

Minutes
CHINO BASIN WATERMASTER
SPECIAL APPROPRIATIVE POOL MEETING

The Special Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on October 21, 2010 at 8:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT WHO SIGNED IN

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| Mark Kinsey, Chair | Monte Vista Water District |
| Robert Young | Fontana Union Water Company |
| Josh Swift | Fontana Water Company |
| John Mura | City of Chino Hills |
| Scott Burton | City of Ontario |
| Raul Garibay | City of Pomona |
| Anthony La | City of Upland |
| Robert DeLoach | Cucamonga Valley Water District |
| Robert Tock | Jurupa Community Services District |
| Dave Crosley | City of Chino |

Watermaster Staff Present

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| Kenneth R. Manning | Chief Executive Officer |
| Joe Joswiak | Chief Financial Officer |
| Ben Pak | Senior Project Engineer |
| Danielle Maurizio | Senior Engineer |
| Sherri Lynne Molino | Recording Secretary |

Watermaster Consultants Present

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| Michael Fife | Brownstein, Hyatt, Farber & Schreck |
| Scott Slater | Brownstein, Hyatt, Farber & Schreck |

Others Present Who Signed In

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| Bill Kruger | City of Chino Hills |
| Tim Mim Mack | CDA |
| Eldon Horst | Jurupa Community Services District |
| Jim Erickson | Law Offices of Jimmy Gutierrez |
| Marty Zvirbulis | Cucamonga Valley Water District |
| Jo Lynne Russo-Pereyra | Cucamonga Valley Water District |
| Chris Berch | Inland Empire Utilities Agency |
| Ron Craig | City of Chino Hills |
| Sheri Rojo | Visitor for Fontana Water Company |

Chair Kinsey called the Special Appropriative Pool Meeting to order at 8:05 a.m.

AGENDA - ADDITIONS/REORDER

Chair Kinsey stated there will need to be a closed session added to the agenda.

Motion by DeLoach, second by La, and by unanimous vote

Moved to add a closed session to the agenda prior to the Business Items

The regular open Special Appropriative Pool meeting was convened to hold its confidential session at 8:07 a.m.

The confidential session was convened at 8:20 a.m.

There were no reportable actions.

The regular open Special Appropriative Pool meeting was reconvened at 8:21 a.m.

I. BUSINESS ITEMS

A. WATERMASTER RESOLUTION NO. 10-04 FOR PHASE III DESALTER EXPANSION

Counsel Slater reviewed the revisions and expansions made to Resolution No. 10-04, and reviewed in detail the new Exhibit I – Appropriator Resolution, which is the Resolution of Support for the Completion of Future Desalters. Mr. DeLoach inquired about the LRP subsidy. Counsel Slater stated the issue of the LRP subsidy is that Western has a substantive contractual obligation to the parties to proceed, subject to two outs; 1) CEQA and 2) Cost Cap. Counsel Slater described to two outs in detail. Mr. DeLoach inquired about section 57 on page 9 of the meeting packet which deals with Inland Empire Utilities Agency's CEQA analysis which has already been done. Counsel Slater stated it is corrected and relocated. Counsel Slater stated a comprehensive comparative will be produced and distributed. Mr. Young thanked counsel and staff for the arduous job done. Chair Kinsey offered comment on the document produced that provides a basis for potential cost sharing, potential fines, or project related delays, and to also firm up the commitment for the CDA parties moving forward with the expansion. Mr. Crosley stated Exhibit "I", which is the Appropriator Resolution, is silent on the fines, current and/or future. A discussion regarding this item ensued.

Motion by DeLoach, second by Young, and by unanimous vote

Moved to approve Resolution No. 10-04 subject to approval of the Appropriator Resolution in Exhibit "I" by the individual CDA Appropriators and recommend Watermaster Board approval of Resolution No. 10-04, as presented

B. CHINO BASIN WATERMASTER 2010-2011 ASSESSMENT PACKAGE

Mr. Manning stated this item was on the agenda for the last Appropriative Pool meeting; however, Fontana Water Company noted their financial officer was on vacation and did not have ample time for review. This item was asked to be addressed during this special meeting today. Mr. Manning stated since that meeting Fontana Water Company has been in contact with Watermaster staff and has expressed no problem with the presented Assessment Package. Mr. Manning noted there is an additional insert page for item 8A which Ms. Maurizio prepared in response to the one comment Fontana Water Company did have. Mr. Manning reviewed the changes this insert includes and noted staff feels before this item goes before the Watermaster Board next week, the title of the page is changed accordingly to show clarity in what is actually being shown. Ms. Maurizio noted there were a few other formatting changes to the package according to some suggestions made at the workshop. Mr. Young offered comment on the changes made to 8A and asked for clarification. Mr. Manning stated the Judgment is clear in its reference to who pays the cost of the water when it actually purchased. Counsel Fife stated Mr. Young has pointed out a good issue and this is why the change that was described is what the recommended way to change insert 8A is. Counsel Fife stated historically Watermaster replenishment cost has been simply the MET replenishment rate. The Judgment just references replenishment costs. The change that was on the handout didn't change the heading as it developed, it only added a footnote that tried to explain that heading had changed; it was concluded to just change the heading. Instead of calling it MET Replenishment Rate, call it Watermaster's Replenishment Cost. The Judgment talks simply about Watermaster's replenishment costs and it doesn't talk about timing; a blanket requirement that Watermaster replenish and then an authorization that Watermaster assess for whatever its replenishment costs are. Watermaster is given the authority to recoup those costs; the procedure is not specifically spelled out what the procedure is when those costs are a moving target. Counsel Fife stated the blanket authorization to assess for the costs has to include the authorization to assess for any changes in those costs between the time of assessment and purchase. A discussion regarding Counsel Fife's comments, different assessments types, and the cumulative

unmet replenishment rate (CURO) ensued. Mr. Manning stated Watermaster’s goal is to set the replenishment cost to the party that overproduces at a rate that staff is realistic in terms of the purchase of water. Mr. Manning offered comment on different rates and those rates will have to be reviewed on a year-to-year basis.

Motion by La, second by DeLoach, and by unanimous vote

Moved to approve Chino Basin Watermaster 2010-2011 Assessment Package, as presented

II. POOL MEMBER COMMENTS

No comment was made regarding this item.

III. OTHER BUSINESS

No comment was made regarding this item.

IV. FUTURE MEETINGS

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| Thursday, October 21, 2010 | 8:00 a.m. | Special Appropriative Pool Meeting @ CBWM |
| Thursday, October 21, 2010 | 9:00 a.m. | Advisory Committee Meeting @ CBWM |
| Thursday, October 21, 2010 | 11:00 a.m. | Water Quality Meeting @ CBWM |
| Tuesday, October 26, 2010 | 9:00 a.m. | GRCC Committee Meeting @ CBWM |
| Thursday, October 28, 2010 | 11:00 a.m. | Watermaster Board Meeting @ CBWM |
| * Thursday, November 4, 2010 | 9:00 a.m. | Agricultural Pool Meeting @ IEUA |
| Thursday, November 4, 2010 | 1:00 p.m. | Appropriative Pool Meeting @ CBWM |
| Thursday, November 4, 2010 | 2:30 p.m. | Non-Agricultural Pool Conference Call Meeting |
| Thursday, November 18, 2010 | 8:00 a.m. | IEUA DYY Meeting @ CBWM |
| Thursday, November 18, 2010 | 9:00 a.m. | Advisory Committee Meeting @ CBWM |
| * Thursday, November 18, 2010 | 11:00 a.m. | Watermaster Board Meeting @ CBWM |
| Thursday, December 2, 2010 | 1:00 p.m. | Appropriative Pool Meeting @ CBWM |
| Thursday, December 2, 2010 | 2:30 p.m. | Non-Agricultural Pool Conference Call Meeting |
| Thursday, December 9, 2010 | 9:00 a.m. | Agricultural Pool Meeting @ IEUA |
| Thursday, December 16, 2010 | 8:00 a.m. | IEUA DYY Meeting @ CBWM |
| Thursday, December 16, 2010 | 9:00 a.m. | Advisory Committee Meeting @ CBWM |
| * Thursday, December 16, 2010 | 11:00 a.m. | Watermaster Board Meeting @ CBWM |

*** Note: Date changes due to holiday schedules**

The Special Appropriative Pool meeting was dismissed by Chair Kinsey at 9:46 a.m.

Secretary: _____

Minutes Approved: October 4, 2010