Show, which often results in quorum issues. It was noted the February 9, 2011 scheduled date for the Agricultural Pool meeting does not conflict this year with that show. That is going to be held February 14, 15, and 16th this year.

D. OLD BUSINESS

Mr. Durrington stated last month it was noted the recent sampling results would be sent out to everyone. Ms. Maurizio stated there are still a of couple wells to be tested. Mr. Durrington stated there was a motion made several years ago that only the owners would receive this information and that has not been discussed. Ms. Novak asked that staff figure out the motion that was made regarding publishing water quality information and if it needs reversing, in the near future, then this Pool can revisit the issue. A lengthy discussion regarding this matter ensued. Ms. Egoscue stated this is easily distinguishable from the prior motion in that this is a very specific set of facts that was actually put into motion by the Regional Board issuing a draft Clean Up and Abatement Order to a group, known globally as the ABGL Group. Ms. Egoscue stated the ABGL Group started sampling and reported data, and what is being discussed now is after that data had been reported to the various home owners, it is the subsequent activity that the Watermaster undertook for properties that were not covered by the ABGL Group. Ms. Egoscue stated her strong advice in this particular instance, that the Agricultural Pool is not seen as somehow blocking the information that has already been disseminated, and is already a matter of public record because it is part of a state agencies direction and guidance. Ms. Egoscue stated it is her suggestion that the Agricultural Pool does not hold up any notification or any expression to these land owners that there is an issue. Chair Feenstra inquired to Ms. Egoscue regarding Ms. Novak's comments on perpetuity, and asked can we move forward, yes or no. Ms. Egoscue stated those are two different issues. Ms. Novak stated with regard to discussions over the last year, as to what the current policy of this committee would be, if we were to undertake a motion today or revisit the issue, the result might be different than it was in the past. Ms. Novak stated if that is the case, then procedurally speaking, if it turns out that we should not have allowed anything to released today...can't we say it was retroactive to this decision. Ms. Novak stated she understands these are two different cases; however, if people feel bound by some past decision it needs to be reviewed. Ms. Egoscue noted her concern in advising the Pool right now and causing any delay. Ms. Novak offered final comments on this matter. A discussing regarding this matter ensued. Ms. Egoscue stated the data has already been sent to the executive officer of the Regional Board and it is now public record, and anyone can get it as public information. Ms. Egoscue offered final comment on this matter. Ms. Novak inquired if staff can figure out what the motion was and what it said, and if it needs reversing we can revisit the issue.

V. INFORMATION

1. Cash Disbursements for December 2011
No comment was made.
2. Newspaper Articles
No comment was made.

V. INFORMATION

1. Cash Disbursements for December 2011
No comment was made.

- 2. Newspaper Articles
No comment was made.

VI. POOL MEMBER COMMENTS
No comment was made.

VII. OTHER BUSINESS

Mr. Koopman stated he has made this request in the past and asked that staff to provide a list of all the Agricultural Pool producers, farmer by farmer, that are using recycled water in their farming operations, how many acre-feet of water they are using, and who the water provider is who is getting the credit for the Agricultural transfer is. Ms. Maurizio reiterated what Mr. Koopman is looking for in the report.

The regular open Agricultural Pool meeting was convened to hold its confidential session at 2:50 p.m.

VIII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to the Agricultural Pool Rules & Regulations, a Confidential Session may be held during the Watermaster Pool meeting for the purpose of discussion and possible action.

The confidential session concluded at 3:50 p.m.

Chair Feenstra stated the Agricultural Pool meeting will close in memory of Mr. Ruben Ayala who died on January 4, 2012. Chair Feenstra stated Mr. Ayala was devoted to his community, was elected mayor in 1964, was a member of the San Bernardino county Board of Supervisors, and served as a state senator. Chair Feenstra stated Mr. Ayala was a valued member of the community and received many awards in the course of his lifetime, including the 2011 Spirit of Achievement Award from the City of Chino. Chair Feenstra asked that the Advisory Committee and Watermaster Board also be closed in memory of Mr. Ruben Ayala.

IX. FUTURE MEETINGS

Thursday, January 12, 2012	9:00 a.m.	Annual & Election Appropriative Pool Meeting @ CBWM
Thursday, January 12, 2012	11:00 a.m.	Annual & Election Non-Agricultural Pool Conference Call Meeting – and at CBWM
Thursday, January 12, 2012	1:00 p.m.	Annual & Election Agricultural Pool Meeting @ CBWM
Tuesday, January 17, 2012	8:30 a.m.	GRCC Meeting @ CBWM (New Date & Time)
Tuesday, January 17, 2012	10:00 a.m.	CB Recharge Master Plan Steering Committee Meeting @ CBWM
Thursday, January 19, 2012	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, January 19, 2012	9:00 a.m.	Annual & Election Advisory Committee Meeting @ CBWM
Tuesday, January 24, 2012	9:00 a.m.	Cancelled GRCC Meeting @ CBWM
Thursday, January 26, 2012	11:00 a.m.	Annual & Election Watermaster Board Meeting @ CBWM

Chair Feenstra adjourned the Annual Agricultural Pool meeting at 3:05 p.m. in memory of Ruben Ayala who passed away on January 4, 2012

Secretary: _____

Minutes Approved: February 9, 2012