

Minutes
CHINO BASIN WATERMASTER
WATERMASTER BOARD MEETING

July 26, 2012

The Watermaster Board Meeting was held at the offices of the Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on July 26, 2012 at 11:00 a.m.

WATERMASTER BOARD MEMBERS PRESENT

Bob Kuhn, Chair
Jim Curatalo
Paula Lantz
Charles Field
Terry Catlin
Bill Kruger
Brian Geye
Paul Hofer
Jeff Pierson

Three Valleys Municipal Water District
Fontana Union Water Company
City of Pomona
Western Municipal Water District
Inland Empire Utilities Agency
City of Chino Hills
Auto Club Speedway
Agricultural Pool
Ag Pool – Crops

WATERMASTER BOARD MEMBERS ABSENT

Geoffrey Vanden Heuvel
Bob Bowcock
Steve Elie

Agricultural Pool
Vulcan Materials Company (Calmat Division)
Inland Empire Utilities Agency

Watermaster Staff Present

Ken Jeske
Joseph Joswiak
Sherri Molino

Interim CEO
Chief Financial Officer
Recording Secretary

Watermaster Consultants Present

Scott Slater

Brownstein, Hyatt, Farber & Schreck

Others Present

Bob Feenstra
Pete Hall
Sandra Rose
Art Kidman
Rick Hansen
David DeJesus
Marty Zvirbulis
Jo Lynne Russo-Pereyra
Tim Hampton
Daryl Grigsby
Gil Aldaco
Scott Burton
Ron Craig
Mike Maestas
Robert Young
Sheri Rojo
Tom Love
Curtis Paxton
Eunice Ulloa
Jack Safely

Ag Pool – Dairy
Ag Pool – State of California – CIM
Monte Vista Water District
McCormick, Kidman & Behrens
Three Valleys Municipal Water District
Three Valleys Municipal Water District
Cucamonga Valley Water District
Cucamonga Valley Water District
City of Pomona
City of Pomona
City of Chino
City of Ontario
City of Chino Hills
City of Chino Hills
Fontana Water Company
Fontana Water Company
Inland Empire Utilities Agency
Chino Desalter Authority
Chino Basin Conservation District
Western Municipal Water District

Chair Kuhn called the Watermaster Board meeting to order at 11:00 a.m.

PLEDGE OF ALLEGIANCE

AGENDA - ADDITIONS/REORDER

Chair Kuhn asked that the confidential session be moved up on the agenda; to be taken right now.

The regular open Watermaster Board meeting was convened to hold its confidential session at 11:01 a.m.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster committee meeting for the purpose of discussion and possible action.

1. General Manager Recruitment
2. Paragraph 31 Litigation
3. CSI Paragraph 15 Motion
4. Watermaster Pool Membership

The confidential session concluded at 11:27 a.m.

Chair Kuhn stated Watermaster general legal counsel will present the two action items from the confidential session.

Counsel Slater stated there were two reportable actions taken in closed session:

- 1) Retention of the Watermaster General Manager action was to direct counsel to complete a contract draft with specified terms and to authorize the chairman to execute a contract upon completion of due diligence.
- 2) The Watermaster Board has established an Ad-Hoc Committee to advise counsel under exigent circumstances with regard to filings; the three members of that committee will include Bob Kuhn, Steve Elie, and Charles Field

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Watermaster Board Meeting held June 28, 2012

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2012
2. Watermaster VISA Check Detail for the month of May 2012
3. Combining Schedule for the Period July 1, 2011 through May 31, 2012
4. Treasurer's Report of Financial Affairs for the Period May 1, 2012 through May 31, 2012
5. Budget vs. Actual Report for the Period July 1, 2011 through May 31, 2012

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – The purchase of 1,000.000 acre-feet of water from Santa Ana River Water Company (SARWC) to Jurupa Community Services District (JCSD). This purchase is made first from SARWC's Annual Production Right, with any additional from storage. Date of Application: May 29, 2012
2. **Consider Approval for Notice of Sale or Transfer** – The lease and/or purchase of 782.000 acre-feet of water from San Antonio Water Company to the City of Ontario. This lease is made first from San Antonio's net under-production in Fiscal Year 2011-12, with any remainder to be recaptured from storage. Date of Application: June 1, 2012

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

Moved to approve Consent Calendar items A through C, as presented

II. BUSINESS ITEMS

A. BUDGET TRANSFERS

Mr. Jeske stated after reviewing the yearend actions staff finds there are a number of small categories that Watermaster needs to move from one project to another within the adopted budget to be able to pay all the final invoices. Mr. Jeske stated these actions are all listed in the agenda package starting on page 55. Mr. Jeske offered comment on the budgeting of legal expenses. Mr. Jeske stated there has been unanimous vote on the approval of these transfers from the three Pools and Advisory Committee. Mr. Jeske stated there have been some final invoices coming in from legal and, staff is pleased to announce, legal expenses have come in under the budgetary changes for the yearend at almost a \$50,000 savings. Mr. Jeske stated staff recommends making these changes and any unspent dollars, of course, go as excess reserves to the parties with the assessment.

Motion by Kruger, second by Catlin, and by unanimous vote

Moved to approve Watermaster FY2011/2012 Budget Transfer Form T-12-06-01, as presented

B. WATERMASTER RESTATED JUDGMENT

Mr. Jeske stated this item is regarding the Restated Judgment in moving it forward with a filing to the court. Mr. Jeske stated any questions can be directed to legal counsel. Mr. Jeske stated all three Pools have reviewed and approved the motions to be made; however, there were some wording changes made to make sure that a party is protected in the event that something was missed. Mr. Jeske stated in the event that something was missed, they would continue to be in effect and Watermaster would immediately go to court for an amendment. Mr. Jeske stated the Advisory Committee also approved this by a unanimous vote.

Motion by Catlin, second by Kruger, and by unanimous vote

Moved to approve the Restated Judgment as the Official Copy of the Judgment, as presented

C. JOINT POWERS INSURANCE AUTHORITY REPRESENTATIVE

Mr. Jeske stated a few months ago the Joint Powers Insurance Authority (JPIA) was reformed and Watermaster had to adopt resolutions into the new agency. Mr. Jeske stated the JPIA has requested a representative from a member of the Board and an alternate. Mr. Jeske stated the representative must be a member of the Board and the alternate can be a Board member or a member of the Watermaster staff. Ms. Lantz moved to approve Bob Kuhn as the main representative. A discussion regarding this matter ensued and it was decided to make the Watermaster General Manager the alternate.

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

Moved to approve to have Mr. Bob Kuhn, Board Chairman, as the Joint Powers Insurance Authority representative and to have the General Manager of Watermaster as the alternate, as presented

III. REPORTS/UPDATES

A. LEGAL REPORT

1. CSI Paragraph 15 Motion

Counsel Slater stated this item is regarding the Paragraph 15 motion that was brought up by California Steel Industries (CSI) with regard to rights held pursuant to an agreement. Counsel Slater stated there is a parallel proceeding in a San Bernardino over quieting title and it landed in Judge Reichert's court. Counsel Slater stated there was some question about the jurisdiction of the court to address the matter and Watermaster was asked to intervene or join. Watermaster elected to do so in part for the purposes of trying to point out to the court that it maintained continuing jurisdiction to opine as to the status of earlier orders. Counsel Slater stated the court declined to grant the motion or request by CSI to reaffirm, and issued a now final ruling which has been distributed to the parties. Counsel

Slater offered comment on what the ruling states. Counsel Slater stated there may be follow up needed on this matter and once there is more information it will be relayed to the parties and this Board. Counsel Slater stated for now the Paragraph 15 matter is over with regard to Watermaster's involvement.

B. CEO REPORT

1. August Meeting Schedule

Mr. Jeske stated the three Pools took a previous action to cancel their August meetings. Mr. Jeske stated there is only one action item to come before the Advisory Committee which would be the Fontana Water Company (FWC) water transaction and FWC was asked if it would be alright to put it through in the September meetings which they stated it was alright with them. Mr. Jeske stated the Advisory Committee approved that decision; so all Pools and Advisory Committee members have suspended their August meetings.

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

Moved to approve suspending the August 2012 Watermaster Board meeting, as presented

2. CBWM 34th Annual Report

Mr. Jeske stated there is a hard copy on back table of the Chino Basin Watermaster 34th Annual Report and it is also published online.

IV. INFORMATION

1. Cash Disbursements for June 2012

No comment was made.

V. BOARD MEMBER COMMENTS

Mr. Field stated he does have one thing to report on today. Mr. Field stated Western Municipal Water District obtained a \$51M grant having to do with the desalter. Mr. Field stated they also received an additional grant from SAWPA pertaining to the construction of the facilities at the desalter for \$1M; we are all very grateful to SAWPA for giving us this assistance. Mr. Field stated Mr. Jack Safely has played a major role in working on getting these wonderful grants. Mr. Field stated this is great news overall.

VI. OTHER BUSINESS

No comment was made.

The confidential session was taken out of agenda order at the start of the meeting at 11:01 a.m.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to Article 2.6 of the Watermaster Rules & Regulations, a Confidential Session may be held during the Watermaster committee meeting for the purpose of discussion and possible action.

VIII. FUTURE MEETINGS AT WATERMASTER

Thursday, July 26, 2012	11:00 a.m.	Watermaster Board Meeting
The August Pool meetings have been cancelled and will resume on September 13, 2012		
Thursday, August 2, 2012	10:00 a.m.	CB RMPU Steering Comm. and Storage Mtg.
The August Advisory Committee mtg. has been cancelled and will resume on Sept 20, 2012		
Thursday, August 16, 2012	10:00 a.m.	CB RMPU Steering Comm. and Storage Mtg.
Thursday, August 23, 2012	11:00 a.m.	Watermaster Board Meeting
Thursday, September 6, 2012	10:00 a.m.	CB RMPU Steering Comm. and Storage Mtg.
Thursday, September 13, 2012	9:00 a.m.	Appropriative Pool Meeting
Thursday, September 13, 2012	11:00 a.m.	Non-Agricultural Pool Conference Call Mtg.
Thursday, September 13, 2012	1:30 p.m.	Agricultural Pool Meeting
Thursday, September 20, 2012	8:00 a.m.	IEUA DYY Meeting
Thursday, September 20, 2012	9:00 a.m.	Advisory Committee Meeting

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Thursday, September 20, 2012	10:00 a.m.	CB RMPU Steering Comm. and Storage Mtg.
Tuesday, September 25, 2012	9:00 a.m.	GRCC Meeting
Thursday, September 27, 2012	11:00 a.m.	Watermaster Board Meeting

Chair Kuhn adjourned the Watermaster Board meeting at 11:47 a.m.

Secretary: _____

Minutes Approved: September 27, 2012