



CHINO BASIN WATERMASTER



NOTICE OF MEETINGS

Thursday, September 2, 2010

2:30 p.m. – Non-Agricultural Pool Conference Call Meeting

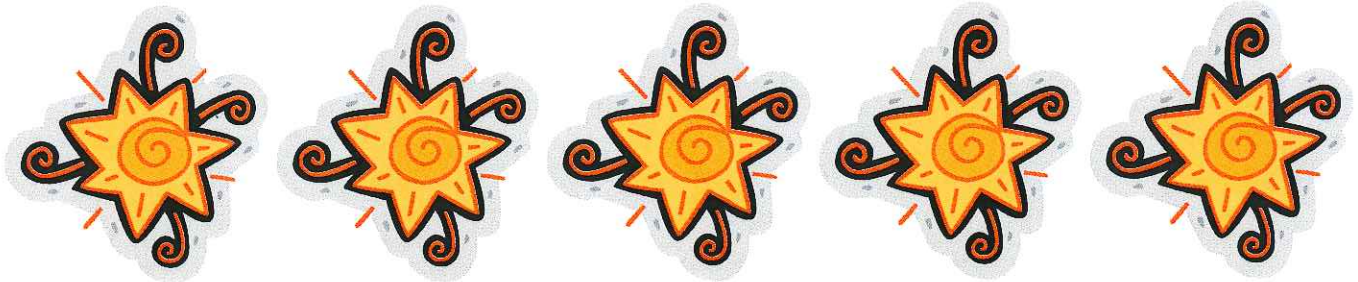
Call 1-800-930-9525 / Pass Code: 917924

OR

CONFERENCE CALL CAN BE TAKEN AT THE CHINO BASIN WATERMASTER OFFICES

*9641 San Bernardino Road
Rancho Cucamonga, CA 91730
(909) 484-3888*



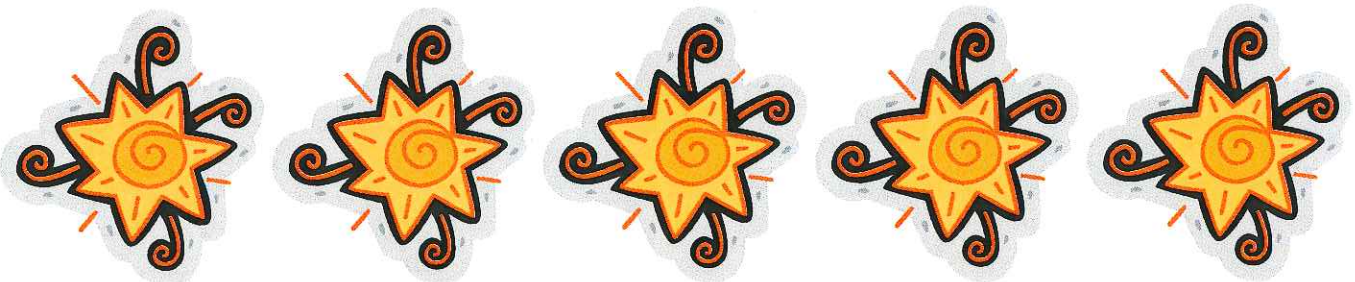


CHINO BASIN WATERMASTER

Thursday, September 2, 2010

2:30 p.m. – Non-Agricultural Pool Conference Call Meeting

AGENDA PACKAGE



**CHINO BASIN WATERMASTER
NON-AGRICULTURAL POOL CONFERENCE CALL MEETING**

2:30 p.m. – September 2, 2010

Mr. Bob Bowcock, Chair, Non-Agricultural Pool

Mr. Kevin Sage, Vice-Chair Non-Agricultural Pool

1-800-930-9525 PASS CODE: 917924

Call Can Be Taken At the Offices Of

Chino Basin Watermaster

9641 San Bernardino Road

Rancho Cucamonga, CA 91730

AGENDA

CALL TO ORDER

AGENDA - ADDITIONS/REORDER

I. CONSENT CALENDAR

Note: All matters listed under the Consent Calendar are considered to be routine and non-controversial and will be acted upon by one motion in the form listed below. There will be no separate discussion on these items prior to voting unless any members, staff, or the public requests specific items be discussed and/or removed from the Consent Calendar for separate action.

A. MINUTES

1. Minutes of the Non-Agricultural Pool Meeting held August 5, 2010 *(Page 1)*
2. Resubmitted Minutes of the Non-Agricultural Pool Meeting held July 1, 2010 *(Page 5)*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of July 2010 *(Page 9)*
2. Watermaster Visa Check Detail for the month of July 2010 *(Page 27)*
3. Combining Schedule for the Period July 1, 2009 through July 31, 2010 *(Page 30)*
4. Treasurer's Report of Financial Affairs for the Period July 1, 2010 through July 31, 2010 *(Page 33)*
5. Budget vs. Actual July 2010 through July 2010 *(Page 36)*

II. BUSINESS ITEMS

A. AUCTION OVERSIGHT SUB-COMMITTEE

Discussion and Possible Action to form an Auction Oversight Sub-Committee *(Page 40)*

B. ASSESSMENT FOR REGIONAL BOARD ACL FINE

Discussion and Possible Action for the Regional Water Quality Control Board ACL Fine *(Page 42)*

C. PEACE II AGREEMENT AND PHASE III DESALTER EXPANSION

Presentation of the Draft Resolution of the Chino Basin Watermaster Regarding Implementation of the Peace II Agreement and the Phase III Desalter Expansion *(Page 44)*

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

- 1. September 24, 2010 Hearing
- 2. Non-Agricultural Pool Appeal

B. ENGINEERING REPORT

- 1. Basin Plan Amendment Update

C. CEO/STAFF REPORT

- 1. Legislative Update
- 2. Recharge Update
- 3. GRCC Recharge Improvement Activities Ahead of Recharge Improvement Implementation
- 4. Peace II Resolution Workshop – September 14, 2010
- 5. Discussion on Closed Session Rules for Policy Manual

IV. INFORMATION

- 1. Cash Disbursements for August 2010 as of August 25, 2010 *(Page 94)*
- 2. Newspaper Articles *(Page 104)*

V. POOL MEMBER COMMENTS

VI. OTHER BUSINESS

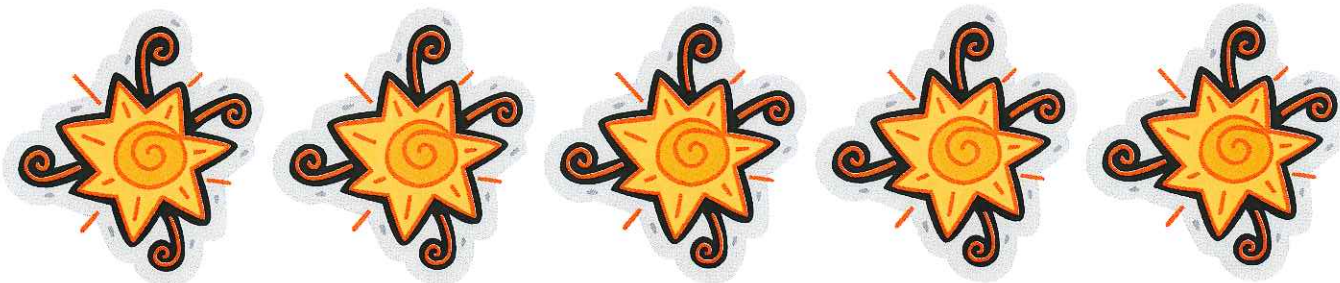
VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

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

VIII. FUTURE MEETINGS

Thursday, September 2, 2010	2:30 p.m.	Non-Agricultural Pool Meeting @ CBWM
Thursday, September 9, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Tuesday, September 14, 2010	10:00 a.m.	Peace II Resolution Workshop @ CBWM
Thursday, September 16, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, September 16, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, September 16, 2010	11:00 a.m.	Water Quality Meeting @ CBWM
Thursday, September 23, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Friday, September 24, 2010	10:30 a.m.	CBWM Hearing @ Chino Courthouse

Meeting Adjourn

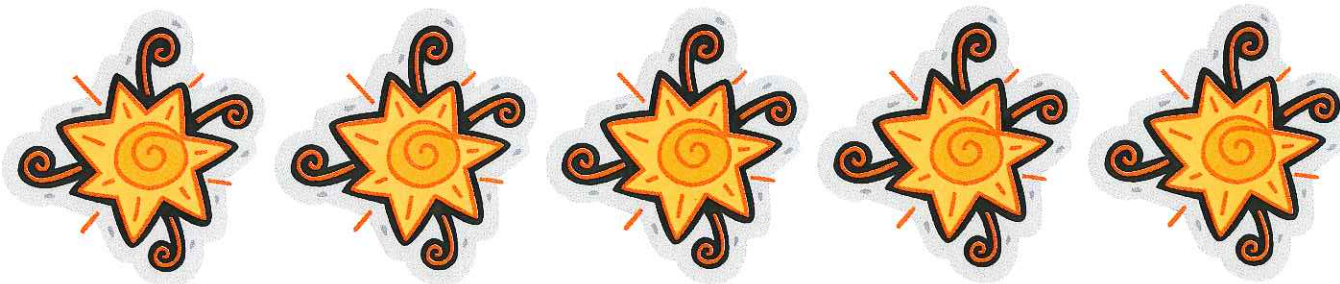


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

1. Non-Agricultural Pool Meeting held on August 5, 2010



Draft Minutes
CHINO BASIN WATERMASTER
NON-AGRICULTURAL POOL CONFERENCE CALL MEETING
August 5, 2010

The Non-Agricultural Pool Conference Call Meeting was held via conference call using the Chino Basin Watermaster conference call number on August 5, 2010 at 2:30 p.m.

NON-AGRICULTURAL POOL MEMBER PRESENT AT WATERMASTER WHO SIGNED IN

Bob Bowcock, Chair	Vulcan Materials (Calmat Division)
Scott Burton	City of Ontario

NON-AGRICULTURAL POOL MEMBERS PRESENT ON CALL

Brian Geye	Auto Club Speedway
Dennis Poulsen	California Steel Industries
David Penrice	Aqua Capital Management LP
Curtis Stubbings	Praxair, Inc.
Bob Lawhn	RRI Etiwanda

Watermaster Staff Present at Watermaster

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

Watermaster Consultants Present at Watermaster

Michael Fife	Brownstein, Hyatt, Farber & Schreck
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Others Present on Conference Call

Allen Hubsch	Hogan Lovells US LLP
Kevin Sage	Vulcan Materials (Calmat Division)

Others Present at Watermaster who Signed in

Jill Willis	Best Best & Krieger
John Shatz	John J. Schatz, Attorney at Law
Steven G. Lee	Reid & Hellyer

Chair Bowcock called the Non-Agricultural Pool Conference Call Meeting to order at 2:32 p.m.

AGENDA - ADDITIONS/REORDER

Mr. Manning commented on changes to Watermaster's financials.

I. CONSENT CALENDAR

A. MINUTES

1. Minutes of the Non-Agricultural Pool Conference Call Meeting held July 1, 2010

Motion by Geye, second by Poulsen, and by unanimous vote

Moved to approve Consent Calendar item A with changes, as presented

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of June 2010
2. Watermaster Visa Check Detail for the month of June 2010
3. Combining Schedule for the Period July 1, 2009 through June 30, 2010
4. Treasurer's Report of Financial Affairs for the Period June 1, 2010 through June 30, 2010
5. Budget vs. Actual July 2009 through June 2010

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Monte Vista Water District will purchase 1,000 acre-feet of water from the City of Upland. This purchase is made first from the City of Upland's net underproduction in Fiscal Year 2009-10, with any remainder from the Excess Carryover Account – Date of Application: July 2, 2010
2. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company will purchase 10,000 acre-feet of water from the City of Upland's annual production right, then any additional from Excess Storage – Date of Application: July 2, 2010
3. **Consider Approval for Notice of Sale or Transfer** – Chino Basin Watermaster will purchase 500,000 acre-feet of water from West valley Water District (WVWD). The transfer will be made from WVWD's storage account – Date of Application: July 2, 2010
4. **Consider Approval for Notice of Sale or Transfer** – Monte Vista Water District will purchase 4,000 acre-feet of water from the City of Upland. This purchase is made first from the City of Upland's net underproduction in Fiscal Year 2010-11, with any remainder from the Excess Carryover Account – Date of Application: July 29, 2010

Motion by Burton, second by Stubbings, and by unanimous vote

Moved to approve Consent Calendar items B and C, as presented

II. BUSINESS ITEMS**A. NON-AGRICULTURAL POOL VOLUME VOTE CHANGES**

Mr. Manning reported on this item.

No action was taken.

B. ALCOA FINAL AGREEMENT

Mr. Manning reported on this item.

Motion by Geye, second by Burton, and by unanimous vote

Moved to approve Alcoa Final Agreement, as presented

C. NON-AGRICULTURAL POOL SPECIAL ASSESSMENT

Mr. Manning reported on this item.

No action was taken.

III. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. CDA Facilitation
Counsel Fife reported on this item.

B. ENGINEERING REPORT

1. Horizontal Stain Monitoring in the MZ1 Monitoring Zone Presentation
No report was given on this item.

C. CEO/STAFF REPORT

1. Legislative Update
Mr. Manning reported on this item.

- 2. Recharge Update
Mr. Manning reported on this item.
- 3. Implementation of MWD's Water Supply Allocation Plan
Mr. Manning reported on this item.
- 4. Peace II SEIR
Mr. Manning reported on this item.
- 5. Strategic Planning Conference – October 4-5, 2010
Mr. Manning reported on this item.
- 6. Water Activity Reports
Mr. Manning reported on this item.

IV. INFORMATION

- 1. Cash Disbursements for July 2010 as of July 28, 2010
No comment was made regarding this item.
- 2. Newspaper Articles
No comment was made regarding this item.

V. POOL MEMBER COMMENTS

No comment was made regarding this item.

VI. OTHER BUSINESS

No comment was made regarding this item.

The regular open Non-Agricultural Pool meeting was convened to hold its confidential session at 3:20 p.m.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to the Non-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 was convened at 4:30 p.m.

There was no reportable action taken at the closed session as reported by Chair Bowcock to Ken Manning and then Ken Manning sent an email to recording secretary on August 5, 2010 at 4:58 p.m.

VIII. FUTURE MEETINGS

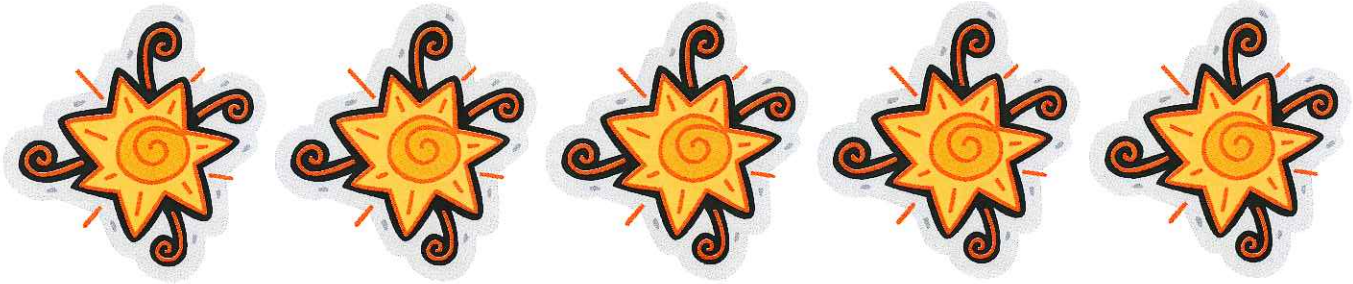
Thursday, August 5, 2010	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, August 5, 2010	2:30 p.m.	Non-Agricultural Pool Meeting @ CBWM
Thursday, August 12, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, August 19, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, August 19, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, August 26, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM

The Non-Agricultural Pool meeting was dismissed by Chair Bowcock at 4:30 p.m.

Secretary: _____

Minutes Approved: _____

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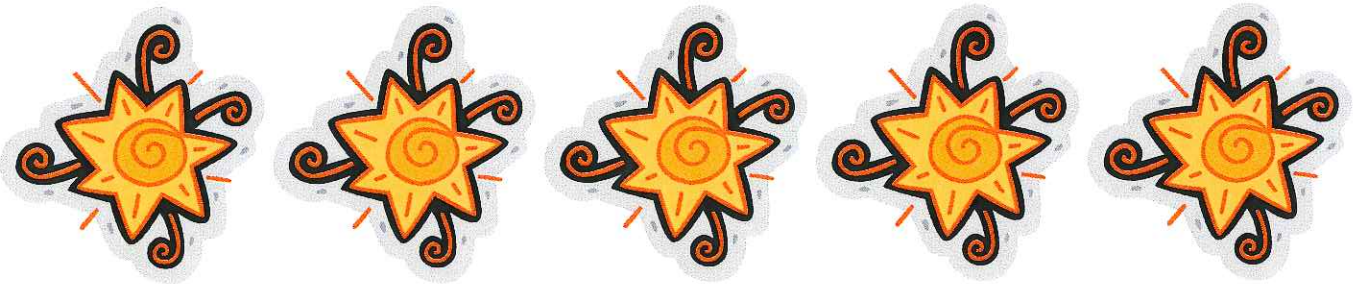


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

A. MINUTES

2. Resubmitted Non-Agricultural Pool Meeting held on July 1, 2010



*** REVISED Minutes**
CHINO BASIN WATERMASTER
NON-AGRICULTURAL POOL CONFERENCE CALL MEETING
July 1, 2010

The Non-Agricultural Pool Conference Call Meeting was held via conference call using the Chino Basin Watermaster conference call number on July 1, 2010 at 2:30 p.m.

NON-AGRICULTURAL POOL MEMBERS PRESENT ON CALL

Bob Bowcock, Chair	Vulcan Materials (Calmat Division)
Brian Geye	Auto Club Speedway
Steve Arbelbide	California Steel Industries
David Penrice	Aqua Capital Management LP
Curtis Stubbings	Praxair, Inc.
David Starnes	Swan Lake Mobile Home Park
Bob, Lawhn	RRI Etiwanda

NON-AGRICULTURAL POOL MEMBER PRESENT AT WATERMASTER WHO SIGNED IN

Scott Burton	City of Ontario
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Watermaster Staff Present at Watermaster

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

Watermaster Consultants Present at Watermaster

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

Others Present on Conference Call

Allen Hubsch	Hogan Lovells US LLP
Marguerite Battersby	Sheppard Mullin
Kevin Sage	Vulcan Materials (Calmat Division)

Others Present at Watermaster who Signed in

Mohamed El-Amamy	City of Ontario
David DeJesus	Three Valleys Municipal Water District
Jill Willis	Best Best & Krieger
Mark Kinsey	Monte Vista Water District
John Shatz	John J. Schatz, Attorney at Law
Steven G. Lee	Reid & Hellyer
Jennifer Novak	State of California, Dept. of Justice, CIM

Chair Bowcock called the Non-Agricultural Pool Conference Call Meeting to order at 2:32 p.m.

AGENDA - ADDITIONS/REORDER

It was noted Consent Calendar item D has a new staff letter which was sent out via email and is available on the back table. It was noted Legal Reports/Updates for item 3 Policy Manual / Data Base Management will be moved to CEO Reports/Updates as item 5.

I. CONSENT CALENDAR**A. MINUTES**

1. Minutes of the Non-Agricultural Pool Conference Call Meeting held June 3, 2010

*Motion by Geye, second by Arbelbide, and by majority vote – City of Ontario abstained
Moved to approve Consent Calendar item A, as presented*

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2010
2. Watermaster Visa Check Detail for the month of May 2010
3. Combining Schedule for the Period July 1, 2009 through May 31, 2010
4. Treasurer's Report of Financial Affairs for the Period May 1, 2010 through May 31, 2010
5. Budget vs. Actual July 2009 through May 2010

No vote was taken on the Financial Reports

C. WATER TRANSACTION

1. **Consider Approval for Notice of Sale or Transfer** – Cucamonga Valley Water District is purchasing 500 acre-feet of water from West Valley Water District. This purchase is made from WVWD's water in storage and is to be placed in CVWD's Excess Carryover Account – Date of Application: June 14, 2010
2. **Consider Approval for Notice of Sale or Transfer** – The lease and/or purchase of 765 acre-feet 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 2009-2010, with any remainder to be recaptured from storage – Date of Application: June 21, 2010
3. **Consider Approval for Notice of Sale or Transfer** – Monte Vista Water District is purchasing 19.245 acre-feet of water from the San Antonio Water Company. This purchase is made first from San Antonio's net underproduction, if any, in Fiscal Year 2009-2010, with any remainder to be recaptured from storage – Date of Application: June 7, 2010
4. **Consider Approval for Notice of Sale or Transfer** – Fontana Water Company ("Company") has agreed to purchase from The Nicholson Trust annual production right in the amount of 6.082 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2009/2010 – Date of Application: June 23, 2010

Motion by Geye, second by Arbelbide, and by unanimous vote

Moved to approve Consent Calendar item C, as presented

D. LOCAL STORAGE AGREEMENT (REVISED)

Notice of Application for a Local Storage Agreement – The City of Fontana ("City") has submitted an application for a Local Storage Agreement for 5,000 acre-feet to be placed into a Local Supplemental Storage Account – Date of Application: May 18, 2010

Mr. Manning presented item D and a discussion regarding local storage agreements ensued.

Item 3 was taken from the Legal Reports section and put on the CEO Report section of the agenda:

II. REPORTS/UPDATES**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

1. Paragraph 31 Motion
Counsel Fife reported on this item.
2. CDA Facilitation
Counsel Fife reported on this item.

- 3. Policy Manual / Database Management
Counsel Fife noted this report will be given under the CEO/Staff Reports
- 4. Non-Agricultural Pool Volume Vote Changes
Counsel Fife reported on this item.

B. CEO/STAFF REPORT

- 1. Legislative Update
Mr. Manning reported on this item.
- 2. Recharge Update
Mr. Manning reported on this item.
- 3. Policy Manual / Database Management
Mr. Manning reported on this item.

III. INFORMATION

- 1. Newspaper Articles
No comment was made regarding this item.

IV. POOL MEMBER COMMENTS

No comment was made regarding this item.

V. OTHER BUSINESS

Mr. Schatz stated at the Appropriative Pool confidential session the Pool directed legal counsel to pursue all legal means, including negotiation with Non-Agricultural Pool representatives to recover legal fees associated with the Paragraph 31 Motion.

The regular open Non-Agricultural Pool meeting was convened to hold its confidential session at 3:01 p.m.

VI. CONFIDENTIAL SESSION - POSSIBLE ACTION

Pursuant to the Non-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 was convened at 3:55 p.m.

** There was no reportable action taken at the closed session as reported by Chair Bowcock verbally to Alex Perez and then Alex Perez sent an email to board secretary on July 1, 2011 at 4:10 p.m.*

VII. FUTURE MEETINGS

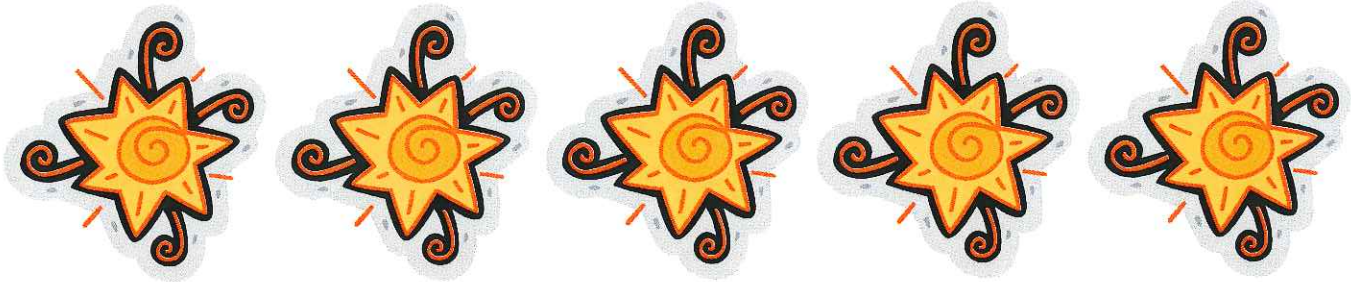
Thursday, July 1, 2010	1:00 p.m.	Appropriative Pool Meeting @ CBWM
Thursday, July 1, 2010	2:30 p.m.	Non-Agricultural Pool Meeting @ CBWM
Thursday, July 8, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, July 15, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, July 15, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, July 22, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Tuesday, July 27, 2010	9:00 a.m.	GRCC Technical Committee Meeting @ CBWM

The Non-Agricultural Pool meeting was dismissed by Chair Bowcock at 3:56 p.m.

Secretary: _____

Original Minutes Approved: August 5, 2010

Revised Minutes Approved: _____

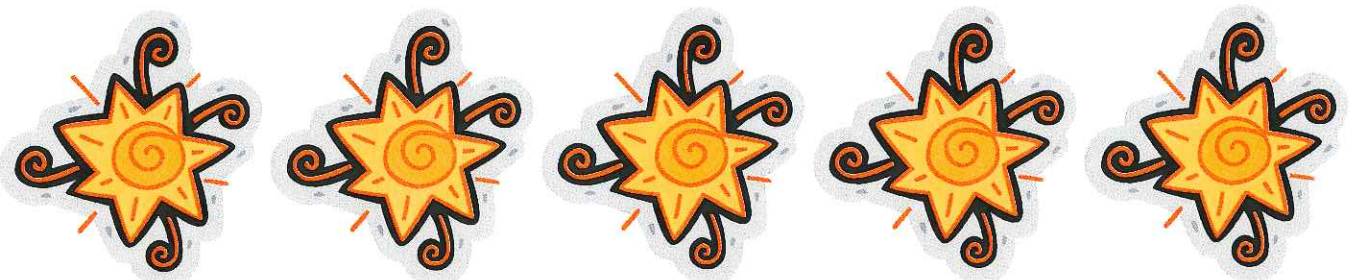


CHINO BASIN WATERMASTER

I. CONSENT CALENDAR

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of July 2010
2. Watermaster Check Detail for the month of July 2010
3. Combining Schedule for the Period July 1, 2010 through July 31, 2010
4. Treasurer's Report of Financial Affairs for the Period July 1, 2010 through July 31, 2010
5. Budget vs. Actual July 2010 through July 2010





CHINO BASIN WATERMASTER

9641 San Bernardino Road, Rancho Cucamonga, Ca 91730
Tel: 909.484.3888 Fax: 909.484.3890 www.cbwm.org

KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: September 2, 2010
TO: Committee Members
SUBJECT: Cash Disbursement Report – Financial Report B1

SUMMARY

Issue – Record of cash disbursements for the month of July 2010.

Recommendation – Staff recommends the Cash Disbursements for July 2010 be received and filed as presented.

Fiscal Impact – Funds disbursed were included in the FY 2010-2011 Watermaster Budget.

BACKGROUND

A monthly cash disbursement report is provided to keep all members apprised of Watermaster expenditures.

DISCUSSION

Total cash disbursements during the month of July 2010 were \$2,538,675.02. The most significant expenditures during the month were Inland Empire Utilities Agency in the amount of \$1,844,905.25 (check number 14371 dated July 28, 2010), Wildermuth Environmental, Inc. in the amount of \$315,705.39 (check number 14386 dated July 29, 2010) and State Water Resources Control Board in the amount of \$62,175.00 (check number 14321 dated July 1, 2010).

Actions:

September 2, 2010 Appropriative Pool –
September 2, 2010 Non-Agricultural Pool –
September 9, 2010 Agricultural Pool –
September 16, 2010 Advisory Committee –
September 23, 2010 Watermaster Board –

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CHINO BASIN WATERMASTER
 TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
 JULY 1 THROUGH JULY 31, 2010

DEPOSITORIES:			
Cash on Hand - Petty Cash	\$	500	
Bank of America			
Governmental Checking-Demand Deposits	\$	344,899	
Zero Balance Account - Payroll	\$	-	
Local Agency Investment Fund - Sacramento			
TOTAL CASH IN BANKS AND ON HAND	\$	7,689,987	7/31/2010
TOTAL CASH IN BANKS AND ON HAND		10,172,128	6/30/2010
PERIOD INCREASE (DECREASE)	\$	(2,482,142)	

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:		
Accounts Receivable	\$	(111,000)
Assessments Receivable		72
Prepaid Expenses, Deposits & Other Current Assets		46,625
Accounts Payable		300,180
Accrued Payroll, Payroll Taxes & Other Current Liabilities		40,149
Transfer to/(from) Reserves		(2,758,168)
PERIOD INCREASE (DECREASE)	\$	(2,482,142)

SUMMARY OF FINANCIAL TRANSACTIONS:

	6/30/2010	7/31/2010	Period Increase (Decrease)
Balances as of	\$ 10,172,128	\$ 7,689,987	\$ (2,482,142)
Deposits	2,670,658	-	2,670,658
Transfers	(2,650,000)	110,973	(2,539,027)
Withdrawals/Checks	(2,501,282)	(110,973)	(2,612,255)
Balances as of	\$ 10,172,128	\$ 7,689,987	\$ (2,482,142)

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
JULY 1 THROUGH JULY 31, 2010**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
7/15/2010	Interest		\$ 20,658				
7/23/2010	Withdrawal		\$ 1,650,000				
7/30/2010	Withdrawal		\$ 1,000,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 2,670,658	-			

* The earnings rate for L.A.I.F. is a daily variable rate; 0.56% was the effective yield rate at the Quarter ended June 30, 2010.

**INVESTMENT STATUS
July 31, 2010**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 7,344,588			
TOTAL INVESTMENTS	\$ 7,344,588			

Funds on hand are sufficient to meet all foreseen and planned Administrative and project expenditures during the next six months.

All investment transactions have been executed in accordance with the criteria stated in Chino Basin Watermaster's Investment Policy.

Respectfully submitted,

Joseph S. Joswiak
Chief Financial Officer
Chino Basin Watermaster

CHINO BASIN WATERMASTER
Cash Disbursements For The Month of
July 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	07/01/2010	14306	BOWCOCK, ROBERT		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2010	6/02 Dr. Mathis Mtg		6/02/10 Dr. Mathis Meeting	6311 - Board Member Compensation	125.00
Bill	06/30/2010	6/16 Personnel Comm		6/16/10 Personnel Committee Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
Bill Pmt -Check	07/01/2010	14307	CAMIACHO, MICHAEL		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2010	6/02 Administrative		6/02/10 Administrative Meeting	6311 - Board Member Compensation	125.00
Bill	06/30/2010	6/03 Appro Pool Mtg		6/03/10 Appropriative Pool Meeting	6311 - Board Member Compensation	125.00
Bill	06/30/2010	6/08 Dr. Mathis Mtg		6/08/10 Dr. Mathis Meeting	6311 - Board Member Compensation	125.00
Bill	06/30/2010	6/04 CDA Mtg		6/04/10 CDA Meeting	6311 - Board Member Compensation	125.00
Bill	06/30/2010	6/10 Ag Pool Mtg		6/10/10 Ag Pool Meeting	6311 - Board Member Compensation	125.00
Bill	06/30/2010	6/17 DYY Mtg		6/17/10 Dry Year Yield Meeting	6311 - Board Member Compensation	125.00
Bill	06/30/2010	6/17 Advisory Comm		6/17/10 Advisory Committee Meeting	6311 - Board Member Compensation	125.00
Bill	06/30/2010	6/25 CDA Mtg		6/25/10 CDA Meeting	6311 - Board Member Compensation	125.00
TOTAL						1,000.00
Bill Pmt -Check	07/01/2010	14308	CITISTREET		1012 - Bank of America Gen'l Ckg	
General Journal	06/12/2010	06/12/2010	CITISTREET	Payroll and Taxes for 06/30/10-06/12/10 Staff's 457 Retirement Deduction Payment	2000 - Accounts Payable	2,318.34
TOTAL						2,318.34
Bill Pmt -Check	07/01/2010	14309	DE BOOM, NATHAN		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2010	4/08 Ag Pool Mtg		4/08/10 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2010	5/13 Ag Pool Mtg		AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2010	6/10 Ag Pool Mtg		6/10/10 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2010	6/10 Ag Pool Mtg		AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2010	6/10 Ag Pool Mtg		AG Pool Member Meeting Compensation	8411 - Compensation	25.00
Bill	06/30/2010	6/10 Ag Pool Mtg		AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
TOTAL						375.00
Bill Pmt -Check	07/01/2010	14310	DURRINGTON, GLEN		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2010	4/08 Ag Pool Mtg		4/08/10 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2010	4/21 Ag Pool Mtg		Ag Pool Member Compensation	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2010	5/13 Ag Pool Mtg		4/21/10 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2010	6/10 Ag Pool Mtg		Ag Pool Member Compensation	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2010	6/10 Ag Pool Mtg		5/13/10 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2010	6/10 Ag Pool Mtg		Ag Pool Member Compensation	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2010	6/10 Ag Pool Mtg		6/10/10 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2010	6/10 Ag Pool Mtg		Ag Pool Member Compensation	8470 - Ag Meeting Attend -Special	100.00
TOTAL						500.00

CHINO BASIN WATERMASTER
Cash Disbursements For The Month of
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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	07/01/2010	14311	FEENSTRA, BOB		1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	4/08 Ag Pool Mtg		4/08/10 Ag Pool Meeting	8411 · Compensation	25.00
Bill	06/30/2010	4/15 Advisory Comm		4/08/10 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	100.00
Bill	06/30/2010	4/21 Ag Pool Mtg		4/15/10 Advisory Committee Meeting	8411 · Compensation	25.00
Bill	06/30/2010	4/22 Board Mtg		4/15/10 Advisory Committee Meeting	8470 · Ag Meeting Attend -Special	100.00
Bill	06/30/2010	5/13 Ag Pool Mtg		4/21/10 Ag Pool Meeting	8411 · Compensation	25.00
Bill	06/30/2010	5/20 Advisory Comm		4/21/10 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	100.00
Bill	06/30/2010	5/27 Board Mtg		4/22/10 Board Meeting	8411 · Compensation	25.00
Bill	06/30/2010	6/08 Dr. Mathis Mtg		5/20/10 Advisory Committee Meeting	8470 · Ag Meeting Attend -Special	100.00
Bill	06/30/2010	6/10 Ag Pool Mtg		5/27/10 Board Meeting	8411 · Compensation	25.00
Bill	06/30/2010	6/16 Personnel Comm		6/08/10 Dr. Mathis Meeting	8470 · Ag Meeting Attend -Special	100.00
Bill	06/30/2010	6/17 Advisory Comm		6/10/10 Ag Pool Meeting	8411 · Compensation	25.00
Bill	06/30/2010	6/24 Board Mtg		6/16/10 Personnel Committee Meeting	8470 · Ag Meeting Attend -Special	100.00
TOTAL				6/17/10 Advisory Committee Meeting	8411 · Compensation	25.00
				6/24/10 Board Meeting	8470 · Ag Meeting Attend -Special	100.00
						1,500.00
Bill Pmt -Check	07/01/2010	14312	GLOBAL PRESENTER.COM		1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	5/1748		51748	6055 · Computer Hardware	3,129.89
TOTAL				50% deposit-Digital Audio Recorder-Boardroom		3,129.89
Bill Pmt -Check	07/01/2010	14313	HAUGHEY, TOM		1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	6/02 Dr. Mathis Mtg		6/02/10 Dr. Mathis Meeting	6312 · Meeting Expenses	125.00
Bill	06/30/2010	6/24 Board Meeting		6/24/10 Board Meeting	6312 · Meeting Expenses	125.00
TOTAL						250.00
Bill Pmt -Check	07/01/2010	14314	HETTINGA, PETER		1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	4/21 Ag Pool Mtg		Ag Pool Member Compensation	8411 · Compensation	25.00
TOTAL				4/21/10 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	100.00
				Ag Pool Member Compensation		125.00
Bill Pmt -Check	07/01/2010	14315	HUITSING, JOHN		1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	4/08 Ag Pool Mtg		4/08/10 Ag Pool Meeting	8411 · Compensation	25.00
Bill	06/30/2010	4/21 Ag Pool Mtg		Ag Pool Member Compensation	8470 · Ag Meeting Attend -Special	100.00
Bill	06/30/2010	5/13 Ag Pool Mtg		4/21/10 Ag Pool Meeting	8411 · Compensation	25.00
Bill	06/30/2010	6/10 Ag Pool Mtg		Ag Pool Member Compensation	8470 · Ag Meeting Attend -Special	100.00
TOTAL				5/13/10 Ag Pool Meeting	8411 · Compensation	25.00
				6/10/10 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	100.00
				Ag Pool Member Compensation		25.00

CHINO BASIN WATERMASTER
Cash Disbursements For The Month of
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Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						500.00
Bill Pmt -Check	07/01/2010	14316	JAMES JOHNSTON	204	1012 - Bank of America Gen'l Ckg	
Bill	06/30/2010	204		Website Monthly Services - June 2010	6053 - Internet Expense	855.00
TOTAL						855.00
Bill Pmt -Check	07/01/2010	14317	KOOPMAN, GENE		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2010	4/08 Ag Pool Mtg		4/08/10 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2010	5/13 Ag Pool Mtg		AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2010	6/10 Ag Pool Mtg		AG Pool Member Meeting Compensation	8411 - Compensation	25.00
Bill	06/30/2010			AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2010			AG Pool Member Meeting Compensation	8411 - Compensation	25.00
Bill	06/30/2010			AG Pool Member Meeting Compensation	8470 - Ag Meeting Attend -Special	100.00
TOTAL						375.00
Bill Pmt -Check	07/01/2010	14318	KUHN, BOB		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2010	6/08 Dr. Mathis Mtg		6/08/10 Dr. Mathis Meeting	6311 - Board Member Compensation	125.00
Bill	06/30/2010	6/16 Personnel Comm		6/16/10 Personnel Committee Meeting	6311 - Board Member Compensation	125.00
Bill	06/30/2010	6/24 Board Mtg		6/24/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						375.00
Bill Pmt -Check	07/01/2010	14319	PIERSON, JEFFREY		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2010	4/08 Ag Pool Mtg		4/08/10 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2010	4/15 Advisory Comm		4/08/10 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2010	4/21 Ag Pool Mtg		4/15/10 Advisory Committee Meeting	8411 - Compensation	25.00
Bill	06/30/2010	4/22 Board Mtg		4/15/10 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2010	5/13 Ag Pool Mtg		4/21/10 Ag Pool Meeting	8411 - Compensation	25.00
Bill	06/30/2010	5/20 Advisory Comm		4/21/10 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	100.00
Bill	06/30/2010	5/27 Board Mtg		4/22/10 Board Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2010	6/17 Advisory Comm		5/13/10 Ag Pool Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2010	6/17 Advisory Comm		5/20/10 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2010	6/24 Board Mtg		5/27/10 Board Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2010	6/24 Board Mtg		6/17/10 Advisory Committee Meeting	8470 - Ag Meeting Attend -Special	125.00
Bill	06/30/2010	6/24 Board Mtg		6/24/10 Board Meeting	8470 - Ag Meeting Attend -Special	125.00
TOTAL						1,125.00
Bill Pmt -Check	07/01/2010	14320	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	
General Journal	06/12/2010	06/12/2010	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS for Payroll 05/30/10-06/12/10	2000 - Accounts Payable	6,773.27
TOTAL						6,773.27
Bill Pmt -Check	07/01/2010	14321	STATE WATER RESOURCES CONTROL BD	SWRCB Settlement Order No. 8-2010-0031	1012 - Bank of America Gen'l Ckg	
TOTAL						

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Cash Disbursements For The Month of
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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	07/01/2010			SWRCB Settlement Order No. 8-2010-0031	6909 · OBMP Other Expenses	62,175.00
TOTAL						
Bill Pmt -Check	07/01/2010	14322	VANDEN HEUVEL, GEOFFREY	6311	1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	6/08 Dr. Mathis Mtg		6/08/10 Dr. Mathis Meeting	6311 · Board Member Compensation	125.00
Bill	06/30/2010	6/04 CDA Mtg		6/04/10 CDA Meeting	6311 · Board Member Compensation	125.00
Bill	06/30/2010	6/10 Ag Pool Mtg		6/10/10 Ag Pool Meeting	6311 · Board Member Compensation	125.00
Bill	06/30/2010	6/11 CDA Mtg		6/11/10 CDA Meeting	6311 · Board Member Compensation	125.00
Bill	06/30/2010	6/24 Board Mtg		6/24/10 Board Meeting	6311 · Board Member Compensation	125.00
Bill	06/30/2010	6/25 CDA Mtg		6/25/10 CDA Meeting	6311 · Board Member Compensation	125.00
TOTAL						
Bill Pmt -Check	07/01/2010	14323	VANDEN HEUVEL, ROB	4/08/10 Ag Pool Meeting	1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	4/08 Ag Pool Mtg		Ag Pool Member Compensation	8411 · Compensation	25.00
Bill	06/30/2010	5/13 Ag Pool Mtg		5/13/10 Ag Pool Meeting	8470 · Ag Meeting Attend -Special	100.00
Bill	06/30/2010			Ag Pool Member Compensation	8411 · Compensation	25.00
Bill	06/30/2010			Ag Pool Member Compensation	8470 · Ag Meeting Attend -Special	100.00
TOTAL						
Bill Pmt -Check	07/01/2010	14324	VILLEGAS, VICTORIA E.	6/18/10 Hearing Transcript	1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010			Court Reporter - 6/18/10 Hearing Transcript	6909.4 · Printing	90.00
TOTAL						
Bill Pmt -Check	07/01/2010	14325	W.G. DISCOUNT MOBILE AUTO DETAILING	Truck washing service	1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010			truck washing 4 trucks	6177 · Vehicle Repairs & Maintenance	100.00
TOTAL						
Bill Pmt -Check	07/01/2010	14326	WHITEHEAD, MICHAEL	6/02/10 Dr. Mathis Mtg	1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	6/02 Dr. Mathis Mtg		6/02/10 Dr. Mathis Meeting	6311 · Board Member Compensation	125.00
Bill	06/30/2010	6/16 Personnel Comm		6/16/10 Personnel Committee Meeting	6311 · Board Member Compensation	125.00
Bill	06/30/2010	6/24 Board Mtg		6/24/10 Board Meeting	6311 · Board Member Compensation	125.00
TOTAL						
Bill Pmt -Check	07/01/2010	14327	WILLIS, KENNETH	6/08/10 Dr. Mathis Meeting	1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	6/08 Dr. Mathis Mtg		6/08/10 Dr. Mathis Meeting	6311 · Board Member Compensation	125.00
Bill	06/30/2010	6/16 Personnel Comm		6/16/10 Personnel Committee Meeting	6311 · Board Member Compensation	125.00
Bill	06/30/2010	6/24 Board Mtg		6/24/10 Board Meeting	6311 · Board Member Compensation	125.00
TOTAL						
Bill Pmt -Check	07/01/2010	14328	COMPUTER NETWORK	78870	1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	78870		drums, fuser, labor for HP 9500 printer	6055 · Computer Hardware	2,982.34

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Cash Disbursements For The Month of
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Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						2,982.34
Bill Pmt -Check	07/01/2010	14329	COMPUTER NETWORK		1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	78855		Firewall for network	6055 · Computer Hardware	2,718.75
Bill	06/30/2010	78866		Replacement workstation	6055 · Computer Hardware	1,359.38
TOTAL						4,078.13
Bill Pmt -Check	07/01/2010	14330	COMPUTER NETWORK		1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	78850		Virtual Server	1840 · Capital Assets	7,938.75
Bill	06/30/2010	78856		24 Port Rackmount Switch	6055 · Computer Hardware	255.56
Bill	06/30/2010	78854		Hard Drive	1840 · Capital Assets	6,943.69
Bill	06/30/2010	78854		Supermicro Storage Server	1840 · Capital Assets	7,933.31
TOTAL						23,071.31
General Journal	07/01/2010	07/01/2010	Payroll and Taxes for 06/13/10-06/26/10		1014 · Bank of America P/R Ckg	
			Payroll Taxes for 06/13/10-06/26/10		1012 · Bank of America Gen'l Ckg	10,762.48
			Direct Deposit for 06/13/10-06/26/10		1012 · Bank of America Gen'l Ckg	34,504.28
			Manual Check for 06/13/10-06/26/10		1012 · Bank of America Gen'l Ckg	629.67
						45,896.43
General Journal	07/01/2010	07/01/2010	Correct Payroll/Taxes For 06/13/10-06/26/10		1014 · Bank of America P/R Ckg	
			Correct Payroll Taxes For 06/13/10-06/26/10		1012 · Bank of America Gen'l Ckg	-287.33
			Correct Payroll Taxes For 06/13/10-06/26/10		1012 · Bank of America Gen'l Ckg	-503.15
						-790.48
General Journal	07/07/2010	07/07/2010	WageWorks direct debit on 07/07/2010		1012 · Bank of America Gen'l Ckg	
			Employee 125(K) Deduction Payment		1012 · Bank of America Gen'l Ckg	846.94
						846.94
General Journal	07/09/2010	07/09/2010	WageWorks direct debit on 07/09/2010		1012 · Bank of America Gen'l Ckg	
			Employee 125(K) Deduction Payment		1012 · Bank of America Gen'l Ckg	192.31
						192.31
Bill Pmt -Check	07/12/2010	14331	STATE WATER RESOURCES CONTROL BD		1012 · Bank of America Gen'l Ckg	
Bill	07/09/2010		SEP admin fee		6909 · CBMP Other Expenses	500.00
			50% of Admin Fee for SWRCB Settlement			500.00
TOTAL						500.00
Check	07/15/2010	07/15/2010	Bank of America Service Charge		1012 · Bank of America Gen'l Ckg	
			Quarterly bank service charge-April/May/June		6031.7 · Other Office Supplies	229.37
TOTAL						229.37

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Type	Date	Num	Name	Memo	Account	Paid Amount
General Journal	07/10/2010	07/10/10	Payroll and Taxes for 06/27/10-07/10/10	Payroll and Taxes for 06/27/10-07/10/10	1014 · Bank of America P/R Ckg	7,202.79
				Payroll Taxes for 06/27/10-07/10/10	1012 · Bank of America Gen'l Ckg	25,779.61
				Direct Deposits for 06/27/10-07/10/10	1012 · Bank of America Gen'l Ckg	32,982.40
TOTAL						
General Journal	07/16/2010	Direct Debit	WageWorks direct debit on 07/16/2010	WageWorks direct debit on 07/16/2010	1012 · Bank of America Gen'l Ckg	1,039.24
				Employee 125(K) Deduction Payment	1012 · Bank of America Gen'l Ckg	1,039.24
TOTAL						
Bill Pmt -Check	07/19/2010	14332	BANC OF AMERICA LEASING	011556249	1012 · Bank of America Gen'l Ckg	3,215.74
Bill	07/14/2010	011556249		Minolta lease - billing period 07/01/10-07/31/10	6043.1 · Ricoh Lease Fee	3,215.74
TOTAL						
Bill Pmt -Check	07/19/2010	14333	BANK OF AMERICA	4024-4200-0193-9341	1012 · Bank of America Gen'l Ckg	82.41
Bill	06/30/2010	4024420001939341		misc. office supplies-headphones, mouse	6031.7 · Other Office Supplies	523.64
				supplies for Board mtg	6312 · Meeting Expenses	12.00
Bill	07/14/2010	4024420001939341		savings club	6031.7 · Other Office Supplies	30.00
				fast track replenishment	6174 · Transportation	648.05
TOTAL						
Bill Pmt -Check	07/19/2010	14334	CALIFORNIA GROUNDWATER COALITION	2010 Membership Dues	1012 · Bank of America Gen'l Ckg	9,500.00
Bill	07/14/2010	2010 Membership Dues		2010 Membership Dues	6111 · Membership Dues	9,500.00
TOTAL						
Bill Pmt -Check	07/19/2010	14335	CITISTREET	Payroll and Taxes for 06/13/10-06/26/10	1012 · Bank of America Gen'l Ckg	1,829.87
General Journal	06/26/2010	10/06/06	CITISTREET	Staff's 457 retirement deduction amount	2000 · Accounts Payable	1,829.87
TOTAL						
Bill Pmt -Check	07/19/2010	14336	ESRI	VOID	1012 · Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	07/19/2010	14337	GUARANTEED JANITORIAL SERVICE, INC.	service - June 2010	1012 · Bank of America Gen'l Ckg	865.00
Bill	06/30/2010	28049		service - July 2010	6024 · Building Repair & Maintenance	865.00
Bill	07/12/2010	28062			6024 · Building Repair & Maintenance	1,730.00
TOTAL						
Bill Pmt -Check	07/19/2010	14338	HSBC BUSINESS SOLUTIONS	7003-7309-1000-2744	1012 · Bank of America Gen'l Ckg	731.33
Bill	06/30/2010	7003730910002744		miscellaneous office supplies	6031.7 · Other Office Supplies	731.33
TOTAL						
Bill Pmt -Check	07/19/2010	14339	LOS ANGELES TIMES	9821161016	1012 · Bank of America Gen'l Ckg	

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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	06/30/2010	010006926943		From 06/31/10-06/30/10	6112 · Subscriptions/Publications	27.12
Bill	07/14/2010	010006926943		From 07/01/10-12/06/10	6112 · Subscriptions/Publications	135.63
TOTAL						162.75
Bill Pmt -Check	07/19/2010	14340	MCCALL'S METER SALES & SERVICE	19424	1012 · Bank of America Gen'l Ckg	
Bill	06/28/2010	19424		19424 - In-Line meters	7102.7 · In-Line Meters	3,674.93
TOTAL						3,674.93
Bill Pmt -Check	07/19/2010	14341	MIJAC ALARM	285237	1012 · Bank of America Gen'l Ckg	
Bill	07/12/2010	285237		commercial building monitoring 7/01/10-9/30/10	6026 · Security services	141.00
TOTAL						141.00
Bill Pmt -Check	07/19/2010	14342	PAYCHEX	2010070100	1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	2010070100		Payroll processing for June 2010	6012 · Payroll Services	219.27
Bill	07/13/2010	2010070100		Payroll processing for July 2010	6012 · Payroll Services	133.18
TOTAL						352.45
Bill Pmt -Check	07/19/2010	14343	PREMIERE GLOBAL SERVICES	03206865	1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	03206865		CDA calls-5/28 6/04,6/09,6/11,6/15,6/16,6/18,6/23, ant 7306 · PE3&5-Other Expense		1,021.55
				6/02 San Bernardino County call	6909.1 · OBMP Meetings	102.35
				Peace II SEIR calls - 6/03 and 6/10	6909.1 · OBMP Meetings	230.43
				6/03 Non Ag Pool Mtg call	8512 · Meeting Expense	191.93
				Regional Board ACL calls - 6/08	6909.1 · OBMP Meetings	104.03
				6/23 Pool Agenda Review call	8312 · Meeting Expenses	10.89
				6/23 Pool Agenda Review call	8412 · Meeting Expenses	10.87
				6/23 Pool Agenda Review call	8512 · Meeting Expense	10.87
				monthly fee	6022 · Telephone	9.95
TOTAL						1,692.87
Bill Pmt -Check	07/19/2010	14344	REID & HELLNER	170410	1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	170410		Ag Legal Services for June 2010	8467 · Ag Legal & Technical Services	8,496.50
				Ag Legal Services for June 2010	8471 · Ag Pool Expense	2,271.50
				Ag Legal Services for June 2010	8467.1 · Frank B. & Associates	550.00
TOTAL						11,318.00
Bill Pmt -Check	07/19/2010	14345	SAFEGUARD DENTAL & VISION	320699	1012 · Bank of America Gen'l Ckg	
Bill	07/01/2010	320699		Dental & Vision - July 2010	60182.2 · Dental & Vision Ins	7.91
TOTAL						7.91
Bill Pmt -Check	07/19/2010	14346	STAPLES BUSINESS ADVANTAGE	8015837855	1012 · Bank of America Gen'l Ckg	
Bill	06/30/2010	8015837855		misc. supplies-manilla folders, toner hp8500 printer	6031.7 · Other Office Supplies	866.55

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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	07/14/2010	8015891218		miscellaneous office supplies - copy paper	6031.1 - Copy Paper	303.78
TOTAL						1,170.33
Bill Pmt -Check	07/19/2010	14347	THE STANDARD INSURANCE COMPANY	160-513170-00006	1012 - Bank of America Gen'l Ckg	313.12
Bill	07/12/2010	160-513170-00006		Dental & Vision - July 2010	60182.2 - Dental & Vision Ins	313.12
TOTAL						
Bill Pmt -Check	07/19/2010	14348	UNION 76	300-732-989	1012 - Bank of America Gen'l Ckg	78.27
Bill	06/30/2010	300-732-989		Fuel for June 2010	6175 - Vehicle Fuel	78.27
TOTAL						
Bill Pmt -Check	07/19/2010	14349	UNITED PARCEL SERVICE	2x81x0	1012 - Bank of America Gen'l Ckg	356.02
Bill	06/30/2010	2x81x0		miscellaneous correspondence	6042 - Postage - General	356.02
TOTAL						
Bill Pmt -Check	07/19/2010	14350	VERIZON	Monthly telephone service	1012 - Bank of America Gen'l Ckg	439.88
Bill	06/30/2010	012519118950792103		DSL modem charge for June 2010	6022 - Telephone	160.80
Bill	06/30/2010	012561121521714508		DSL modem charge for July 2010	7405 - PE4-Other Expense	160.80
Bill	07/14/2010	012561121521714508			7405 - PE4-Other Expense	160.80
TOTAL						761.48
Bill Pmt -Check	07/19/2010	14351	WESTERN DENTAL SERVICES, INC.	002483	1012 - Bank of America Gen'l Ckg	28.06
Bill	07/14/2010	002483		Dental premium for August 2010	60182.2 - Dental & Vision Ins	28.06
TOTAL						
Bill Pmt -Check	07/19/2010	14352	YUKON DISPOSAL SERVICE	08-K2 213849	1012 - Bank of America Gen'l Ckg	142.88
Bill	07/14/2010	08-k2 213849		Service for July 2010	6024 - Building Repair & Maintenance	142.88
TOTAL						
Bill Pmt -Check	07/19/2010	14353	ESRI	Quote 25420552	1012 - Bank of America Gen'l Ckg	2,818.14
Bill	06/30/2010			ESRI annual software maintenance	6054 - Computer Software	2,818.14
TOTAL						
Bill Pmt -Check	07/21/2010	14354	CUCAMONGA VALLEY WATER DISTRICT	Lease due August 1, 2010	1012 - Bank of America Gen'l Ckg	5,792.00
Bill	07/19/2010			Lease due August 1, 2010	1422 - Prepaid Rent	5,792.00
TOTAL						
Bill Pmt -Check	07/21/2010	14355	FIRST AMERICAN REAL ESTATE SOLUTIONS	20477461	1012 - Bank of America Gen'l Ckg	62.50
Bill	06/30/2010	20477461		Gridwlr Qual-Computer Svc	7103.7 - Gridwlr Qual-Computer Svc	62.50
Bill				Prod Monitor-Computer	7101.4 - Prod Monitor-Computer	125.00
TOTAL						

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Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check Bill	07/21/2010 06/30/2010	14356 Statement of Services	JOHN J. SCHATZ	Statement of Services Legal services-Paragraph 31 Motion-Through June	1012 - Bank of America Gen'l Ckg 8367 - Legal Service	36,667.40 36,667.40
TOTAL						36,667.40
Bill Pmt -Check Bill	07/21/2010 07/19/2010	14357 08163122	MCi	08163122 Monthly website/internet connection service	1012 - Bank of America Gen'l Ckg 6053 - Internet Expense	1,235.80 1,235.80
TOTAL						1,235.80
Bill Pmt -Check Bill	07/21/2010 07/10/2010	14358 78842363	PHILADELPHIA INSURANCE COMPANY	78842363 for annual umbrella policy	1012 - Bank of America Gen'l Ckg 6085 - Business Insurance Package	3,986.00 3,986.00
TOTAL						3,986.00
Bill Pmt -Check Bill	07/21/2010 07/19/2010	14359 6684246	PITNEY BOWES CREDIT CORPORATION	6684246 Lease period July 30, 2010 - October 30, 2010	1012 - Bank of America Gen'l Ckg 6044 - Postage Meter Lease	551.37 551.37
TOTAL						551.37
Bill Pmt -Check Bill	07/21/2010 07/14/2010	14360 0885127249	STAULLA, MARY L	0885127249 Retiree monthly medical premium	1012 - Bank of America Gen'l Ckg 60182.4 - Retiree Medical	136.61 136.61
TOTAL						136.61
Bill Pmt -Check Bill	07/21/2010 06/30/2010	14361 0885127249	VERIZON WIRELESS	0885127249 monthly service	1012 - Bank of America Gen'l Ckg 6022 - Telephone	601.40 601.40
TOTAL						601.40
Bill Pmt -Check Bill	07/21/2010 07/14/2010	14362 100.00	W.C. DISCOUNT MOBILE AUTO DETAILING	Truck washing service truck washing 4 trucks	1012 - Bank of America Gen'l Ckg 6177 - Vehicle Repairs & Maintenance	100.00 100.00
TOTAL						100.00
Bill Pmt -Check General Journal	07/21/2010 06/26/2010	14363 10/06/05	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493 CalPERS for 06/13/10-06/26/10	1012 - Bank of America Gen'l Ckg 2000 - Accounts Payable	6,773.27 6,773.27
TOTAL						6,773.27
Bill Pmt -Check Bill	07/22/2010 07/21/2010	14364 1741	CALPERS	1741 Medical premiums for August 2010	1012 - Bank of America Gen'l Ckg 60182.1 - Medical Insurance	4,011.90 4,011.90
TOTAL						4,011.90
Bill Pmt -Check General Journal	07/22/2010 07/16/2010	14365 11/07/05	CITISTREET	Payroll and Taxes for 06/27/10-07/10/10 Staff's 457 deductions for 06/27/10-07/10/10	1012 - Bank of America Gen'l Ckg 2000 - Accounts Payable	1,829.87 1,829.87
TOTAL						1,829.87

CHINO BASIN WATERMASTER
Cash Disbursements For The Month of
July 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	07/22/2010	14356	PRE-PAID LEGAL SERVICES, INC.	111802	1012 - Bank of America Gen'l Ckg	
Bill	07/21/2010	111802		July 2010	60184 - Other Employee Insurance	77.70
TOTAL						77.70
Bill Pmt -Check	07/22/2010	14367	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	
General Journal	07/10/2010	11/07/04	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPERS for For 06/27/10-07/10/10	2000 - Accounts Payable	6,901.69
TOTAL						6,901.69
Bill Pmt -Check	07/22/2010	14368	PUMP CHECK	3889	1012 - Bank of America Gen'l Ckg	
Bill	07/09/2010	3889		3889 - In Line - Calif & Test	7102.8 - In-Line - Calif & Test	190.00
TOTAL						190.00
Bill Pmt -Check	07/22/2010	14369	STANDARD INSURANCE CO.	Policy # 00-640888-0009	1012 - Bank of America Gen'l Ckg	
Bill	07/21/2010	006408880009		Monthly Life & Disab. Ins. Benefit	60191 - Life & Disab. Ins Benefits	509.05
TOTAL						509.05
General Journal	07/24/2010	07/24/10	Payroll and Taxes for 07/11/10-07/24/10	Payroll and Taxes for 07/11/10-07/24/10	1014 - Bank of America P/R Ckg	
				Payroll Taxes for 07/11/10-07/24/10	1012 - Bank of America Gen'l Ckg	6,311.99
				Direct Deposits for 07/11/10-07/24/10	1012 - Bank of America Gen'l Ckg	25,782.51
TOTAL						32,094.50
Bill Pmt -Check	07/28/2010	14370	INLAND EMPIRE UTILITIES AGENCY	VOID:	1012 - Bank of America Gen'l Ckg	
Bill Pmt -Check	07/28/2010	14371	INLAND EMPIRE UTILITIES AGENCY	MWDOC OC-59 OCWD 2,433.10 X \$2	1012 - Bank of America Gen'l Ckg	
Bill	06/30/2010	90005878		Untreated Replenishment Water 2,175.50 X \$496	5011 - Replenishment Water	4,865.20
Bill	06/30/2010	90005928		OCWD Wheeling Surcharge 2,175.50 X \$2	5011 - Replenishment Water	1,079,048.00
Bill	06/30/2010	90005928		Readiness to Serve 419 X \$0.765	5011 - Replenishment Water	4,351.00
Bill	06/30/2010	90005928		2010/2011 Recharge Improvement Debt Pymt	7690 - Recharge Improvement Debt Pymt	320.54
Bill	07/01/2010	90005895		1st Quarter payment - Comp Rech-O&M	7206 - Comp Rech-O&M	585,161.50
Bill	07/01/2010	90005916				171,158.01
TOTAL						1,844,905.25
Bill Pmt -Check	07/29/2010	14372	AGWA	FY 10/11 Member Dues	1012 - Bank of America Gen'l Ckg	
Bill	07/28/2010			FY 10/11 Member Dues	6111 - Membership Dues	1,000.00
TOTAL						1,000.00
Bill Pmt -Check	07/29/2010	14373	ARROWHEAD MOUNTAIN SPRING WATER	0023230253	1012 - Bank of America Gen'l Ckg	
Bill	07/28/2010	0023230253		Office Water Bottle - July 2010	6031.7 - Other Office Supplies	11.95
TOTAL						11.95

CHINO BASIN WATERMASTER
Cash Disbursements For The Month of
July 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	07/29/2010	14374	DIRECTV		1012 - Bank of America Gen'l Ckg	83.99
Bill	07/28/2010	019447404		019447404 7/19/10-8/18/10	6031.7 - Other Office Supplies	83.99
TOTAL						
Bill Pmt -Check	07/29/2010	14375	INLAND EMPIRE UTILITIES AGENCY		1012 - Bank of America Gen'l Ckg	9,000.00
Bill	06/30/2010	1800001716		90005928 CEQA Compliance for Peace II Agreement	6950 - Mutual Agency Projects	9,000.00
TOTAL						
Bill Pmt -Check	07/29/2010	14376	KONICA MINOLTA BUSINESS SOLUTIONS		1012 - Bank of America Gen'l Ckg	256.64
Bill	07/28/2010	215221831		Minolta copier maintenance	6043.2 - Ricoh Maintenance Fee	256.64
Bill	07/28/2010	215221830		Minolta copier maintenance	6043.2 - Ricoh Maintenance Fee	145.94
Bill	07/28/2010	215221829		Minolta copier maintenance	6043.2 - Ricoh Maintenance Fee	189.38
TOTAL						593.96
Bill Pmt -Check	07/29/2010	14377	MATHIS CONSULTING GROUP		1012 - Bank of America Gen'l Ckg	1,318.83
Bill	07/28/2010	152966		152966 OCI-Organizational Culture Inventory	6013 - Human Resources Services	1,318.83
TOTAL						
Bill Pmt -Check	07/29/2010	14378	NAKANO, JUSTIN		1012 - Bank of America Gen'l Ckg	265.00
Bill	07/28/2010			Reimbursement for continuing education reimbursement for continuing education	6192 - Training & Seminars	265.00
TOTAL						
Bill Pmt -Check	07/29/2010	14379	R&D PEST SERVICES		1012 - Bank of America Gen'l Ckg	85.00
Bill	07/28/2010	0134628		0134628 Continuing treatment for ant control	6024 - Building Repair & Maintenance	85.00
TOTAL						
Bill Pmt -Check	07/29/2010	14380	SPAM SOAP, INC		1012 - Bank of America Gen'l Ckg	201.60
Bill	07/28/2010	543371		543371 semi-annual billing - spam software licenses	6054 - Computer Software	201.60
TOTAL						
Bill Pmt -Check	07/29/2010	14381	STAPLES BUSINESS ADVANTAGE		1012 - Bank of America Gen'l Ckg	146.20
Bill	07/28/2010	8016009580		8016009580 miscellaneous office supplies	6031.7 - Other Office Supplies	146.20
TOTAL						
Bill Pmt -Check	07/29/2010	14382	STATE COMPENSATION INSURANCE FUND		1012 - Bank of America Gen'l Ckg	1,601.62
Bill	07/28/2010	1615535-10		1615535-10 Worker' comp insurance	60183 - Worker's Comp Insurance	1,601.62
TOTAL						
Bill Pmt -Check	07/29/2010	14383	VISION SERVICE PLAN		1012 - Bank of America Gen'l Ckg	64.98
Bill	07/28/2010	001017890001		00-101789-0001 August 2010	60182.2 - Dental & Vision Ins	64.98
TOTAL						

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	07/29/2010	14384	W.C. DISCOUNT MOBILE AUTO DETAILING	Truck washing service	1012 - Bank of America Gen'l Ckg	100.00
Bill	07/26/2010			truck washing 4 trucks	6177 - Vehicle Repairs & Maintenance	100.00
TOTAL						
Bill Pmt -Check	07/29/2010	14385	MWH LABORATORIES		1012 - Bank of America Gen'l Ckg	456.00
Bill	06/30/2010	L0024586		L0024586 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	456.00
Bill	06/30/2010	L0024588		L0024588 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	1,872.00
Bill	06/30/2010	L0024587		L0024587 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	1,638.00
Bill	06/30/2010	L0033152		L0033152 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	1,141.00
Bill	06/30/2010	L0033153		L0033153 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	06/30/2010	L0033281		L0033281 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	1,622.00
Bill	06/30/2010	L0033282		L0033282 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	701.00
Bill	06/30/2010	L0033395		L0033395 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	3,244.00
Bill	06/30/2010	L0033396		L0033396 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	538.00
Bill	06/30/2010	L0032086		L0032086 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	1,172.00
Bill	06/30/2010	L0032089		L0032089 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	06/30/2010	L0032099		L0032099 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	615.00
Bill	06/30/2010	L0032419		L0032419 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	06/30/2010	L0032756		L0032756 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	1,622.00
Bill	06/30/2010	L0032992		L0032992 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	1,622.00
Bill	06/30/2010	L0033168		L0033168 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	1,622.00
Bill	06/30/2010	L0033148		L0033148 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	2,065.00
Bill	06/30/2010	L0033151		L0033151 - Hydraulic Control - Lab Services	7108.4 - Hydraulic Control-Lab Svcs	615.00
TOTAL						
Bill Pmt -Check	07/29/2010	14386	WILDERMUTH ENVIRONMENTAL INC		1012 - Bank of America Gen'l Ckg	8,151.25
Bill	06/30/2010	2010301		2010301 - OBMP Engineering Services	6906 - OBMP Engineering Services	8,151.25
Bill	06/30/2010	2010302		2010302 - OBMP Engineering Services	6906 - OBMP Engineering Services	205.00
Bill	06/30/2010	2010303		2010303 - OBMP Engineering Services	6906 - OBMP Engineering Services	65,567.30
Bill	06/30/2010	2010304		2010304 - OBMP Engineering Services	6906 - OBMP Engineering Services	4,836.25
Bill	06/30/2010	2010305		2010305 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	1,787.50
Bill	06/30/2010	2010306		2010306 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	260.00
Bill	06/30/2010	2010307		2010307 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	130.00
Bill	06/30/2010	2010308		2010308 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	7,671.25
Bill	06/30/2010	2010309		2010309 - Grdwtr Qual-Engineering	7104.3 - Grdwtr Level - Engineering	736.25
Bill	06/30/2010	2010310		2010310 - Grdwtr Qual-Engineering	7104.3 - Grdwtr Level - Engineering	14,840.65
Bill	06/30/2010	2010311		2010311 - Grdwtr Qual-Engineering	7104.3 - Grdwtr Level - Engineering	6,315.00
Bill	06/30/2010	2010312		2010312 - Grdwtr Qual-Engineering	7104.3 - Grdwtr Level - Engineering	6,381.25
Bill	06/30/2010	2010313		2010313 - Grdwtr Qual-Engineering	7103.3 - Grdwtr Qual-Engineering	9,205.00
Bill	06/30/2010	2010314		2010314 - Grdwtr Level-WM Staff-Cap Equip	7104.7 - Grdwtr Level-WM Staff-Cap Equip	1,675.00

CHINO BASIN WATERMASTER
Cash Disbursements For The Month of
July 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	06/30/2010	2010315		2010314 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	2,996.25
Bill	06/30/2010	2010316		2010315 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	4,851.75
Bill	06/30/2010	2010317		2010316 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	7,519.79
Bill	06/30/2010	2010318		2010317 - Grd Level-Engineering	7107.2 - Grd Level-Engineering	18,593.89
Bill	06/30/2010	2010319		2010318 - Grd Level-Contract Svcs	7107.6 - Grd Level-Contract Svcs	40,150.33
Bill	06/30/2010	2010320		2010319 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	661.25
Bill	06/30/2010	2010321		2010320 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	5,631.50
Bill	06/30/2010	2010322		2010321 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	260.00
Bill	06/30/2010	2010323		2010322 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	1,312.50
Bill	06/30/2010	2010324		2010323 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	246.25
Bill	06/30/2010	2010325		2010324 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	8,349.32
Bill	06/30/2010	2010326		2010325 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	97.50
Bill	06/30/2010	2010327		2010326 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	325.00
Bill	06/30/2010	2010328		2010327 - Hydraulic Control-Engineering	7108.3 - Hydraulic Control-Engineering	16,003.75
Bill	06/30/2010	2010329		2010328 - Comp Recharge-Engineering	7202 - Comp Recharge-Engineering	38,377.50
Bill	06/30/2010	2010330		2010329 - Engineering Svc	7202.2 - Engineering Svc	5,800.00
Bill	06/30/2010	2010331		2010330 - PE3&5-Engineering	7303 - PE3&5-Engineering	3,334.05
Bill	06/30/2010	2010332		2010331 - PE4-Engineering	7402 - PE4-Engineering	10,000.00
Bill	06/30/2010	2010333		2010332 - PE6&7-Engineering	7402 - PE4-Engineering	1,435.00
Bill	06/30/2010	2010334		2010333 - PE6&7-Engineering	7502 - PE6&7-Engineering	1,075.00
Bill	06/30/2010	2010335		2010334 - PE6&7-Engineering	7502 - PE6&7-Engineering	10,507.21
Bill	06/30/2010	2010357		2010357 - Grd Level-Contract Svcs	7107.6 - Grd Level-Contract Svcs	7,418.85
Total Disbursements:						2,538,675.02

TOTAL

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CHINO BASIN WATERMASTER

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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: September 2, 2010
TO: Committee Members
SUBJECT: VISA Check Detail Report – Financial Report B2

SUMMARY

Issue – Record of VISA credit card payment disbursed for the month of July 2010.

Recommendation – Staff recommends the VISA Check Detail Report for July 2010 be received and filed as presented.

Fiscal Impact – Funds disbursed were included in the FY 2010-2011 Watermaster Budget.

BACKGROUND

A monthly VISA Check Detail report is provided to keep all members apprised of Watermaster expenditures charged against the CEO and/or CFO's Bank of America VISA card.

DISCUSSION

Total cash disbursement during the month of July 2010 was \$648.05. The monthly charges for July 2010 were for routine and customary expenditures and properly documented with receipts.

Actions:

September 2, 2010 Appropriative Pool –
September 2, 2010 Non-Agricultural Pool –
September 9, 2010 Agricultural Pool –
September 16, 2010 Advisory Committee –
September 23, 2010 Watermaster Board –

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CHINO BASIN WATERMASTER
 VISA Check Detail Report
 July 2010

Type	Num	Date	Name	Memo	Account	Paid Amount
Bill Pmt -Check	14333	07/19/2010	BANK OF AMERICA	4024-4200-0193-9341	1012 · Bank of America Gen'l Ckg	
Bill	4024420001939341	06/30/2010		misc. office supplies - headphones, mouse supplies for Board mtg	6031.7 · Other Office Supplies	-82.41
Bill	4024420001939341	07/14/2010		savings club fast track replenishment	6312 · Meeting Expenses 6031.7 · Other Office Supplies 6174 · Transportation	-623.64 -12.00 -30.00
TOTAL						-648.05



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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: September 2, 2010
TO: Committee Members
SUBJECT: Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2010 through July 31, 2010 - Financial Report B3

SUMMARY

Issue – Record of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2010 through July 31, 2010.

Recommendation – Staff recommends the Combining Schedule of Revenue, Expenses and Changes in Working Capital for the Period July 1, 2010 through July 31, 2010 be received and filed as presented.

Fiscal Impact – Funds disbursed were included in the FY 2010-2011 Watermaster Budget.

BACKGROUND

A Combining Schedule of Revenue, Expenses and Changes in Working Capital for the period July 1, 2010 through July 31, 2010 is provided to keep all members apprised of the FY 2010/2011 cumulative Watermaster revenues, expenditures and changes in working capital for the period listed.

DISCUSSION

The Combining Schedule of Revenue, Expenses and Changes in Working Capital has been created from various financial reports and statements created from QuickBooks Enterprise Solutions 9.0, the Watermaster accounting system. The Combining Schedule provided balances to the supporting documentation in the Watermaster accounting system as presented.

Actions:

September 2, 2010 Appropriative Pool –
September 2, 2010 Non-Agricultural Pool –
September 9, 2010 Agricultural Pool –
September 16, 2010 Advisory Committee –
September 23, 2010 Watermaster Board –

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CHINO BASIN WATERMASTER
 COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN WORKING CAPITAL
 FOR THE PERIOD JULY 1, 2010 THROUGH JULY 31, 2010

	WATERMASTER ADMINISTRATION	OPTIMUM BASIN MANAGEMENT	POOL ADMINISTRATIVE		AG POOL		NON-AG POOL		GROUNDWATER REPLENISHMENT		GROUNDWATER OPERATIONS SB222 FUNDS	EDUCATION FUNDS	GRAND TOTALS	BUDGET 2010-2011
			APPROPRIATIVE POOL	POOL	POOL	POOL	REPLENISHMENT	FUNDS						
Administrative Revenues:														
Administrative Assessments														
Interest Revenue														\$6,358,070
Mutual Agency Project Revenue														175,010
Grant Income														148,410
Miscellaneous Income														0
Total Revenues	111,000												111,000	6,681,490
	111,000												111,000	6,681,490
Administrative & Project Expenditures:														
Watermaster Administration	65,883													65,883
Watermaster Board-Advisory Committee	7,015													7,015
Pool Administration		1,844		11,521		1,983								15,348
Optimum Basin Mgmt Administration		226,743												226,743
OBMP Project Costs		350,333												1,350,390
Debt Service		637,198												350,333
Education Funds Use														637,198
Mutual Agency Project Costs														700,964
Total Administrative/OBMP Expenses	72,898	1,214,273	1,844	11,521	1,983									375
Net Administrative/OBMP Expenses	38,102	(1,214,273)												10,000
Allocate Net Admin Expenses To Pools			(26,621)	(10,100)	(1,381)									
Allocate Net OBMP Expenses To Pools			403,188	152,976	20,912									
Allocate Debt Service to App Pool			637,198											
Agricultural Expense Transfer*			154,396	(154,396)										
Total Expenses	1,170,005				21,515									1,302,519
Net Administrative Income	(1,170,005)				(21,515)									(1,191,519)
Other Income/(Expense)														0
Replenishment Water Assessments														0
Interest Revenue														0
Water Purchases														0
Balance Adjustment														0
Other Water Purchases														0
Groundwater Replenishment									(732)					0
Net Other Income									(732)					(732)
Net Transfers To/(From) Reserves									(732)					(1,192,251)
Working Capital, July 1, 2010			6,219,006	473,483	256,632				1,369,991	158,251	1,001		8,478,365	
Working Capital, End Of Period			5,049,001.64	473,483.08	235,117.52				1,369,259.68	158,251.00	1,000.86		7,286,113.78	7,286,114
08/09 Assessable Production			84,716,450	32,142,764	4,393,990								121,253,204	
08/09 Production Percentages			69.867%	26.509%	3.624%								100.000%	

*Fund balance transfer as agreed to in the Peace Agreement.

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CHINO BASIN WATERMASTER

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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: September 2, 2010
TO: Committee Members
SUBJECT: Treasurer's Report of Financial Affairs for the Period July 1, 2010 through July 31, 2010
- Financial Report B4

SUMMARY

Issue – Record of increases or decreases in the cash position, assets and liabilities of Watermaster for the Period of July 1, 2010 through July 31, 2010.

Recommendation – Staff recommends the Treasurer's Report of Financial Affairs for the Period July 1, 2010 through July 31, 2010 be received and filed as presented.

Fiscal Impact – Funds disbursed were included in the FY 2010-2011 Watermaster Budget.

BACKGROUND

A Treasurer's Report of Financial Affairs for the Period July 1, 2010 through July 31, 2010 is provided to keep all members apprised of the total cash in banks (Bank of America and LAIF) and on hand at the Watermaster office (petty cash) at the end of the period stated. The Treasurer's Report details the change (increase or decrease) in the overall cash position of Watermaster, as well as the changes (increase or decrease) to the assets and liabilities section of the balance sheet. The report also provides a detailed listing of all deposits and/or withdrawals in the California State Treasurer's Local Agency Investment Fund (LAIF), the most current effective yield as of the last quarter, and the ending balance in LAIF as of the reporting date.

DISCUSSION

The Treasurer's Report of Financial Affairs has been created from various financial reports and statements created from QuickBooks Enterprise Solutions 9.0, the Watermaster accounting system. The Treasurer's Report provided, balances to the supporting documentation in the Watermaster accounting system, as well as the supporting bank statements.

Actions:

September 2, 2010 Appropriative Pool –
September 2, 2010 Non-Agricultural Pool –
September 9, 2010 Agricultural Pool –
September 16, 2010 Advisory Committee –
September 23, 2010 Watermaster Board –

CHINO BASIN WATERMASTER
 TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
 JULY 1 THROUGH JULY 31, 2010

DEPOSITORIES:			
Cash on Hand - Petty Cash	\$	500	
Bank of America			
Governmental Checking-Demand Deposits	\$	344,899	
Zero Balance Account - Payroll	\$	-	
Local Agency Investment Fund - Sacramento			
TOTAL CASH IN BANKS AND ON HAND		7/31/2010	
TOTAL CASH IN BANKS AND ON HAND		6/30/2010	
	\$	7,689,987	
		10,172,128	
PERIOD INCREASE (DECREASE)	\$	(2,482,142)	

CHANGE IN CASH POSITION DUE TO:

Decrease/(Increase) in Assets:		
Accounts Receivable	\$	(111,000)
Assessments Receivable		72
Prepaid Expenses, Deposits & Other Current Assets		46,625
Accounts Payable		300,180
Accrued Payroll, Payroll Taxes & Other Current Liabilities		40,149
Transfer to/(from) Reserves		(2,758,168)
PERIOD INCREASE (DECREASE)	\$	(2,482,142)

SUMMARY OF FINANCIAL TRANSACTIONS:

Balances as of 6/30/2010								
Deposits								
Transfers								
Withdrawals/Checks								
Balances as of 7/31/2010	\$	500	\$	344,899	\$	7,344,588	\$	7,689,987
PERIOD INCREASE OR (DECREASE)	\$	-	\$	147,200	\$	-	\$	(2,482,142)

**CHINO BASIN WATERMASTER
TREASURER'S REPORT OF FINANCIAL AFFAIRS FOR THE PERIOD
JULY 1 THROUGH JULY 31, 2010**

INVESTMENT TRANSACTIONS

Effective Date	Transaction	Depository	Activity	Redeemed	Days to Maturity	Interest Rate(*)	Maturity Yield
7/15/2010	Interest		\$ 20,658				
7/23/2010	Withdrawal		\$ 1,650,000				
7/30/2010	Withdrawal		\$ 1,000,000				
TOTAL INVESTMENT TRANSACTIONS			\$ 2,670,658				

* The earnings rate for L.A.I.F. is a daily variable rate; 0.56% was the effective yield rate at the Quarter ended June 30, 2010.

**INVESTMENT STATUS
July 31, 2010**

Financial Institution	Principal Amount	Number of Days	Interest Rate	Maturity Date
Local Agency Investment Fund	\$ 7,344,588			
TOTAL INVESTMENTS	\$ 7,344,588			

Funds on hand are sufficient to meet all foreseen and planned Administrative and project expenditures during the next six months.

All investment transactions have been executed in accordance with the criteria stated in Chino Basin Watermaster's Investment Policy.

Respectfully submitted,

Joseph S. Joswiak
Chief Financial Officer
Chino Basin Watermaster



CHINO BASIN WATERMASTER

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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: September 2, 2010
TO: Committee Members
SUBJECT: Budget vs. Actual Report for the Period July 1, 2010 through July 31, 2010 - Financial Report B5

SUMMARY

Issue – Record of revenues and expenses of Watermaster for the Period of July 1, 2010 through July 31, 2010.

Recommendation – Staff recommends the Budget vs. Actual Report for the Period July 1, 2010 through July 31, 2010 be received and filed as presented.

Fiscal Impact – Funds disbursed were included in the FY 2010-2011 Watermaster Budget.

BACKGROUND

A Budget vs. Actual Report for the period July 1, 2010 through July 31, 2010 is provided to keep all members apprised of the total revenues and expenses for the current fiscal year. The expense section is categorized into four distinct sections. Those sections are: General and Administrative Expenses; Optimal Basin Management Program Expenses; Project Expenses; and Other Income/Expenses.

DISCUSSION

The Budget vs. Actual report has been created from QuickBooks Enterprise Solutions 9.0, the Watermaster accounting system. The Budget vs. Actual report provided, balances to the supporting documentation in the Watermaster accounting system, as well as the supporting bank statements.

For the first month of the fiscal year, all categories were at or below the projected budget with the exception of the regional board fine in the amount of \$62,675 which was posted to account 6909. If you recall, this item was not included as part of the fiscal year 2010/2011 budget.

Actions:

September 2, 2010 Appropriative Pool –
September 2, 2010 Non-Agricultural Pool –
September 9, 2010 Agricultural Pool –
September 16, 2010 Advisory Committee –
September 23, 2010 Watermaster Board –

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	<u>Jul '10 - Jul 10</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
4010 · Local Agency Subsidies	111,000	148,410	-37,410	75%
4110 · Admin Asmnts-Approp Pool		6,153,067	-6,153,067	
4120 · Admin Asmnts-Non-Agri Pool		205,003	-205,003	
4700 · Non Operating Revenues		175,010	-175,010	
Total Income	<u>111,000</u>	<u>6,681,490</u>	<u>-6,570,490</u>	<u>2%</u>
Gross Profit	111,000	6,681,490	-6,570,490	2%
Expense				
6010 · Salary Costs	36,951	464,944	-427,993	8%
6020 · Office Building Expense	9,046	103,196	-94,150	9%
6030 · Office Supplies & Equip.	1,613	37,500	-35,887	4%
6040 · Postage & Printing Costs	10,909	78,300	-67,391	14%
6050 · Information Services	12,657	142,200	-129,543	9%
6060 · Contract Services		75,000	-75,000	
6080 · Insurance	15,607	17,575	-1,968	89%
6110 · Dues and Subscriptions	20,132	21,000	-868	96%
6140 · WM Admin Expenses		3,000	-3,000	
6150 · Field Supplies		1,800	-1,800	
6170 · Travel & Transportation	2,378	33,160	-30,782	7%
6190 · Conferences & Seminars	4,342	23,000	-18,658	19%
6200 · Advisory Comm - WM Board	2,128	22,470	-20,342	9%
6300 · Watermaster Board Expenses	4,888	50,603	-45,715	10%
8300 · Appr PI-WM & Pool Admin	1,844	26,710	-24,866	7%
8400 · Agri Pool-WM & Pool Admin	2,185	28,147	-25,962	8%
8467 · Ag Legal & Technical Services	9,336	118,000	-108,664	8%
8470 · Ag Meeting Attend -Special		12,000	-12,000	
8471 · Ag Pool Expense		65,000	-65,000	
8500 · Non-Ag PI-WM & Pool Admin	1,983	11,666	-9,683	17%
6500 · Education Funds Use Expens		375	-375	
9500 · Allocated G&A Expenditures	-47,751	-488,129	440,378	10%
6900 · Optimum Basin Mgmt Plan	213,965	1,197,734	-983,769	18%
6950 · Mutual Agency Projects		10,000	-10,000	
9501 · G&A Expenses Allocated-OBMP	12,778	142,656	-129,878	9%
7101 · Production Monitoring	16,343	104,219	-87,876	16%
7102 · In-line Meter Installation	2,086	66,679	-64,593	3%
7103 · Grdwtr Quality Monitoring	5,707	202,996	-197,289	3%
7104 · Gdwtr Level Monitoring	13,481	336,282	-322,801	4%
7105 · Sur Wtr Qual Monitoring		4,280	-4,280	
7107 · Ground Level Monitoring	43,667	815,620	-771,953	5%
7108 · Hydraulic Control Monitoring	14,875	493,700	-478,825	3%
7109 · Recharge & Well Monitoring Prog		8,440	-8,440	
7200 · PE2- Comp Recharge Pgm	191,005	1,017,022	-826,017	19%
7300 · PE3&5-Water Supply/Desalte	16,550	72,111	-55,561	23%
7400 · PE4- Mgmt Plan	999	91,955	-90,986	1%

	<u>Jul '10 - Jul 10</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
7500 · PE6&7-CoopEfforts/SaltMgmt	7,590	154,180	-146,590	5%
7600 · PE8&9-StorageMgmt/Conj Use	3,085	68,250	-65,165	5%
7690 · Recharge Improvement Debt Pymt	637,198	700,964	-63,766	91%
7700 · Inactive Well Protection Prgm		1,412	-1,412	
9502 · G&A Expenses Allocated-Projects	34,974	345,473	-310,499	10%
Total Expense	<u>1,302,521</u>	<u>6,681,490</u>	<u>-5,378,969</u>	<u>19%</u>
Net Ordinary Income	-1,191,521		-1,191,521	100%
Other Income/Expense				
Other Expense				
5010 · Groundwater Replenishment	732			
9999 · To/(From) Reserves	-1,192,251			
Total Other Expense	<u>-1,191,519</u>			
Net Other Income	<u>1,191,519</u>			
Net Income				



CHINO BASIN WATERMASTER

II. BUSINESS ITEM

A. AUCTION OVERSIGHT SUB-COMMITTEE





CHINO BASIN WATERMASTER

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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: September 2, 2010
TO: Committee Members
SUBJECT: Auction Oversight Sub-Committee

SUMMARY

Issue - Discussion and Possible Action Regarding Resolution of Auction Issues
Recommendation – Provide input and direction
Financial Impact - as described in the staff report, activities associated with auction preparation could be rendered moot if the appeal is successful

Background

The recent Paragraph 31 Motion resulted in delay in the work of the Auction Oversight Subcommittee. Staff seeks input and direction concerning whether the Appropriative Pool desires Watermaster staff to resume efforts concerning the auction despite the filing of an appeal.

The auction of stored water purchased by the Appropriative Pool through the Peace II Purchase and Sale Agreement was originally scheduled for November 4, 2009. Following the postponement of the auction, a committee of Appropriative Pool members began to meet in order to discuss remedies to the issues that prompted the postponement. Primary amongst these was the ability to provide adequate assurances to bidders that they would have the ability to gain access to the water and would have the ability to transport it outside the Basin.

In January, issues associated with the Notice of Intent to Purchase under the Purchase and Sale Agreement caused further work to resolve the auction issues to be put on hold. Following the June 18, 2010 Court ruling, discussion at the July 1, 2010 Appropriative Pool meetings suggested that the Pool would like to resume efforts to resolve the issues associated with the auction.

On August 11, 2010, the Non-Agricultural Pool filed a notice of intent to appeal with the Court. The appeal could take a year or more to be concluded, and in this time progress could be made toward resolution of the auction issues so that the auction is ready to proceed when appropriate. At the same time, the appeal creates the potential that the issues which caused the Appropriate Pool committee to put their work on hold will re-emerge. If the appeal was successful, all or some portion of the work that was done toward the auction may become moot.

Prior to committing resources toward resolving the auction issues, staff requests that the Appropriate Pool committee provide input and direction.

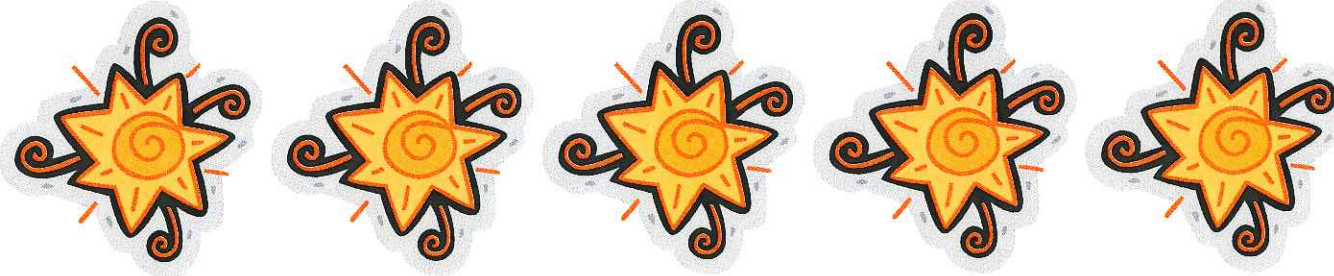
Actions:



CHINO BASIN WATERMASTER

II. BUSINESS ITEM

B. ASSESSMENT FOR REGIONAL BOARD ACL FINE





CHINO BASIN WATERMASTER

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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: September 2, 2010
TO: Committee Members
SUBJECT: Assessment of Regional Board Fine

SUMMARY

Recommendation – Provide staff with direction of how to proceed with the “special assessment”.

ISSUE

In April 2010 the Regional Board issued an Administrative Civil Liability Complaint against IEUA and Watermaster as holders of permits for “maximum benefit” for Chino North Management Zone. As part of the settlement for the claim against IEUA and Watermaster, both agencies agreed to waive a hearing on the matter and resolve the issue with the payment of fines in the amount of \$124,350 plus an additional \$1,000 for administrative costs, to the State Water Resources Control Board. In addition, \$103,350 was dedicated to a Supplemental Environmental Project (SEP). Each agency agreed to pay half of fine and half of the cost of the SEP.

The actual cost of the fine to Watermaster was \$62,675 with an additional \$51,675 allocated towards the SEP. Watermaster staff originally included both amounts in the first draft of the 2010-11 budget presented to the Pools in May. In the Appropriative Pool meeting in May staff was directed to not include the fine or SEP payment in the budget and instead make them a “special assessment” with options identified on how that assessment could be made prior to the discussion on the assessment package.

Watermaster staff has looked at a variety of options for assessing the parties to the judgment and will have available at the meeting a spreadsheet outing the impacts of those options. In general, the options are broken into two basic categories. The first three columns are formulas that have been used previously. They reflect the breakout based upon Operating Safe Yield (OSY), Production or 50% of both. The second series of columns reflect allocations that could only be imposed if the parties identified agree to absorb the costs voluntarily. Under the Judgment Paragraph 54 and Watermaster’s Rules and Regulations section 4.1(d), consent is required for the imposition of a special assessment.

Without clear direction, staff will include in the assessment package a “special assessment” based upon production as provided for in the judgment.

Actions:

- September 2, 2010 Appropriative Pool –
- September 2, 2010 Non-Agricultural Pool –
- September 9, 2010 Agricultural Pool –
- September 16, 2010 Advisory Committee –
- September 23, 2010 Watermaster Board –



CHINO BASIN WATERMASTER

II. BUSINESS ITEM

C. PEACE II AGREEMENT AND PHASE III DESALTER EXPANSION





CHINO BASIN WATERMASTER

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KENNETH R. MANNING
Chief Executive Officer

STAFF REPORT

DATE: September 2, 2010
TO: Watermaster Board Members
SUBJECT: Progress Report on Phase III Desalter Expansion

BACKGROUND

In 2000, the Court ordered Watermaster to proceed in accordance with the terms of the Peace Agreement and the Optimum Basin Management Plan (OBMP) Implementation Plan. Watermaster committed to expanded desalting capacity for a variety of beneficial purposes, including but not limited to yield preservation, yield enhancement, salt management and water supply. Desalter commitments with regard to the Chino I Expansion and the Chino II Desalter were contained within the Peace Agreement and potential obligations related to the construction and operation of Future Desalters were reserved for further agreement.

As planned, various Parties to the Judgment proceeded to construct and acquire desalter facilities in a manner consistent with the OBMP Implementation Plan. The Chino Basin Desalter Authority (CDA) was formed by Parties to the Judgment that were to purchase product water from the Desalters and the Court approved the proposed plan as being in conformity with its earlier orders.

Subsequently, a new basin management strategy was unveiled by Watermaster which coupled the previously identified benefits associated with the OBMP with a more refined water quality strategy Hydraulic Control. This strategy relied upon Basin Re-Operation to dewater a portion of the Basin and limit outflow to the Santa Ana River. One additional significant benefit, among others, was the expanded use of recycled water.

Watermaster proposed that Hydraulic Control could be achieved in a manner consistent with the objective of expanding Desalter capacity and addressing the need to construct Future Desalters. The Court approved the Peace II Measures in December of 2007 and incorporated the performance milestones for implementing the Supplement to the OBMP, inclusive of securing Hydraulic Control through Basin Re-Operation. The Court conditionally authorized Watermaster to allow 400,000 acre-feet of water to be produced by the Desalters (existing and proposed) without incurring any Replenishment obligation.

The Watermaster and Court-approved strategy called for the Western Municipal Water District (WMWD) independently, or in its complete discretion with the City of Ontario (Ontario) and the Jurupa Community Services District (Jurupa), to construct an additional 9 MGD of Desalters. (Peace II Agreement)

The well-field identified to effectuate Hydraulic Control is commonly referred to as the Chino Creek Well-Field. WMWD has exercised its discretion to work with the City of Ontario and Jurupa to carry out the Phase III Desalter Expansion. Through a series of agreements, most notably the Water Purchase and Sale Agreement, the Phase III Desalter Expansion (Expansion) will become a Chino Basin Desalter Authority (CDA) project.

Pressed by concerns arising from compliance with Regional Board permits and the prior orders of the Court, in May of 2010 the Watermaster Board requested General Counsel and Staff to support efforts among the various stakeholders to facilitate the timely completion of documentation that would allow the Expansion to proceed. Initially a set of principles were agreed upon by the stakeholders as a framework for further agreement (See Exhibit "A"). The Water Purchase and Sale Agreements include key provisions that are consistent with the approved principles and will remove the previously identified barriers to project acceptance and construction. Specifically, WMWD's obligations for buying into the project are resolved through the terms of the Water Purchase and Sale Agreements.

A representative final draft of the Water Purchase and Sale Agreements are attached to this Staff Report as Exhibit "B."

WATERMASTER FINDINGS AND DETERMINATIONS

In addition to Watermaster's strong interest in a timely completion of the Expansion, it also has a keen interest in making findings and determinations regarding the consistency of the proposed Expansion with prior agreements, court orders and Regional Board permits. Moreover, on behalf of the Parties to the Judgment and in its own capacity, Watermaster desires verification that the proposed suite of actions will satisfy the outstanding obligations of the parties for Future Desalters. (Peace Agreement, Peace II Agreement). The Parties to the Judgment will all want the security of the release presumed by Peace Agreement Section 10.2.

Watermaster has specific interests in the location of the Chino Creek Well-Field so as to effectuate the purpose of Hydraulic Control (inclusive of well depth and pumping), the avoidance of inelastic land subsidence; and the avoidance of Material Physical Injury. WMWD may seek to intervene into the Appropriative Pool and there is a general desire for a restatement of the Desalter Replenishment obligations for the avoidance of doubt.

For all these reasons, the Parties to the Judgment desire an evidentiary record be developed to provide substantial evidence of the proposed findings and determinations that can be presented to the Court. Following a hearing before the Court, Watermaster's request would be for any concerned parties to present objections and that the Court would direct Watermaster to proceed. This would provide the clarification and certainty desired to establish a foundation to invest tens of millions in proposed improvements.

The Draft Resolution attached as Exhibit "C" is offered by Staff and Counsel as a template that reflects the expected evidence that is either in Watermaster's possession or will be available in advance of any action to be taken by Watermaster and to provide notice to the Parties to the Judgment of potential future action. There is no intention to imply or suggest that the Board has reviewed the underlying evidence or reached a conclusion regarding the evidence or required findings. To the contrary, Staff and Counsel are expressly recommending that the Water Purchase and Sale Agreement and the attached Draft Resolution will provide a basis to hold a workshop to present information and respond to questions. Following such a workshop, the subject would be referred to the respective Pools and the Advisory Committee for potential advice and counsel.

A potential Board action could occur either in September or October.

CDA

Staff and Counsel are recommending that Watermaster approve the proposed Draft Resolution in its final form prior to action by CDA. To stay within the commitments to the Court and the Regional Board, Watermaster has a reasonable belief that a November action by CDA is achievable. There are, however, potential impediments to closing in this time frame. They include timely completion of environmental review, a Metropolitan Water District decision as to whether to authorize a Local Resources Program stipend or subsidy, and water quality negotiations with the County of San Bernardino over the clean-up of the Chino Airport contamination.

It is possible that the failure to timely resolve one or more of these matters may cause the WMWD to exercise an option under the Peace II Agreement to decline proceeding with the Expansion because the identified costs exceed the established "cost cap." While WMWD has expressed its desire to proceed with the Expansion, it has also stated there are financial limitations on its ability to do so.

In addition, the failure to resolve these issues may impact CDA's ability to act as planned. However, in the opinion of Staff and Counsel, Watermaster can revisit the matter if good cause is presented.

RECOMMENDATION

1. Set a Watermaster workshop to discuss the Expansion, the Draft Resolution and the Water Purchase and Sale Agreements, along with the documentation and evidence that Watermaster intends to present in support thereof.
2. Following the Workshop, refer the Water Purchase and Sale Agreements and the Draft Resolution to the respective Pools and Advisory Committee for advice and comment.
3. Schedule a Board meeting for potential approval of the Draft Resolution in its final form for the September and October Board meetings.

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**CONCEPTUAL
WATERMASTER RESOLUTION
NO. 2010-___**

**RESOLUTION OF THE CHINO BASIN WATERMASTER
REGARDING IMPLEMENTATION OF THE PEACE II AGREEMENT AND THE
PHASE III DESALTER EXPANSION IN ACCORDANCE WITH THE DECEMBER 21,
2007 ORDER OF THE SAN BERNARDINO SUPERIOR COURT**

WHEREAS, the Judgment in the Chino Basin Adjudication, *Chino Municipal Water District v. City of Chino, et al.*, San Bernardino Superior Court No. 51010, created the Watermaster and directed it to perform the duties as provided in the Judgment or ordered or authorized by the court in the exercise of the Court's continuing jurisdiction;

WHEREAS, Watermaster has the express powers and duties as provided in the Judgment or as "hereafter" ordered or authorized by the Court in the exercise of the Court's continuing jurisdiction" subject to the limitations stated elsewhere in the Judgment;

WHEREAS, Watermaster, with the advice of the Advisory and Pool Committees has discretionary powers to develop an Optimum Basin Management Program (OBMP) for Chino Basin, pursuant to Paragraph 41 of the Judgment;

WHEREAS, in June of 2000, the Parties to the Judgment executed the Peace Agreement providing for the implementation of the OBMP and Watermaster adopted Resolution 2000-05 whereby it agreed to act in accordance with the Peace Agreement;

WHEREAS, the Court ordered Watermaster to proceed in accordance with the Peace Agreement and the OBMP Implementation Plan, Exhibit "B" thereto on June 20, 2000;

WHEREAS, Watermaster adopted and the Court approved Chino Basin Watermaster Rules and Regulations in June of 2001;

WHEREAS, the Peace Agreement, the OBMP Implementation Plan and the Chino Basin Watermaster Rules and Regulations reserved Watermaster's discretionary powers in accordance with Paragraph 41 of the Judgment, with the advice from the Advisory and Pool Committees, and contemplated further implementing actions by Watermaster;

WHEREAS, the Judgment requires that Watermaster in implementing the Physical Solution, and the OBMP have flexibility to consider and where appropriate make

adjustments after taking into consideration technological, economic, social and institutional factors in maximizing the efficient use of the waters of the Basin;

WHEREAS, the Peace Agreement and the OBMP Implementation Plan were subject to reconsideration and potential revision of various provisions and ongoing judicial supervision as well as the requirement that monitoring and reporting may lead to further modifications and refinements in management practices;

WHEREAS, to prudently respond to changing conditions and best management practices the Parties to the Judgment presented Watermaster with a proposed suite of management strategies, new agreements and proposed amendments to then existing agreements that were collectively referenced in Watermaster Resolution 2007-05, (amendments to the Watermaster Rules and Regulations, Purchase and Sale Agreement with the Overlying (Non-Agricultural) Pool, Judgment Amendments, Peace II Agreement, Supplement to the OBMP, Second Amendment to the Peace Agreement) and the subsequent Court filings as the "Peace II Measures";

WHEREAS, the OBMP Implementation Plan was supplemented to reflect Western Municipal Water District's (WMWD's) commitment to act independently or in its complete discretion with the City of Ontario (Ontario) and the Jurupa Community Services District (Jurupa) to plan, design and construct 9 million gallons per day of new desalting capacity "to obtain Hydraulic Control, to support Re-Operation and support the Future Desalters" (Peace Agreement II Section 5.2.);

WHEREAS, Watermaster fully and carefully evaluated the legal, technical, scientific, economic and physical consequences of the proposed Peace II Measures through internal and professional expert reports and opinions, including but not limited to reports issued by Dr. David Sunding and Mark Wildermuth and Watermaster lodged these reports with the Court;

WHEREAS, in some instances the Parties to the Judgment retained their own independent professionals to analyze the Watermaster reports and the consequences of the Peace II Measures and presented their findings to Watermaster;

WHEREAS, the Peace II Measures were subject to substantial stakeholder input from parties and they were modified to address the stated concerns;

WHEREAS, the Appropriative Pool, the Overlying (Agricultural) Pool, the Overlying (Non-Agricultural) Pool, the Advisory Committee and the Watermaster Board all unanimously approved Resolution No. 2007-05 thereby adopting the Peace II Measures and forwarding them to the Court requesting an order to proceed in accordance with the stated terms;

WHEREAS, upon receipt of the submittal the Special Referee issued a report requesting clarification and further information of the Peace II Measures at an evidentiary hearing;

WHEREAS, the Assistant to the Special Referee, Joe Scalmanini of Luhdorff & Scalmanini Consulting Engineers, transmitted his technical review in March of 2007 ("Report"). In relevant part, the Report states:

"For planning level analysis, the existing model is a useful and applicable tool to simulate approximate basin response to management actions that involve the quantities and distribution of pumping and recharge in the basin. For example, for the most notable of its applications to date, which has been to conduct a planning level analysis of intended future hydraulic control, the model can be confidently utilized to examine whether groundwater conditions (levels) will form in such a way that hydraulic control will be achieved as result of basin re-operation and, if not, what other changes in basin operation are logically needed to achieve it."
(Report at p. 37)

WHEREAS, Watermaster caused the completion of a preliminary engineering, hydrogeologic, and technical evaluation of the potential physical impacts to the Basin and to the Parties to the Judgment that might result from implementation of the Peace II measures. The preliminary evaluation was conducted by Mark Wildermuth of Wildermuth Environmental and was lodged with the Court;

WHEREAS, Watermaster caused the preparation of a specific project description set forth in the then proposed Supplement to the OBMP Implementation Plan for the purpose of conducting a more refined engineering, hydrogeologic and technical evaluation of the physical impacts to the Basin and to the Parties to the Judgment that may result from implementation of the Peace II measures and it was lodged with the Court;

WHEREAS, the design, financing, construction and operation of the planned expansion to desalting within the Chino Basin would cause the Parties to the Judgment to incur substantial, irrevocable commitments;

WHEREAS, Watermaster caused the completion of a macro socioeconomic analysis by Dr. David Sunding, a PhD in economics and professor at the University of California Berkeley referenced in Watermaster Resolution 2007-05 and lodged with the Court. The macro analysis provided a comprehensive evaluation of the macro costs and benefits to the parties as a whole that may be attributable to the Peace II measures and it was lodged with the Court;

WHEREAS, Watermaster caused an update of the previously completed socioeconomic analysis conducted pursuant to the Judgment. The analysis was completed by Dr. Sunding, and it considered the positive and negative impacts of implementing the OBMP, the Peace Agreement, and the Peace II measures, including Watermaster assessments. The analysis also addressed the potential distribution of costs and benefits among the parties that were initiated with the approval of the Peace Agreement. The study was referenced in Watermaster Resolution 2007-05 and lodged with the Court in support of Watermaster's request to approve the Peace II Measures;

WHEREAS, a hearing was held before the Court at which Watermaster presented substantial evidence in support of the adoption of the Peace II Measures, through documentation, briefs, expert reports and opinions, argument and testimony in support of its request for an order to proceed in accordance with the Peace II Measures;

WHEREAS, Watermaster prepared a summary of the cumulative total of groundwater production and desalting from all authorized Desalters and other activities authorized by the 2007 Supplement to the OBMP Implementation Plan as amended as provided in the Peace Agreement in a schedule that: (i) identifies the total quantity of groundwater that will be produced through the proposed Basin Re-Operation to obtain Hydraulic Control, and (ii) characterizes and accounts for all water that is projected to be produced by the Desalters for the initial Term of the Peace Agreement (by 2030) as dedicated water, New Yield, controlled overdraft pursuant to the Physical Solution or subject to Replenishment;

WHEREAS, the post hearing briefs and supplemental evidence were filed by Watermaster and the Special Referee issued a report recommending an order be issued to proceed in accordance with the Peace II Measures;

WHEREAS, on December 21, 2007 the Court issued an order instructing Watermaster to proceed with the Peace II Measures;

WHEREAS, on April 1, 2010 the Regional Water Quality Control Board (Regional Board) issued an Administrative Civil Liability complaint against Watermaster and IEUA in response to an alleged failure of the Co-Permittees to obtain Hydraulic Control;

WHEREAS, in reliance upon the collective commitments of the parties to the Judgment and with the concurrence of CDA, Watermaster and IEUA entered into a settlement agreement with the Regional Water Quality Control Board (Regional Board) in May of 2010 that established a revised schedule for the construction of new facilities and the completion of the Phase III Desalter Expansion;

WHEREAS, a substantial fine has been paid to the Regional Board;

WHEREAS, Administrative Expenses arising under the Physical Solution must be categorized as either a General Administrative Expense or a Special Project Expense as set forth in Paragraph 54 of the Judgment;

WHEREAS, Assessments Expenses must be allocated and assessed against the respective pools and then uniformly among the members of the Appropriative Pool in accordance with their respective percentage of the year's total production. (Judgment Exhibit H, Section 6.);

WHEREAS, the Peace II Measures and specifically the Peace II Agreement obligates WMWD "acting independently or in its complete discretion with Ontario, Jurupa or both will exercise good faith and reasonable best efforts to arrange for the design, planning and construction of Future Desalters in accordance with the 2007 Supplement to the OBMP Implementation Plan, to account for Hydraulic Control, Re-Operation and Future Desalters" (Peace II Agreement Section 5.3);

WHEREAS, WMWD has exercised its discretion to join with Ontario and Jurupa to design, plan and construct the Future Desalters in accordance with the 2007 Supplement to the OBMP Implementation Plan;

WHEREAS, the intended purposes of the Future Desalters are to provide safe yield preservation, water supply for participating entities, salt management, expanded use of recycled water and hydraulic control;

WHEREAS, the act of securing Hydraulic Control was a known and intended objective attributable to the Future Desalters that was to be achieved by causing a change in water levels within the Basin and the corresponding economic consequences related to those expected changes were fully evaluated at the time of adoption of the Peace II Measures;

WHEREAS, there are two sources of groundwater elevation changes that are projected to occur with the implementation of the Peace II Agreement: (1) groundwater elevation changes from Re-operation and (2) groundwater elevation changes from the expansion of the Chino Desalter Program, which includes the installation and operation of the new Chino Creek Well Field (CCWF) and changes in groundwater production at other wells that provide raw groundwater to the Desalters;

WHEREAS, the Court conditioned its approval of the Peace II Measures, upon the prompt development and implementation of a Recharge Master Plan that will provide long-term hydrologic balance within the Basin and within each of the Management Zones;

WHEREAS, the broad regional impacts attributable to Re-operation were intended to be measured and monitored by Watermaster and the full cost differential associated with a

change in water levels, such as increased pump lifts, well deepening, and well and pump improvements were reserved to each party producing water in consideration for the substantial individual and broader benefits received pursuant to the Peace II Measures;

WHEREAS, based on groundwater-level monitoring data available to Watermaster, groundwater levels in the 1970s, prior to the implementation of the Physical Solution set forth in the Judgment, were lower than the groundwater levels when the Re-Operation commenced;

WHEREAS, prudently constructed and properly maintained groundwater wells will not become inoperable due to groundwater level declines from Re-Operation;

WHEREAS, the more localized impacts of the CCWF and from changes in the production at other wells that provide water to the Desalters have been identified by Watermaster. These local impacts are characterized by groundwater-levels decline greater than twenty (20) feet more than would occur if the Peace II Measures and Basin Re-Operation had not been pursued (approximately thirty-five (35) feet lower than present groundwater elevations), as shown in Exhibit "A." This area is hereafter referred to as the Zone of Influence;

WHEREAS, exclusive of the existing and proposed Desalter wells, the Zone of Influence contains active agricultural wells and no municipal and industrial wells¹;

WHEREAS, water level declines of less than twenty (20) feet should not cause a prudent well owner to suffer a loss of water supply;

WHEREAS, the SEIR X-X-X provides that if an owner of one of the agricultural wells is adversely impacted by a decline in the water table greater than twenty (20) feet as measured against the non-project scenario, they may present a request to CDA for mitigation of the alleged impact, and CDA will evaluate the claim and take whatever action is appropriate under the circumstances.

WHEREAS, Section 5.8(a) of the Peace II Agreement, the Supplement to the OBMP and the Court Order required that the new wells for the Future Desalters be constructed in the shallow aquifer system among Desalter I wells No. 1 through 4 and west of Desalter I as designated and this is where the CCWF will be located;

WHEREAS, the best available information, inclusive of the developed models have been considered so as to locate and perforate these wells in a manner contemplated by

¹ Watermaster Staff and the Stakeholders are still investigating the conditions that pertain to the the proposed Zone of Influence, the status of the wells provisionally identified in this paragraph and the suitability of potential mitigation related thereto

the Peace Agreement, the Peace II Measures and reasonably calculated by Watermaster to secure the objective of Hydraulic Control and minimize the risk of differential land subsidence;

WHEREAS, provided that the production of groundwater from the Future Desalters is as provided in the Supplement to the OBMP, the WMWD, Ontario and Jurupa shall be entitled to first priority for the allocation of the 400,000 acre-feet of controlled overdraft authorized by the Judgment Amendments to Exhibit I and as expressly set forth in the schedule filed with and approved by the Court as a component of Condition Subsequent Number Seven attached hereto as Exhibit "B";

WHEREAS, WMWD exercised its right to proceed with the proposed construction of Future Desalters with the Ontario and the Jurupa (Expansion Parties) as provided in the Peace II Agreement and to initially apportion their relative shares of the project costs and benefits in a manner consistent with the Peace II Measures;

WHEREAS, subject to final review of costs and compliance with stated conditions, the Expansion Parties elected to fully and completely integrate with and carry-out their actions by and through the Chino Basin Desalter Authority (CDA) in a manner that will cause a construction and operation of the designated new wells for the Future Desalters consistent with the Supplement to the OBMP, the Peace II Agreement and as approved herein by Watermaster;

WHEREAS, Wildermuth Env. Inc., has prepared a summary evaluation attached hereto as Exhibit "C" that concludes that the expected location of the new wells for the Future Desalters and production of groundwater from the shallow zones will: (a) result in Watermaster securing Hydraulic Control and (b) not cause inelastic land subsidence and damage or otherwise cause unmitigated Material Physical Injury;

WHEREAS, Watermaster and its engineer Wildermuth Env. Inc. will work closely with CDA in establishing final groundwater pumping protocols for each of the wells that will be constructed and operated in connection with the Future Desalters.

WHEREAS, the Inland Empire Utilities Agency (IEUA) has caused a Supplemental Environmental Impact Report (SEIR) to be prepared to evaluate potential impacts and developed a proposed mitigation plan generally assigning responsibility for regional impacts to those entities with regional scope, IEUA and Watermaster and localized impacts, to the CDA;

WHEREAS, Jurupa has expressed concerns regarding the impact of local groundwater production when combined with the production from the Desalters within Management Zone 3;

WHEREAS, the Peace Agreement requires Watermaster to exert Best Efforts to,

among other things, "direct Recharge relative to Production in each area and sub-area of the Basin to achieve long-term balance and to promote the goal of equal access to groundwater within all areas and sub-areas of the Chino Basin" (Peace Agreement Section 5.1(e)(iii).) as well as to "maintain long-term hydrologic balance between total Recharge and discharge within all areas and subareas" (Peace Agreement Section 5.1(e)(viii));

WHEREAS, Watermaster has prepared and filed its proposed Recharge Master Plan with the Court which seeks to create hydrologic balance within the Basin and within Management Zones in accordance with Peace Agreement Article VIII.

WHEREAS, the unfunded costs of capital improvements for the Recharge Master Plan are allocated equally between the IEUA and Watermaster, with Watermaster's share being apportioned in accordance with each party's percentage of Operating Safe Yield (Peace II Agreement Section 8.1(b));

WHEREAS, to the extent grant funds, loans or other third party money are unavailable to fund operations and maintenance costs of the Recharge Master Plan, they will be funded as provided in Peace Agreement II Section 8.1(a) with IEUA's relative share being based upon its percentage use for recycled water as compared to total recharge from all sources. Watermaster's respective share being allocated among its stakeholders in accordance with their total Production from the Basin, other than Desalter Production (Peace Agreement II Section 8.1(a));

WHEREAS, CDA desires clarification as to its respective obligations regarding potential mitigation of localized as compared with regional impacts attributable to changes in groundwater levels resulting from Hydraulic Control and from the specific draw-down affecting the ___ wells identified in Exhibit "A.";

WHEREAS, the Peace Agreement provides among other things that "[t]he specific location of wells to supply the Chino II Desalter and Future Desalters shall be determined with Watermaster approval and shall be in a location, which is consistent with and shall carry out the purpose of the OBMP. The design and construction of the Chino II Desalter, Chino I Expansion, and Future Desalters shall be in accordance with the OBMP and subject to Watermaster approval. Watermaster's approval shall not be unreasonably withheld and shall insure that the operation of the Desalters will implement the OBMP and not result in Material Physical Injury to any party to the Judgment or the Basin."

WHEREAS, CDA and the Parties to the Judgment desire a summation of their respective obligations for Desalter Replenishment and Future Desalters arising under the Peace Agreement and its progeny, and Watermaster has prepared such a summary restatement attached hereto as Exhibit "D";

WHEREAS, groundwater contamination has resulted at the Chino Airport and this contamination may result in the Desalters incurring additional costs associated with removing and treating the contamination;

WHEREAS, certain Parties to the Judgment that are members of the CDA requested Watermaster to lead efforts to obtain compensation from the primary responsible party, San Bernardino County, and Watermaster accepted the request;

WHEREAS, Watermaster expects and intends to recover all of the incremental capital and operations and maintenance expenditures from San Bernardino County and to remit such proceeds to the Parties to the Judgment comprising CDA as they may direct;

WHEREAS, WMWD has satisfied all conditions precedent to its participation in the expansion project set forth in Article V of Peace II Agreement;

WHEREAS, WMWD is the only member of the CDA with a right to receive delivery of groundwater that will be produced by the Desalters that is not also a member of the Appropriative Pool²;

WHEREAS, all production from the Basin must be accounted for by Watermaster and the production attributed to WMWD under Exhibit I to the Judgment should be accounted for by being assigned to a party within a respective Pool;

WHEREAS, WMWD has no Base Production Right as defined by the Judgment but would be entitled to produce groundwater with a "first priority right" to a credit against replenishment under Exhibit I to the Judgment and the Peace II Agreement, up to the maximum quantities stated in Condition Subsequent Number Seven for the duration of the Peace Agreement (2030);

WHEREAS, WMWD's desires to intervene into the Appropriative Pool; and.

NOW, THEREFORE, on the basis of the staff reports, expert opinions and substantial evidence presented at this hearing, Watermaster finds that:

1. WMWD has elected to proceed to construct the Future Desalters jointly with Jurupa and Ontario (Expansion Parties) by and through CDA as provided in agreements between and among CDA and its members.
2. The cost-cap set forth identified in Peace II Agreement Section 5.7 has not been exceeded and WMWD shall proceed, jointly with Jurupa and Ontario through CDA to cause the completion of the Future Desalters.³

² WMWD has not necessarily agreed to request intervention.

³ Subject to a determination by WMWD and evaluation of such determination by the Parties to the Judgment, Watermaster and the Court.

3. For the avoidance of doubt, the allocation of the cost of Replenishment Water for the Desalters under the Peace Agreement and its progeny is set forth in Exhibit "D".
4. The Expansion Parties have proposed Future Desalter facilities that are reasonably calculated to achieve the stated objectives of Future Desalters: (a) yield preservation; (b) water supply; (c) salt management; (d) expanded use of recycled water; and (e) hydraulic control.
5. The Future Desalters have been designed and will be constructed and operated to Produce water with high total dissolved solids (TDS).
6. Peace Agreement and Peace Measures obligations regarding the requirement of providing hydrologic balance in each Management Area, including Management Zone Number 3, remains in full force and effect.
7. The CCWF are located in an area that is consistent with the designations in the Supplement to the OBMP and the purposes of the OBMP Implementation Plan. (Peace Agreement 7.3(e).)
8. The location and the proposed operation of the Future Desalter wells are highly unlikely to result in inelastic subsidence that causes any physical damage to the aquifer, roads or structures.
9. Watermaster has proposed and will establish measurement and monitoring protocols that if followed, will minimize the long-term risk of inelastic subsidence that might cause physical damage to de minimus levels.
10. Prudent well operators will design, construct and operate groundwater production facilities that withstand seasonal fluctuations in water levels.
11. Water levels that fluctuate more than 35 feet from present levels and that are 20 feet lower than the groundwater level conditions that would occur in absence of the Phase II Desalter Expansion can be addressed through the proposed SEIR mitigation plan
12. Watermaster has timely filed its Recharge Master Plan and intends to implement the Plan in a manner that creates hydrologic balance with Management Zone 3 and minimizes adverse impacts of pumping within the Management Zone as required by the Peace Agreement.

NOW, THEREFORE, on the basis of substantial evidence presented and the above findings, be it further resolved and determined that:

1. The above referenced actions in whole and in part are consistent with the Judgment, the Peace Agreement, the Peace II Measures and the December 21, 2007 Order of the Court.
2. As approved and conditioned as set forth above, the above referenced actions present no threat of Material Physical Injury (Peace Agreement Section 7.3(d).
3. If at any time, the Parties to the Judgment comprising CDA do not produce groundwater from the shallow aquifer system among Desalter wells No 1 through 4 as set forth in Peace Agreement II Section 5.8(a)(i)(ii), Watermaster

- reserves the right to make application to the Court to revisit the allocation of some or all of the 400,000 acre-feet of controlled overdraft, taking into account the specific causes associated with the failure. (See Judgment Exhibit I; Peace Agreement II, Section 5.8(a)(i)(ii).)
4. Watermaster will not otherwise suspend availability of any portion of the 400,000 acre-feet of controlled overdraft unless there is a failure to comply with the requirements to complete and implement a Recharge Master Plan as provided in Peace Agreement Section 7.3.
 5. Watermaster shall assume the complete financial and management responsibility for monitoring baseline water level and groundwater extraction conditions so as to avoid inelastic, land subsidence that may cause physical damage as provided in Exhibit "E," attached hereto.
 6. No economic mitigation will be required of CDA to address the physical impact of lowered water levels in the Basin, other than the agricultural wells designated in Exhibit "F," attached hereto.
 7. A specific mitigation plan has been developed in the SEIR to address the agricultural wells (there are no municipal or industrial wells) which will be implemented by the Parties to the Judgment comprising CDA or in their discretion through CDA. The specific criteria for evaluating the impacts are set forth in Exhibit "F," attached hereto.
 8. Watermaster will update and inform the Court of the status of implementing the OBMP and request a further order of the Court directing Watermaster to proceed as provided herein.
 9. Upon the completion of the Future Desalters (the Phase III Expansion) as reflected in the approved revised Chino Desalter Phase 3 Comprehensive Pre-Design Report CDA PDR attached hereto as Exhibit "G," the Parties to the Judgment will be deemed to have satisfied all individual and collective obligations arising from the Peace Agreement and the OBMP Implementation Plan, Peace II Measures and all prior orders of the Court related to the requirement to construct Desalters in accordance with Peace Agreement II Section 10.2.
 10. Localized impacts on the wells will be mitigated as provided in the mitigation plan set forth in Exhibit "H".
 11. Regional impacts attributable to the lowering of the water table across the Basin have been fully analyzed in connection with the Court approval of the Peace II Measures, and fully mitigated by the suite of corresponding off-setting benefits arising under the Peace II Measures. Consequently, CDA will have no obligation to off-set or mitigate any increased costs that may be incurred by Parties to the Judgment that own wells outside of the designated wells.
 12. At its own expense, Watermaster will monitor water conditions to measure the effectiveness of hydraulic control and subsidence.

13. As provided in Section 6.2(b)(ii) the allocation of Replenishment is reserved and committed to off-set the Replenishment attributable to the Future Desalter expansion.
14. Agreements among the Parties, whatever they may be, for Replenishment, operations, conditions and corresponding consideration without limitations, are unaffected by this determination. However, for the avoidance of doubt, Exhibit "D" accurately summarizes and restates these obligations.
15. Watermaster will negotiate with the County of San Bernardino as the party primarily responsible for contamination and all sums obtained will be paid to CDA to off-set all of the incremental capital and operations and maintenance expenses incurred by the Parties to the Judgment comprising CDA or in their discretion through CDA.
16. Watermaster will continue to require that to the extent any of the Peace II Implementing Measures constitute "projects" within the meaning of the California Environmental Quality Act ("CEQA"), compliance with CEQA will be required as a pre-condition of Watermaster's issuance of any final, binding approvals.
17. The actions articulated above and contemplated herein to optimize the beneficial use of the groundwater and the Basin benefit the Basin and the Parties to the Judgment.
18. WMWD's intervention into the Appropriative Pool is warranted.
19. Bridge Financing for contamination: Discussion Item.

LIST OF EXHIBITS

- Exhibit "A" Map: Mitigation Area for Groundwater-Level Decline Caused by Expansion of the Chino Desalter Program, Figure x-x
- Exhibit "B" Judgment Amendments to Exhibit I, "Engineering Appendix," components of Wildermuth Response to Condition Subsequent Number Seven, including Schedule and Tables
- Exhibit "C" Wildermuth Env. Inc. Staff Letter, May 27, 2010 re Material Physical Injury Analysis – Wells I-16, I-18, I-MW16, I-MW18 of the Chino Creek Well Field
- Exhibit "D" Watermaster Summary of Obligations for Desalter Replenishment and Future Desalters Post-Peace Agreement II
- Exhibit "E" Map: Chino Basin Watermaster's Current and Proposed Subsidence Monitoring Program, Figure x-x
- Exhibit "F" Groundwater-Levels Mitigation Measures Peace II SEIR 4.3.10
- Exhibit "G" Revised Chino Desalter Phase 3 Comprehensive Pre-Design Report CDA PDR

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WATER PURCHASE AGREEMENT

Dated as of November 1, 2010

By and Between

CHINO BASIN DESALTER AUTHORITY

and

WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY

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WATER PURCHASE AGREEMENT

This Agreement, dated as of November 1, 2010, by and between the Chino Basin Desalter Authority (the "Authority"), a joint exercise of powers agency duly organized and existing pursuant to Article 1, Chapter 5, Division 7, Title 1 of the Government Code (the "Joint Powers Act"), commencing with Section 6500, and the Western Municipal Water District of Riverside County (the "Purchaser").

WITNESSETH:

WHEREAS, the certain Authority members who are water purveyors in the Chino Basin currently receive desalted water from the Authority pursuant to Water Purchase Agreements dated as of January 15, 2002.

WHEREAS, in accordance with the provisions of that certain Peace Agreement dated as of June 29, 2000, the Peace II Agreement, and Amendment No. 2 to Joint Exercise of Powers Agreement Creating the Chino Basin Desalter Authority, the Authority has agreed to expand the existing desalted water facilities of the Authority by addition of the Expansion Project, in order to: (1) increase the output thereof by a projected [9 m.g.d. for a cumulative total of 40,000 acre-feet per year]; and (2) sell such increased production to the Expansion Group; and (3) provide for increased reliability of desalted water deliveries from the Authority's existing facilities.

WHEREAS, such expansion of the Authority's existing desalter water facility is being undertaken through the design and construction of the Desalter Phase 3 Expansion Facilities ("Expansion Project"), which will be fully integrated with the Authority's existing desalter water facilities.

WHEREAS, the Desalter Phase 3 Expansion Facilities will be designed and constructed in accordance with direction received from Chino Basin Watermaster and in a manner that Chino Basin Watermaster believes will facilitate hydraulic control through reoperation in the Chino Basin, thereby creating an estimated additional 400,000 acre-feet of controlled overdraft which will be allocated in accordance with the Peace II Agreement.

WHEREAS, the Expansion Group has commenced the design and construction of the Expansion Project, in furtherance of which the Purchaser, on behalf of the Expansion Group, has entered into an Intergovernmental Agreement with the Authority, dated October 21, 2009, which provides for the design, construction and acceptance by the Authority of a portion of the Expansion Project.

WHEREAS, in furtherance of the design and construction of the Expansion Project, the Purchaser and the Authority are anticipated to enter into that certain First Amended and Restated Intergovernmental Agreement dated concurrently with this Agreement, to which Ontario and JCSD shall be parties, which provides for Western to act as Project Manager in connection with the design and construction of the Desalter Phase 3 Expansion Facilities.

WHEREAS, the Authority is entering into a new Water Purchase Agreement with the Purchaser and a series of Amended and Restated Water Purchase Agreements with all other members of the Authority to document its acceptance of the design and construction work for the Expansion

Project already completed, to accept responsibility for the completion of the Desalter Phase 3 Expansion Facilities (but not the obligation to pay the cost of such work, except as specifically set forth in Section 13(k)) and the integration of the Desalter Phase 3 Expansion Facilities into the Authority's existing desalter water facilities, and to document the obligations of all Purchasers and Authority members who are water purveyors with regard to its desalter water facility, including the Desalter Phase 3 Expansion Facilities as they are designed, constructed, become operational and are fully integrated with the Authority's existing desalter water facilities.

WHEREAS, the Expansion Group has agreed to pay all capital costs for the design and construction of the Expansion Project as set forth in [Table 8.10 of the June, 2010 Chino Desalter Phase 3 Comprehensive Predesign Report], financed independently by each Expansion Group member (or the Authority in the event of a default of an Expansion Group member), as provided in this Agreement.

WHEREAS, in consideration for its payment of the capital costs of the Desalter Phase 3 Expansion Project, each Expansion Group member will receive the new or additional Project Allotment set forth in the third column of Exhibit "A".

WHEREAS, if any member of the Expansion Group defaults in its obligation to pay for its share of the capital costs of the Expansion Project, this Agreement authorizes the Authority to issue Authority Bonds to cover such unmet costs, which Authority Bonds will be secured solely by revenues generated by such defaulting Expansion Group member's water system and on a parity with such Expansion Group member's bond and contract obligations that constitute operation and maintenance expenses.

WHEREAS, each Expansion Group member shall not be responsible for Authority operations and maintenance costs associated with the Expansion Project unless and until the Expansion Project Completion Date.

WHEREAS, upon full integration of the Desalter Phase 3 Expansion Facilities into the existing desalter water facilities, the price of desalter product water (not including Debt Service on any Authority Bonds issued after execution of this Agreement and Debt Service on outstanding Authority Bonds previously paid by Authority members) delivered from the Authority's desalted water facilities, including the Desalter Phase 3 Expansion Facilities, shall be charged to all members of the Authority at a rate calculated to achieve a uniform melded pro-rata allocation of costs among all Authority members, except as expressly otherwise provided herein, based upon each member's proportionate firm commitment to purchase water from the Authority, as set forth in Exhibit "A."

WHEREAS, the Purchaser has no responsibility to pay Fixed Project Costs relating to Authority Bonds issued prior to the date of this Agreement.

WHEREAS, the Authority and the Purchaser now wish to enter into this Water Purchase Agreement to provide for the acquisition, construction, operation and financing of the expanded desalted water facilities, for the sale by the Authority to the Purchaser of the Purchaser's Project Allotment and certain other matters.

NOW THEREFORE, the parties hereto do agree as follows:

Section 1. Definitions.

The following terms shall, for all purposes of this Agreement have the following meanings:

“Administrative Costs” means the administrative costs allocable to the operation and management of the Authority, calculated in accordance with generally accepted accounting principles, including but not limited to insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, but shall not include Project Operation and Maintenance Expenses.

“Authority” shall have the meaning assigned thereto in the preamble hereto.

“Authority Bonds” means bonds, notes or other evidences of indebtedness issued by or on behalf of the Authority to finance or refinance the Project.

“Authority Fiscal Year” means the twelve month period commencing on July 1 of each calendar year and ending on the following June 30 or such other twelve month period which may be designated by the Authority as its fiscal year.

“Bonds” mean all bonds, notes or similar obligations (but not including Contracts) of the Purchaser authorized and issued by the Purchaser under and pursuant to applicable laws of the State of California after the date of execution of this Agreement, the principal of and interest on which are an operation and maintenance expense of the Purchaser Water System determined in accordance with generally accepted accounting principles and which are secured by a pledge or a lien on Purchaser Net Water System Revenues and which are on a parity with the obligations of the Purchaser under this Agreement.

“Bond Resolution” means the resolution or resolutions providing for the issuance of Authority Bonds and the terms thereof, and any indenture or trust agreement related thereto.

“Contract Payments” means:

(1) the interest payable during such Purchaser Fiscal Year on all outstanding Bonds, assuming that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of the sale of any Bonds);

(2) that portion of the principal amount of all outstanding serial Bonds maturing during such Purchaser Fiscal Year;

(3) that portion of the principal amount of all outstanding term Bonds required to be redeemed or paid during such Purchaser Fiscal Year; and

(4) that portion of payments under Contracts (other than under this Agreement) constituting principal and interest required to be made at the times provided in the Contracts.

“Contracts” means this Agreement and all contracts of the Purchaser authorized and executed by the Purchaser under and pursuant to the applicable laws of the State of California after the date of execution of this Agreement, the payments under which are an operation and maintenance expense of the Purchaser Water System determined in accordance with generally accepted accounting principles

and which are secured by a pledge of or lien on the Purchaser Net Water System Revenues and which are on a parity with the obligations of the Purchaser under this Agreement.

“Debt Service” means, as of the date of calculation and with respect to Authority Bonds, an amount equal to the sum of (i) interest payable during such Authority Fiscal Year on Authority Bonds, except to the extent that such interest is to be paid from capitalized interest, (ii) that portion of principal of Authority Bonds payable during such Authority Fiscal Year, (iii) amounts necessary to replenish the Reserve Fund created pursuant to the Bond Resolution, and (iv) all letters of credit and other financing costs payable on a periodic basis. Such interest, principal installments and financing costs for such series shall be calculated on the assumption that no Authority Bonds outstanding at the date of calculation will cease to be outstanding except by reason of the payment of principal on the due date thereof;

provided further that, as to any such Authority Bonds bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be one hundred ten percent (110%) of the greater of (a) the daily average interest rate on such Authority Bonds during the twelve (12) calendar months preceding the date of calculation (or the portion of the then current Authority Fiscal Year that such Authority Bonds have borne interest) or (b) the most recent effective interest rate on such Authority Bonds prior to the date of calculation; and

provided further that, as to any such Authority Bonds or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Authority Bonds or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Authority Bonds for which such debt service reserve fund was established and in each preceding Authority Fiscal Year until such amount is exhausted.

“Desalter Phase 3 Expansion Facilities” or “Expansion Project” means the facilities described in the [Chino Desalter Phase 3 Comprehensive Predesign Report] approved by the Board of Directors on November ____, 2010. The Authority and the Purchaser acknowledge that portions of the Desalter Phase 3 Expansion Facilities are currently being designed or constructed and that the definition of the Desalter Phase 3 Expansion Facilities may be revised from time to time prior to commencement of construction without amendment to this Agreement.

“Desalter Phase 3 Expansion Facilities Buy-In Costs” means \$_____, as computed in accordance with the Project Memorandum regarding Buy-In Cost Methodology for Chino Desalter Phase 3 Expansion – Final, prepared by Dan Baker of Carollo Engineers, dated as of August 6, 2010.

“Expansion Group” means the Purchaser, the City of Ontario (“Ontario”), and Jurupa Community Services District (“JCSD”).

“Expansion Project Completion Date” means the date determined by the Board of Directors of the Authority on which the Expansion Project is complete and is expected to be operated at [_____] % of design capacity.

“Facilities Acquisition Agreement” means the Facilities Acquisition Agreement, dated as of January 15, 2002, by and between SAWPA and the Authority, as such Facilities Acquisition Agreement may be amended or supplemented from time-to-time.

“Fixed Project Costs” means capital costs, including Debt Service, and reserves for repair and replacement and improvement to the Project and for payment of Debt Service of the Project, and all other amounts paid by the Authority other than Variable O&M Costs and Fixed O&M Costs.

“Fixed O&M Costs” means operation, maintenance, power, replacement and other costs, including Project Operation and Maintenance Expenses and a reasonable reserve for contingencies, in each case incurred by the Authority with respect to the Project, irrespective of the amount of water delivered to the Project Participants, including but not limited to amounts required to be deposited in the Membrane Replacement Fund, amounts payable under transportation agreements, including but not limited to amounts payable to Jurupa Community Services District under the Agreement By And Between The Chino Basin Desalter Authority, Jurupa Community Services District, The City Of Ontario, The City Of Norco And Santa Ana River Water Company Providing For The Transportation Of Chino II Desalter Water, as it may be amended from time to time.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Purchaser, or the Authority, as the case may be, and each of whom is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Intergovernmental Agreement” means the [First] Amended and Restated Governmental Agreement by and between the Authority and the Purchaser, as such agreement may be amended or supplemented from time-to time.

“Joint Powers Agreement” means the Joint Exercise of Powers Agreement creating the Chino Basin Desalter Authority, as such agreement may be amended or supplemented from time to time.

“Lump Sum Past Administrative Costs” means \$ _____, as computed in accordance with [_____].

“Peace II Agreement” means that certain Peace II Agreement: Party Support for Watermaster’s OBMP Implementation Plan, – Settlement and Release of Claims Regarding Future Desalters, dated as of October 25, 2007.

“Project” means those certain facilities necessary to deliver desalted water to the Project Participants, including the following: (i) the existing Chino I Desalter, (ii) the existing Chino I Expansion facilities, (iii) the existing Chino II Desalter, (iv) the Desalter Phase 3 Expansion Facilities and (v) related water pipelines, electric generators and associated facilities. The Authority and the Purchaser acknowledge that portions of the Desalter Phase 3 Expansion Facilities are currently being designed or constructed and that the definition of the Project may be revised from time-to-time prior to commencement of construction without amendment to this Agreement. The Project does not include any obligations of the Purchaser under the Peace II Agreement other than the obligation to construct the Desalter Phase 3 Expansion Facilities.

“Project Allotment” means the volume of desalted water per year set forth on Exhibit A hereto.

“Project Operation and Maintenance Expenses” means the actual costs spent or incurred by the Authority for maintaining and operating the Project, calculated in accordance with generally accepted accounting principles and Section 9 hereof, including (among other things) the expenses of management and repair and other expenses necessary to maintain and preserve the Project, in good repair and working order, or charges required to be paid by it to comply with the terms of the Authority Bonds or of this Agreement, but excluding in all cases (i) depreciation, replacement and obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, (iii) Administrative Costs, (iv) costs of capital additions, replacements, betterments, extensions or improvements to the Project, which under generally accepted accounting principles are chargeable to a capital account or to a reserve for depreciation and (v) Debt Service.

“Project Participant” means the Purchaser and each entity listed in Exhibit A hereto executing Water Purchase Agreements with the Authority.

“Purchaser” shall have the meaning assigned thereto in the preamble hereto.

“Purchaser Fiscal Year” means the twelve month period commencing on July 1 of each year and ending on the following June 30 or such other twelve month period which may be designated by the Purchaser as its fiscal year.

“Purchaser Net Water System Revenues” means, for any Purchaser Fiscal Year, the Purchaser Water System Revenues for such Purchaser Fiscal Year less the Purchaser Operation and Maintenance Expenses for such Purchaser Fiscal Year.

“Purchaser Operation and Maintenance Expenses” means the costs spent or incurred by the Purchaser for maintaining and operating the Purchaser Water System, calculated in accordance with generally accepted accounting principles, including (among other things) the expenses of management and repair and other expenses necessary to maintain and preserve the Purchaser Water System, in good repair and working order, and including administrative costs of the Purchaser, salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and all other reasonable and necessary costs of the Purchaser, but excluding in all cases (i) depreciation, replacement and obsolescence charges or reserves therefor, (ii) amortization of intangibles or other bookkeeping entries of a similar nature, (iii) charges for the payment of principal and interest on Bonds or Contracts and (iv) payments under this Agreement.

“Purchaser Share” means the Purchaser’s Project Allotment divided by the sum of all Project Participants’ Project Allotments, all as set forth as Exhibit A hereto.

“Purchaser Water System” means properties and assets, real and personal, tangible and intangible, of the Purchaser now or hereafter existing, used or pertaining to the acquisition, treatment, reclamation, transmission, distribution and sale of water, including all additions, extensions, expansions, improvements and betterments thereto and equipment relating thereto; provided, however, that to the extent the Purchaser is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above described water purposes, only the Purchaser’s ownership interest in such asset or property or only the part of the asset or property so used for water purposes shall be considered to be part of the Purchaser Water System.

“Purchaser Water System Revenues” means the income, rents, rates, fees, charges, and other moneys derived by the Purchaser from the ownership or operation of Purchaser Water System including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges or other moneys derived from the sale, furnishing, and supplying of water and other services, facilities, and commodities sold, furnished, or supplied through the facilities of Purchaser Water System, including standby and availability charges, capital water facilities fees for design, construction and reconstruction expenses, development fees and other fees allocable to the Purchaser Water System, (ii) taxes or assessments as may be imposed if the levy thereof and payment hereunder is permitted by law, and (iii) the earnings on and income derived from amounts set forth in clauses (i) and (ii) above, and shall not include (y) customers’ deposits or any other deposits subject to refund until such deposits have become the property of the Purchaser and (z) proceeds of any taxes or assessments except taxes or assessments described in clause (ii) above.

“SAWPA” means the Santa Ana Watershed Project Authority, a joint exercise powers agency, including the successors and assigns thereof.

[“Term Sheet” shall have the meaning assigned thereto in the preamble hereto.] [This definition is used in Section 4(d); retain in agreement unless Section 4(d) is deleted.]

“Trustee” means the entity or entities designated by the Authority pursuant to any Bond Resolution to administer any funds or accounts required by such Bond Resolution or otherwise.

“Variable O&M Costs” means the operation, maintenance, power, replacement and other costs, including Project Operation and Maintenance Expenses incurred by the Authority in connection with the Project in an amount which is dependent upon and varies with the amount of water delivered to the Project Participants.

“Water Purchase Agreement” means this Water Purchase Agreement and each Amended and Restated Water Purchase Agreement by and between the Authority and a Project Participant, as the same may be amended or supplemented from time to time.

Section 2. Purpose.

The purpose of this Agreement is for the Authority to sell Project Allotment to the Purchaser, to deliver Project Allotment to the Purchaser available from the Project, to provide the terms and conditions of such delivery and sale and to provide for the acquisition, construction and financing of the Project. The parties hereto confirm that this Agreement constitutes a contractual right to purchase desalted water and that no water right is being transferred by the Authority to any Project Participant under this Agreement.

Section 3. Financing, Construction and Operation.

The Authority will use its best efforts to cause or accomplish the acquisition, construction, operation and financing of the Project, the obtaining of all necessary authority and rights, consents and approvals, and the performance of all things necessary and convenient therefor, subject to compliance with all necessary federal and state laws, including but not limited to the California Environmental Quality Act (“CEQA”), the terms and conditions of the Authority’s permits and licenses and all other agreements relating thereto. Notwithstanding the foregoing, the Authority acknowledges that the Purchaser intends to deposit with the Authority the Fixed Project Costs

allocable to the Purchaser for the initial costs of the Desalter Phase 3 Expansion Facilities in accordance with Section 13(k) and that the Authority shall not have any obligation to finance the cost of the initial construction of the Desalter Phase 3 Expansion Facilities from any source of funds other than such deposit unless the Purchaser defaults in its obligation to make such deposits in accordance with Section 13(k). The Purchaser acknowledges and agrees that the Authority shall initially contract with the Purchaser to design, acquire and construct the Desalter Phase 3 Expansion Facilities in accordance with the Intergovernmental Agreement.

Section 4. Delivery of Water.

(a) Request by Purchaser. Pursuant to the terms of this Agreement, the Authority shall provide to the Purchaser, and the Purchaser shall take, or cause to be taken, in each Authority Fiscal Year an amount of water equal to the Purchaser's Project Allotment unless the Purchaser notifies the Authority, pursuant to procedures to be developed by the Authority, that the Purchaser requires an amount of water less than the Purchaser's Project Allotment. Subject to the Project Participant's payment obligations hereunder, the Authority agrees to use its best efforts to deliver desalted water pursuant to this Agreement meeting the water quality standards set forth in Section 5.3 of the Joint Powers Agreement and all applicable local, state and federal water quality standards as such standards may be in effect from time to time.

(b) Points of Delivery; Flow Rate. The Authority will deliver or cause to be delivered to or for the account of the Purchaser the amount of water specified in each request at a flow rate and through delivery structures at a point along the Project to be agreed upon by the Authority and the Purchaser. The Authority will remain available to make or cause to be made all necessary and possible arrangements for transmission and delivery of such water in accordance with this Agreement.

(c) Delivery of Water Not Delivered in Accordance with Schedule. If in any Authority Fiscal Year the Authority, as a result of causes beyond its control, is unable to deliver any portion of the Purchaser's Project Allotment for such Authority Fiscal Year as provided for in the delivery schedule established for that Authority Fiscal Year, the Purchaser may elect to receive the amount of water which otherwise would have been delivered to it during such period at other times during the Authority Fiscal Year or subsequent to such Authority Fiscal Year, to the extent that such water is then available and such election is consistent with the Authority's overall delivery ability, considering the then current delivery schedules of all Project Participants and the Authority.

(d) [SARWC Request. Pursuant to the Joint Powers Agreement, if Santa Ana River Water Company cannot receive the full 1,200 acre feet of water allocated thereto as provided in the Term Sheet, then Jurupa Community Services District and the City of Ontario will abate their deliveries of water from the Project on a pro-rata basis to ensure that Santa Ana River Water Company can receive the full 1,200 acre feet of water from the Authority for such year. Notwithstanding the foregoing, Jurupa Community Services District and the City of Ontario shall only have such obligation if Santa Ana River Water Company's demand for water is constant or at a "steady-rate" of 744 gpm.]

Section 5. Curtailment of Delivery for Maintenance Purposes.

(a) Authority May Curtail Deliveries. The Authority may temporarily discontinue or reduce the delivery of water to the Purchaser hereunder for the purposes of necessary investigation,

inspection, maintenance, repair, or replacement of any of the Project facilities necessary for the delivery of water to the Purchaser. The Authority shall notify the Purchaser as far in advance as possible of any such discontinuance or reduction, except in cases of emergency, in which case notice shall be given as soon thereafter as possible.

(b) Purchaser May Receive Later Delivery of Water Not Delivered. In the event of any discontinuance or reduction of delivery of water pursuant to subsection (a) of this Section, the Purchaser may elect to receive the amount of water which otherwise would have been delivered to it during such period under the water delivery schedule for that Authority Fiscal Year at other times during the Authority Fiscal Year or subsequent to such Authority Fiscal Year to the extent that such water is then available and such election is consistent with the Authority's overall delivery ability, considering the then current delivery schedules of all Project Participants and the Authority.

Section 6. Shortage in Water Supply.

In any Authority Fiscal Year in which there may occur a shortage or interruption in the supply of water available for delivery to the Project Participants, including but not limited to shortages or interruptions caused by changes in laws, regulations or rulings relating to or affecting the Authority's permits and licenses, with the result that such supply is less than the total of the annual Project Allotments of all Project Participants for that Authority Fiscal Year, the Authority shall reduce the delivery of water to the Purchaser in accordance with the Joint Powers Agreement.

Section 7. Measurement of Water Delivered.

The Authority shall measure, or cause to be measured, all water delivered to the Purchaser and shall keep and maintain accurate and complete records thereof. For this purpose and in accordance with Section 4 hereof, the Authority shall install, operate, and maintain, or cause to be installed, operated and maintained, at all delivery structures for delivery of water to the Purchaser at the point of delivery determined in accordance with Section 4(b) such measuring devices and equipment as are satisfactory and acceptable to both parties. Said devices and equipment shall be examined, tested, and serviced by the Authority regularly to insure their accuracy. At any time or times, the Purchaser may inspect such measuring devices and equipment, and the measurements and records taken therefrom.

Section 8. Responsibility for Delivery and Distribution of Water.

(a) Neither the Authority nor any of its officers or agents shall be liable for the control, carriage, handling, use, disposal, or distribution of water supplied to the Purchaser after such water has passed the points of delivery established in accordance with Section 4(b) hereof; nor for claim of damage of any nature whatsoever, including but not limited to property damage, personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such water beyond said points of delivery and including attorneys fees and other costs of defense in connection therewith; the Purchaser shall indemnify and hold harmless the Authority and its officers, agents, and employees from any such damages or claims of damages.

(b) Neither the Purchaser nor any of its officers, agents, or employees shall be liable for the control, carriage, handling, use, disposal, or distribution of water supplied to the Purchaser until such water has passed the points of delivery established in accordance with Section 4(b) hereof; nor for claim of damage of any nature whatsoever, including but not limited to property damage,

personal injury or death, arising out of or connected with the control, carriage, handling, use, disposal or distribution of such water prior to such water passing said points of delivery and including attorneys fees and other costs of defense in connection therewith; the Authority shall indemnify and hold harmless the Purchaser and its officers, agents, and employees from any such damages or claims of damages.

Section 9. Rates and Charges.

(a) Establishment of Rates and Charges. The Authority shall fix charges to the Purchaser under this Agreement to produce revenues to the Authority from the Project equal to the amounts anticipated to be needed by the Authority to pay Administrative Costs and to pay the actual cost of producing the Purchaser's Project Allotment, which shall include the following costs of the Authority to deliver the Purchaser's Project Allotment through the Project: (i) Fixed Project Costs, (ii) Fixed O&M Costs and (iii) Variable O&M Costs.

(b) Insufficiency of Funds. If Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs collected by the Authority are insufficient to operate and maintain the Project as contemplated under the Joint Powers Agreement, the Authority shall notify the Purchaser of such insufficiency and the Purchaser shall pay to the Authority an amount of such insufficiency equal to such insufficiency multiplied by the Purchaser Share. The obligation of the Purchaser to pay Administrative Costs shall commence immediately upon the execution and delivery of this Agreement and shall continue so long as the Purchaser is a member of the Authority. The obligation of the Purchaser to pay Fixed Project Costs and Fixed O&M Costs shall commence upon the later to occur of (i) execution of this Agreement and (ii) the first delivery of water by the Authority to the Purchaser and thereafter shall continue to exist and be honored by the Purchaser whether or not water is furnished to it from the Project at all times or at all (which provision may be characterized as an obligation to pay all costs on a take-or-pay basis whether or not water is delivered or provided and whether or not the Project is completed or is operable).

(c) Source of Payments. The obligation of the Purchaser to make payments under this Agreement is a limited obligation of the Purchaser and not a general obligation thereof. The Purchaser shall make payments under this Agreement solely from Purchaser Water System Revenues as a Purchaser Operation and Maintenance Expense. The Purchaser shall make such payments on a parity with other Purchaser Operation and Maintenance Expenses and prior to any other payments other than Bonds or Contracts. Nothing herein shall be construed as prohibiting (i) the Purchaser from using any other funds and revenues for purposes of satisfying any provisions of this Agreement or (ii) from incurring obligations payable on a parity with the obligations under this Agreement so long as the Purchaser complies with Section 13(a) hereof.

(d) Obligation Is Not Subject To Reduction. The Purchaser shall make payments of Fixed Project Costs and Fixed O&M Costs under this Agreement whether or not the Project is completed, operable, operated or retired and notwithstanding the suspension, interruption, interference, reduction or curtailment of operation of the Project or of water contracted for in whole or in part for any reason whatsoever. Such payments are not subject to any reduction, whether offset or otherwise, and are not conditioned upon performance by the Authority or any other Project Participant under this Agreement or any other agreement.

(e) Several Obligation. The Purchaser shall not be liable under this Agreement for the obligations of any other Project Participant. The Purchaser shall be solely responsible and liable for

performance of its obligations under this Agreement. The obligation of the Purchaser to make payments under this Agreement is a several obligation and not a joint obligation with those of the other Project Participants.

(f) Allocation of Costs and Expenses.

Except as expressly provided in Sections 3 and 13(k) for payment of Desalter Phase 3 Expansion Facilities Fixed Project Costs, the Authority shall not allocate costs and expenses in any way which discriminates among Project Participants.

(i) Method of Computation of Fixed Project Costs and Fixed O&M Costs. The Fixed Project Costs shall be sufficient to return to the Authority those capital costs of the Authority necessary to deliver water to the Purchaser. The Fixed O&M Costs shall be sufficient to return to the Authority Project Operation and Maintenance Expenses and a reasonable reserve for contingencies, in each case incurred by the Authority with respect to the Project, irrespective of the amount of water delivered to the Project Participants. The total amount of Fixed Project Costs shall be allocated to the Purchaser by multiplying the Purchaser Share times all Fixed Project Costs. The total amount of Fixed O&M Costs shall be allocated to the Purchaser by multiplying the Purchaser Share times all Fixed O&M Costs. The Purchaser Share of Fixed Project Costs and Fixed O&M Costs shall initially be calculated using the figures in the second column on Exhibit A; commencing upon the Expansion Project Completion Date, the Purchaser Share of Fixed Project Costs and Fixed O&M Costs shall be calculated using the figures in the third column on Exhibit A.

(ii) Method of Computation of Variable O&M Costs. The Variable O&M Costs shall return to the Authority those costs of the Project which constitute Variable O&M Costs. There shall be computed for the Project a charge per acre-foot of water which will return to the Authority the total projected Variable O&M Costs of the Project for each Authority Fiscal Year. The parties confirm that if the Purchaser complies with the notice requirement of Section 4(a), no Variable O&M Costs will be allocated to the Purchaser for the portion of Project Allotment not produced by the Authority for the Purchaser.

(iii) Method of Computing Administrative Costs. Administrative Costs shall be sufficient to return to the Authority all costs of operating and managing the Authority, including reasonable reserves for contingencies. The total amount of Administrative Costs shall be allocable to the Purchaser by multiplying (i) the Project Allotment in the third column on Exhibit A divided by the total Project Allotment in the third column on Exhibit A, times (ii) all Administrative Costs.

(iv) Adjustments. The Authority shall update the values and amounts of Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs on a quarterly basis, including year-to-date comparisons to the approved Administrative Costs budget and Project budget in order that the costs and expenses to the Purchaser may accurately reflect increases or decreases from Authority Fiscal Year to Authority Fiscal Year in Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs. In addition, each such determination shall include an adjustment to be paid or received by the Purchaser for succeeding Authority Fiscal Years which shall account for the differences, if any, between projections of Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs used by the Authority in determining the amounts of said

Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs for all preceding Authority Fiscal Years and actual Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs incurred by the Authority for water delivered to the Purchaser during such Authority Fiscal Years.

(v) Interest Earnings. Interest earnings on all amounts paid by the Purchaser to the Authority shall be credited to the Purchaser through the budgeting process.

The Authority hereby acknowledges the right of the Purchaser to prepay all, or any portion of, the Purchaser's Project Share of Fixed Project Costs constituting Debt Service pursuant to this Agreement based on the Purchaser's Project Allotment, if and to the extent such prepayment is permitted under the applicable Bond Resolution. The Authority shall accept from the Purchaser prepayments of all, or any portion of, the Purchaser's Project Share of Fixed Project Costs constituting Debt Service and apply such prepayments as set forth in this Section 9(f)(i). If and to the extent such prepayment is permitted under the applicable Bond Resolution, the Authority and the Purchaser agree that the Purchaser may prepay all or a portion of its obligation to pay Fixed Project Costs constituting Debt Service pursuant to this Section 9 by providing the Treasurer of the Authority written notice of (i) its intention to pay to the Trustee, on or before the Prepayment Date (as defined below), the Purchaser's Project Share of the principal amount of the Authority Bonds (the "Prepayment Amount"), and (ii) that the Purchaser has sufficient funds available to pay the Prepayment Amount on or before the Prepayment Date. The Prepayment Amount shall be calculated as: (1) a principal payment equal to the Purchaser's Project Share, as adjusted to reflect prepayments of Authority Bonds by any other Project Participant, of Authority Bonds then outstanding and being prepaid, in the principal amount and of the maturities designated in writing by the Purchaser; plus (2) accrued interest from the last date on which the Purchaser made a payment of the Purchaser's Project Share of Debt Service to the first date the Debt Service may be redeemed by the Authority after the Authority has received written notice from the Purchaser of its intention to prepay such Debt Service (the "Prepayment Date"); plus (3) any applicable redemption premium with respect to the Authority Bonds to be refunded on the Prepayment Date, less (4) a credit for the Purchaser's Project Share, as adjusted to reflect prepayments of Authority Bonds by any other Project Participant, of any cash funded reserve fund established for the Authority Bonds from proceeds of such Authority Bonds. After providing written notice to the Authority as described above, the Purchaser shall deposit with the Trustee the Prepayment Amount, in immediately available funds, no later than the last business day before the Prepayment Date. In the event the Authority issues additional Authority Bonds for the Project, the Purchaser may also prepay all or a portion of its allocable share of the principal amount of those Authority Bonds, calculated as set forth in the preceding sentence.

(g) Time and Method of Payment.

(i) Administrative Costs, Fixed Project Costs and Fixed O&M Costs. The Purchaser shall pay to the Authority, on or before January 15, April 15, July 15 and October 15 of each Authority Fiscal Year, 25% of the charge to the Purchaser for such Authority Fiscal Year of the Administrative Costs, Fixed Project Costs and Fixed O&M Costs. The parties acknowledge that Purchasers of Project Allotment allocable to the Desalter Phase 3 Expansion Facilities have no obligation to pay Fixed O&M Costs associated with the Expansion Project until the Expansion Project Completion Date.

(ii) Variable O&M Costs. The Purchaser shall pay to the Authority the charges to the Purchaser for the Variable O&M Costs for the three-month period commencing on the

next succeeding January 1, April 1, July 1 or October 1 so that the Authority receives quarterly payments of Variable O&M Costs three months in advance of the time when such Variable O&M Costs will begin to be incurred by the Authority.

(iii) Contest of Accuracy of Charges. If the Purchaser questions or disputes the correctness of any billing statement by the Authority, it shall pay the Authority the amount claimed when due and shall, within thirty (30) days of the completion and delivery of the Authority's annual audit, request an explanation from the Authority. If the bill is determined to be incorrect, the Authority will adjust the bill to the Purchaser in the next Authority Fiscal Year, including an adjustment equal to the interest actually earned by the Authority on its general reserves during such period. If the Authority and the Purchaser fail to agree on the correctness of a bill within thirty (30) days after the Purchaser has requested an explanation, the parties shall promptly submit the dispute to arbitration under Section 1280 et seq. of the Code of Civil Procedure.

Section 10. Annual Budget and Billing Statement.

The Authority will prepare a preliminary annual budget for each applicable Authority Fiscal Year for credits, costs and expenses relating to Administrative Costs and a preliminary annual budget for each applicable Authority Fiscal Year for credits, costs and expenses relating to the Project, including Variable O&M Costs, Fixed O&M Costs and Fixed Project Costs. The Authority shall submit a draft of such budgets to the Purchaser on or prior to each April 1 for review and comment. Authority staff shall use its best efforts to resolve any questions or concerns caused by a Project Participant during such review. The Board of Directors of the Authority will adopt the final annual budgets for the applicable Authority Fiscal Year on or before June 1 of each Authority Fiscal Year after at least one public hearing on the budgets and shall allow any Project Participant which may object to any provision of the budgets to present such objection during such hearing. The Authority shall supply a copy of said final annual budgets to the Purchaser on or before June 15 of each Authority Fiscal Year. Any amendment to a budget shall be submitted to the Purchaser for review and comment at least 30 days prior to action thereon by the Authority Board of Directors. Any such amendment shall be subject to the same hearing requirements applicable to the budgets set forth above.

Section 11. Obligation in the Event of Default.

(a) Written Demand. Upon failure of the Purchaser to (i) make any payment in full when due under this Agreement or (ii) to perform any other obligation hereunder, the Authority shall make written demand upon the Purchaser. If a failure described in clause (i) above is not remedied within thirty (30) days from the date of such demand or, if Authority Bonds are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same, such failure shall constitute a default at the expiration of such period. If a failure described in clause (ii) cannot be remedied within thirty (30) days from the date of such demand but the Purchaser commences remedial action within such thirty (30) day period, such failure shall not constitute a default hereunder. Notice of any such demand shall be provided to each other Project Participant by the Authority. Upon failure of the Authority to perform any obligation of the Authority hereunder, the Purchaser shall make written demand upon the Authority, and if said failure is not remedied within thirty (30) days from the date of such demand or, if Authority Bonds are outstanding, for such additional time as is reasonably required, in the sole discretion of the Trustee, to correct the same,

such failure shall constitute a default at the expiration of such period. Notice of such demand shall be provided to each Project Participant by the Purchaser making such written demand.

In addition to any default resulting from breach by the Authority or the Purchaser of any agreement, condition, covenant or term hereof, if the Authority or the Purchaser shall file any petition or institute any proceedings under any act or acts, state or federal, dealing with or relating to the subject of bankruptcy or insolvency or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the Authority or the Purchaser asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of its debts or obligations, or offers to its creditors to effect a composition or extension of time to pay its debts, or asks, seeks or prays for a reorganization or to effect a plan of reorganization or for a readjustment of its debts or for any other similar relief, or if the Authority or the Purchaser shall make a general or any assignment for the benefit of its creditors, then in each and every such case the Authority or the Purchaser, as the case may be, shall be deemed to be in default hereunder.

(b) Transfer for Defaulting Purchaser's Account. Upon the failure of the Purchaser to make any payment which failure constitutes a default under this Agreement, the Authority shall use its best efforts to transfer for the Purchaser's account all or a portion of the Purchaser's Project Allotment for all or a portion of the remainder of the term of this Agreement. Notwithstanding that all or any portion of the Purchaser's Project Allotment is so transferred, the Purchaser shall remain liable to the Authority to pay the full amount of its share of costs hereunder as if such sale or transfer has not been made, except that such liability shall be discharged to the extent that the Authority shall receive payment from the transferee thereof.

(c) Termination of Entitlement to Project Allotment; Continuing Obligations. Upon the failure of the Purchaser to make any payment which failure constitutes a default under this Agreement and causes the Authority to be in default under any Bond Resolution, the Authority may (in addition to the remedy provided by subsection (b) of this Section) give notice of termination of the provisions of this Agreement insofar as the same entitle the Purchaser to its Project Allotment which notice shall be effective within 30 days thereof unless such termination shall be enjoined, stayed or otherwise delayed by judicial action. Irrespective of such termination, the Purchaser shall remain liable to the Authority to pay the full amount of costs hereunder.

(d) Enforcement of Remedies. In addition to the remedies set forth in this Section, upon the occurrence of an Event of Default as defined herein, the Authority or the Purchaser, as the case may be, shall be entitled to proceed to protect and enforce the rights vested in such party by this Agreement by such appropriate judicial proceeding as such party shall deem most effectual, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained herein or to enforce any other legal or equitable right vested in such party by this Agreement or by law. The provisions of this Agreement and the duties of each party hereof, their respective boards, officers or employees shall be enforceable by the other party hereto by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction, with the losing party paying all costs and attorney fees.

(e) Trustee is Third Party Beneficiary. Any Trustee for Authority Bonds shall have the right, as a third party beneficiary, to initiate and maintain suit to enforce this Agreement to the extent provided in any Bond Resolution.

Section 12. Transfers, Sales and Assignments of Project Allotment or Purchaser Water System.

(a) Transfer of Project Allotment. The Purchaser has the right to make transfers, sales, assignments and exchanges (collectively “transfers”) of its Project Allotment or its rights or obligations with respect thereto only as expressly provided in this Section. In no event shall any sale or other disposition of all or any portion of the Purchaser’s Project Allotment relieve the Purchaser of any of its obligations hereunder. The Purchaser shall give notice to the Authority in accordance with rules and regulations approved by the Authority from time to time.

(b) Sale or Other Disposition of Project Allotment. If in any Fiscal Year the Purchaser determines in accordance with 4(a) not to receive all of the Project Allotment, the Authority shall offer such portion of the Project Allotment to the State of California at a price to be determined by the Authority. [If the State of California declines to purchase such Project Allotment, the Purchaser shall have the right to sell such portion of the Project Allotment to another Project Participant or an entity which is not a Project Participant.] No such sale of the Project Allotment shall relieve the Purchaser of any of its obligations hereunder.

Section 13. Covenants of the Purchaser.

The Authority and the Purchaser agree that the covenants contained in this Section shall only be enforced by the Authority to the extent necessary to enforce the payment provisions contained herein.

(a) Amount of Rates and Charges. The Purchaser will fix, prescribe and collect rates and charges for the Purchaser Water System which will be at least sufficient to yield during each Purchaser Fiscal Year Purchaser Net Water System Revenues (excluding Contract Payments, Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs) equal to one hundred twenty-five percent (125%) of the Contract Payments, Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs for such Purchaser Fiscal Year. The Purchaser may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Purchaser Net Water System Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of this section.

(b) Against Sale or Other Disposition of Property. Subject to Section 13(j), the Purchaser will not sell, lease or otherwise dispose of the Purchaser Water System or any part thereof unless the governing board of the Purchaser determines in writing that such sale, lease or other disposition will not materially adversely affect the Purchaser’s ability to comply with subsection (a) of this Section and, in the case of a sale or other disposition, the entity acquiring the Purchaser Water System or such part thereof shall assume all obligations of the Purchaser under this Agreement. The Purchaser will not enter into any agreement or lease which impairs the operation of the Purchaser Water System or any part thereof necessary to secure adequate Purchaser Net Water System Revenues for the payment of the obligations imposed under this Agreement or which would otherwise impair the rights of the Authority with respect to the Purchaser Water System Revenues or the operation of the Purchaser Water System.

(c) Against Competitive Facilities. To the extent permitted by existing law and within the scope of its powers but only to the extent necessary to protect the rights of the owners of

Authority Bonds, the Purchaser will not acquire, construct, maintain or operate and will use its best efforts not to permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the boundaries of the Purchaser any water system competitive with the Purchaser Water System which might have the effect of materially adversely affecting the Purchaser's ability to pay Administrative Costs, Fixed Project Costs, Fixed O&M Costs and Variable O&M Costs.

(d) Maintenance and Operation of the Purchaser Water System; Budgets. The Purchaser will maintain and preserve the Purchaser Water System in good repair and working order at all times and will operate the Purchaser Water System in an efficient and economical manner and will pay all Purchaser Operation and Maintenance Expenses as they become due and payable. On or before the first day of each Purchaser Fiscal Year thereafter, the Purchaser will adopt and file with the Authority a budget approved by the legislative body of the Purchaser, including therein in the estimated Administrative Costs, Fixed O&M Costs, Variable O&M Costs and Fixed Project Costs payable to the Authority. Any budget may be amended at any time during any Purchaser Fiscal Year and such amended budget shall be filed by the Purchaser with the Authority.

(e) Insurance. The Purchaser shall procure and maintain or cause to be procured and maintained insurance on the Purchaser Water System with responsible insurers so long as such insurance is available from reputable insurance companies, or, alternatively, shall establish a program of self-insurance, or participate in a joint powers agency providing insurance or other pooled insurance program, in such amounts and against such risks (including accident to or destruction of the Purchaser Water System) as are usually covered in connection with water systems similar to the Purchaser Water System.

(f) Accounting Records and Financial Statements.

(i) The Purchaser will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Purchaser Water System, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

(ii) The Purchaser will prepare and file with the Authority annually within two hundred ten (210) days after the close of each Purchaser Fiscal Year (commencing with the Purchaser Fiscal Year ending June 30, 2002) financial statements of the Purchaser for the preceding Purchaser Fiscal Year prepared in accordance with generally accepted accounting principles, together with a report of an Independent Certified Public Accountant thereon. The Purchaser will promptly furnish a copy of such report to the Authority and to the Trustee.

(g) Protection of Security and Rights of the Authority. The Purchaser will preserve and protect the rights of the Authority and the Trustee to the obligations of the Purchaser hereunder and will warrant and defend such rights against all claims and demands of all persons.

(h) Payment of Taxes and Compliance with Governmental Regulations. The Purchaser will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Purchaser Water System or any part thereof or upon the Purchaser Water System Revenues when the same shall become due. The Purchaser will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of

the Purchaser Water System or any part thereof, but the Purchaser shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

(i) Further Assurances. The Purchaser will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to effect the financing and refinancing of the Project and to allow the Authority to comply with reporting obligations, to assure the Authority of the Purchaser's intention to perform hereunder and for the better assuring and confirming unto the Authority and the Trustee of the rights and benefits provided to them herein.

(j) Maintenance of Tax-Exempt Status of Authority Bonds. Notwithstanding any other provision of this Agreement, the Purchaser shall not take any action or omit to take any action, directly or indirectly, in any manner, which would result in any of the Authority Bonds being treated as an obligation not described in Section 103(a) of the Internal Revenue Code of 1986, as amended, by reason of classification of such Authority Bond as a "private activity bond" within the meaning of Section 141 of said Code or for any other reason.

(k) Desalter Phase 3 Expansion Facilities Fixed Project Costs. The Purchaser shall pay to the Authority its share of Desalter Phase 3 Expansion Facilities Fixed Project Costs allocable in accordance with Section 14(f) hereof. In the event that the Purchaser fails to pay any Fixed Project Costs on the date determined in accordance with Section 14(f), the Authority shall have the right, but not the obligation, to exercise all remedies set forth in Section 11 hereof and, in addition thereto, to issue Authority Bonds secured solely by payments by the Purchaser hereunder as Fixed Project Costs and apply the proceeds thereof to Desalter Phase 3 Expansion Facilities Fixed Project Costs, to enable Authority to satisfy its obligations under Section 3(a).

Section 14. Covenants of the Authority.

(a) Insurance. The Authority shall procure and maintain or cause to be procured and maintained insurance on the Project with responsible insurers so long as such insurance is available from reputable insurance companies, or, alternatively, shall establish a program of self-insurance, or participate in a joint powers agency providing insurance or other pooled insurance program, covering such risks, in such amounts and with such deductibles as shall be determined by the Authority and as may be required under the Authority Bonds. The Authority shall indemnify and hold harmless the Purchaser from any liability for personal injury or property damage resulting from any accident or occurrence arising out of or in any way related to the construction or operation of the Project.

(b) Accounting Records and Financial Statements.

(i) The Authority will keep appropriate accounting records in which complete and correct entries shall be made of all Authority transactions relating to the Project, which records shall be available for inspection, copying and audit by the Purchaser and its accountants, attorneys and agents at reasonable hours and under reasonable conditions.

(ii) The Authority will prepare annually within two hundred ten (210) days after the close of each Authority Fiscal Year (commencing with the Authority Fiscal Year ending June 30, 2010) financial statements of the Authority for the preceding Authority Fiscal Year prepared in accordance with generally accepted accounting principles, together with a report

of an Independent Certified Public Accountant thereof. The Authority will promptly furnish a copy of such report to the Purchaser and to the Trustee.

(c) Compliance with Law. The Authority shall comply with all local, state and federal laws applicable to the Project.

(d) Against Sale or Other Disposition of Project. The Authority will not sell, lease or otherwise dispose of the Project or any part thereof unless the Board of Directors of the Authority determines that such sale, lease or other disposition will not materially adversely affect the Authority's ability to comply with its obligations hereunder and under the Authority Bonds.

(e) Maintenance and Operation of the Project. Subject to the payment obligations of the Project Participants hereunder, the Authority will maintain and preserve the Project in good repair and working order at all times and will operate the Project in an efficient and economical manner consistent with the Joint Powers Agreement. Notwithstanding the foregoing, no material portion of the Project shall be abandoned by the Authority without the consent of all Project Participants.

(f) Desalter Phase 3 Expansion Facilities Fixed Project Costs. The Authority shall give written notice to the Purchaser of its share of each contract for Desalter Phase 3 Expansion Facilities Fixed Project Costs 60 days prior to the letting of such contract. Such Desalter Phase 3 Expansion Facilities Fixed Project Costs shall be consistent with the then-current capital budget approved by the Authority Board. The Purchaser shall deposit such amount with the Authority no later than 30 days prior to the estimated date such contract will be let.

(g) Future Fixed Project Costs. With respect to Fixed Project Costs (other than Desalter Phase 3 Expansion Facilities Fixed Project Costs, the payment of which is provided for in subdivision (f) of this Section 14) anticipated to be funded through the issuance of Authority Bonds, the Authority shall give written notice to the Purchaser of its share of Fixed Project Costs 90 days prior to the proposed date of issuance of Authority Bonds therefor. Unless the Purchaser deposits such Fixed Project Costs with the Authority no later than 30 days prior to the proposed date of issuance of Authority Bonds therefor, the Authority shall include such Fixed Project Costs in the Authority Bonds.

(h) Expansion Project Water Available Prior to the Expansion Project Completion Date. The parties agree that in the event that water is produced from the Expansion Project prior to the Expansion Project Completion Date, the Authority will negotiate with the Purchasers on an equitable allocation of such water as well as the allocation of Fixed O&M Costs and Variable O&M Costs relating thereto.

Section 15. Term.

(a) No provision of this Agreement shall take effect until it and Water Purchase Agreements with all Project Participants have been duly executed and delivered to the Authority together with an opinion for each Project Participant of an attorney or firm of attorneys in substantially the form attached hereto as Exhibit B and an opinion for the Authority of Stradling Yocca Carlson & Rauth, a Professional Corporation, General Counsel, in substantially the form attached hereto as Exhibit C. In addition the Purchaser will deposit the Desalter Phase 3 Expansion Facilities Buy-In Cost and Lump Sum Past Administrative Costs with the Authority on or before

_____, 2010. The deposit of such amounts shall be a condition precedent to the effectiveness of this Water Purchase Agreement.

(b) Notwithstanding the delay in effective date of this Agreement until all Project Participants have complied with subsection (a) of this Section, it is agreed by the Purchaser that in consideration for the Authority's signature hereto, and for its commitment to use its best efforts to obtain the commitment of all Project Participants, the Purchaser upon its execution and delivery of this Agreement to the Authority along with the required opinion and any required evidence of compliance as required by subsection (a) of this Section shall be immediately bound not to withdraw its respective offer herein made to enter into this Agreement as executed and/or supplemented or to decrease or terminate its Project Allotment before December _____, 2010.

(c) The term of this Agreement shall continue until the later of January 15, 2031 or the final maturity of Authority Bonds. The parties hereto agree to negotiate in good faith to amend this Agreement on or prior to such date to extend the term hereof and to include terms and conditions as are mutually agreeable to the parties, provided that the price to be paid with respect to the Project Allotment in such amendment shall reflect the payment of capital costs to such date.

Section 16. Assignment.

The Authority may pledge and assign to any Trustee for Authority Bonds, all or any portion of the payments received under this Agreement from the Purchaser and the Authority's other rights and interests under this Agreement. Such pledge and assignment by the Authority shall be made effective for such time as the Authority shall determine and provide that the Trustee shall have the power to enforce this Agreement in the event of a default by the Authority under a Bond Resolution. The Purchaser may assign its rights or obligations under this Agreement only in accordance with Section 15 hereof.

Section 17. Amendments.

Except as otherwise provided in this Agreement, on and after the date Authority Bonds are issued and so long as any Authority Bonds are outstanding in accordance with the applicable Bond Resolution, Section 9, 11, 12, 13, 14 and 16 and this Section of this Agreement shall not be amended, modified or otherwise changed or rescinded by agreement of the parties without the consent of each Trustee for Authority Bonds whose consent is required under the applicable Bond Resolution. This Agreement may only be otherwise amended, modified, changed or rescinded in writing by each of the parties hereto.

The Authority agrees not to grant to the owners of Authority Bonds as individuals any rights relating to the amendment, modification or change of this Agreement.

Notwithstanding the foregoing, the sections of this Agreement set forth in the prior paragraph of this Section may be amended without the consent of each Trustee for Authority Bonds for any of the following purposes:

(a) to add to the agreements, conditions, covenants and terms contained herein required to be observed or performed by the Authority or the Purchaser other agreements, conditions, covenants and terms hereafter to be observed or performed by the Authority or the Purchaser, or to

surrender any right reserved herein to or conferred herein on the Authority or the Purchaser, and which in either case shall not adversely affect the interests of the owners of any Authority Bonds;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority or the Purchaser may deem desirable or necessary and not inconsistent herewith, and which shall not materially adversely affect the interests of the owners of any Authority Bonds;

(c) to make any modifications or changes necessary or appropriate in the opinion of a firm of nationally recognized standing in the field of law relating to municipal bonds to preserve or protect the exclusion from gross income of interest on the Authority Bonds for federal income tax purposes;

(d) to make any modifications or changes to this Agreement in order to enable the execution and delivery of Authority Bonds on a parity with any Authority Bonds previously issued and to make any modifications or changes necessary or appropriate in connection with the execution and delivery of Authority Bonds;

(e) to make any other modification or change to the provisions of this Agreement which does not materially adversely affect the interests of the owners of any Authority Bonds;

(f) to make changes to the definition of "Project."

Section 18. Miscellaneous.

(a) Headings. The headings of the sections hereof are inserted for convenience only and shall not be deemed a part of this Agreement.

(b) Partial Invalidity. If any one or more of the covenants or agreements provided in this Agreement to be performed should be determined to be invalid or contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

(c) Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

(d) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

(e) Notices. Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by Federal Express or another reputable commercial overnight courier that guarantees next day delivery and provides a receipt, or (d) by telefacsimile or telecopy, and such notices shall be addressed as follows:

If to Purchaser: Western Municipal Water District of Riverside County
450 E. Alessandro Blvd
Riverside, CA 92508
Attn: General Manager

With a copy to: John Schatz, Esq.
PO Box 7775
Laguna Niguel, CA 92607-7775

If to Authority: Chino Basin Desalter Authority
c/o City of Ontario
1425 South Bon View Avenue
Ontario, CA 91761
Attn: Authority Coordinator

With a copy to: Stradling Yocca Carlson & Rauth
660 Newport Center Drive
Newport Beach, CA 92660
Attention: Douglas Brown

or to such other address as either party may from time to time specify in writing to the other party. Any notice shall be deemed delivered when actually delivered, if such delivery is in person, upon deposit with the U.S. Postal Service, if such delivery is by certified mail, upon deposit with the overnight courier service, if such delivery is by an overnight courier service, and upon transmission, if such delivery is by telefacsimile or telecopy.

(f) Merger of Prior Agreements. This Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof. This Agreement is intended to implement, and should be interpreted consistent with, the Joint Powers Agreement.

(g) Time of the Essence. Time is of the essence in the performance of this Agreement.

IN WITNESS WHEREOF the Purchaser has executed this Agreement with the approval of its governing body, and caused its official seal to be affixed and the Authority has executed this Agreement in accordance with the authorization of its Board of Directors.

CHINO BASIN DESALTER AUTHORITY

By: _____
Chairperson

Attest:

By: _____
Secretary

WESTERN MUNICIPAL WATER DISTRICT OF
RIVERSIDE COUNTY

By: _____
Chairperson

[SEAL]

Attest:

By: _____
Secretary

EXHIBIT A

<u>Project Participant</u>	<u>Project Allotment Prior to Initial Delivery of Desalter Phase 3 Expansion Facilities Water (acre-feet)</u>	<u>Project Allotment After Initial Delivery of Desalter Phase 3 Expansion Facilities Water (acre-feet)</u>
City of Chino	5,000	5,000
City of Chino Hills	4,200	4,200
City of Norco	1,000	1,000
City of Ontario	5,000	8,533
Jurupa Community Services District	8,200	11,733
Santa Ana River Water Company	1,200	1,200
Western Municipal Water District	<u>0</u>	<u>3,534</u>
	24,600	35,200

EXHIBIT B

[This opinion shall be delivered upon execution of the Water Purchase Agreement]

_____, 2010

Chino Basin Desalter Authority

Western Municipal Water District of Riverside County
450 E. Alessandro Blvd
Riverside, CA 92508

Ladies and Gentlemen:

We are acting as [special] counsel to the Western Municipal Water District of Riverside County (the "Purchaser") under the Water Purchase Agreement, dated as of November 1, 2010 (the "Agreement"), between the Chino Basin Desalter Authority (the "Authority") and the Purchaser, and have acted as general counsel to the Purchaser in connection with the matters referred to herein. As such counsel we have examined and are familiar with (i) documents relating to the existence, organization and operation of the Purchaser provided to us by the Purchaser, (ii) certifications by officers of the Purchaser, (iii) all necessary documentation of the Purchaser relating to the authorization, execution and delivery of the Agreement, and (iv) an executed counterpart of the Agreement. Terms used herein and not otherwise defined have the respective meanings set forth in the Agreement.

Based upon the foregoing and such examination of law and such other information, papers and documents as we deem necessary or advisable to enable us to render this opinion, including the Constitution and laws of the State of California, together with the resolutions, ordinances and public proceedings of the Purchaser, we are of the opinion that:

1. The Purchaser is a general law city, duly created, organized and existing under the laws of the State of California and duly qualified to furnish water service within its boundaries.
2. The Purchaser has legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions reasonably contemplated thereby, and the Purchaser has complied with the provisions of applicable law relating to such transactions.
3. The Agreement has been duly authorized, executed and delivered by the Purchaser, is in full force and effect as to the Purchaser in accordance with its terms and, subject to the qualifications set forth in the second to the last paragraph hereof, and assuming that the Authority has all requisite power and authority, and has taken all necessary action, to authorize, execute and deliver such Agreement, the Agreement constitutes the valid and binding obligation of the Purchaser .

4. The obligations of the Purchaser to make payments under the Agreement from the Revenues of its Purchaser Water System or other lawfully available funds as provided in Section 10 of the Agreement is a valid, legal and binding obligation of the Purchaser enforceable in accordance with its terms.

5. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Purchaser of the Agreement.

6. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the Purchaser, any commitment, agreement or other instrument to which the Purchaser is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the Purchaser (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Purchaser and its affairs.

7. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting the Purchaser or any entity affiliated with the Purchaser or any of its officers in their respective capacities as such, which questions the powers of the Purchaser referred to in paragraph 2 above or the validity of the proceedings taken by the Purchaser in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which would adversely affect the validity or enforceability of the Agreement.

The opinion expressed in paragraphs 3 and 4 above are qualified to the extent that the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the Chino Basin Desalter Authority and the Purchaser . No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Very truly yours,

EXHIBIT C

[This opinion shall be delivered upon execution of the Water Purchase Agreement]

_____, 2010

Chino Basin Desalter Authority

The Project Participants Listed on
Exhibit A attached hereto

Ladies and Gentlemen:

We are general counsel to the Chino Basin Desalter Authority (the "Authority") and are familiar with those certain Amended and Restated Water Purchase Agreements and that certain Water Purchase Agreement, each dated as of November 1, 2010 (each, an "Agreement"), between the Authority and each of the water contractors identified on Exhibit A attached hereto (each, a "City") in connection with the matters referred to herein. As special counsel we have examined and are familiar with (i) documents relating to the existence, organization and operation of the Authority provided to us by the Authority, (ii) certifications by officers of the Authority, (iii) all necessary documentation of the Authority relating to the authorization, execution and delivery of the Agreement, and (iv) an executed counterpart of the Agreement. Terms used herein and not otherwise defined have the respective meanings set forth in the Agreement.

Based upon the foregoing and such examination of law and such other information, papers and documents as we deem necessary or advisable to enable us to render this opinion, including the Constitution and laws of the State of California, together with the resolutions, ordinances and public proceedings of the Authority, we are of the opinion that:

1. The Authority is a joint exercise of powers agency duly created, organized and existing under the laws of the State of California.
2. The Authority has legal right, power and authority to enter into the Agreement and to carry out and consummate all transactions reasonably contemplated thereby, and the Authority has complied with the provisions of applicable law relating to such transactions.
3. The Agreement has been duly authorized, executed and delivered by the Authority, is in full force and effect as to the Authority in accordance with its terms and, subject to the qualifications set forth in the second to the last paragraph hereof, and assuming that each City has all requisite power and authority, and has taken all necessary action, to authorize, execute and deliver such Agreement, the Agreement constitutes the valid and binding obligation of the Authority.
4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the Authority of the Agreement.
5. The authorization, execution and delivery of the Agreement and compliance with the provisions thereof will not conflict with or constitute a breach of, or default under, any instrument

relating to the organization, existence or operation of the Authority, any commitment, agreement or other instrument to which the Authority is a party or by which it or its property is bound or affected, or, to the best of our knowledge, any ruling, regulation, ordinance, judgment, order or decree to which the Authority (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the Authority and its affairs.

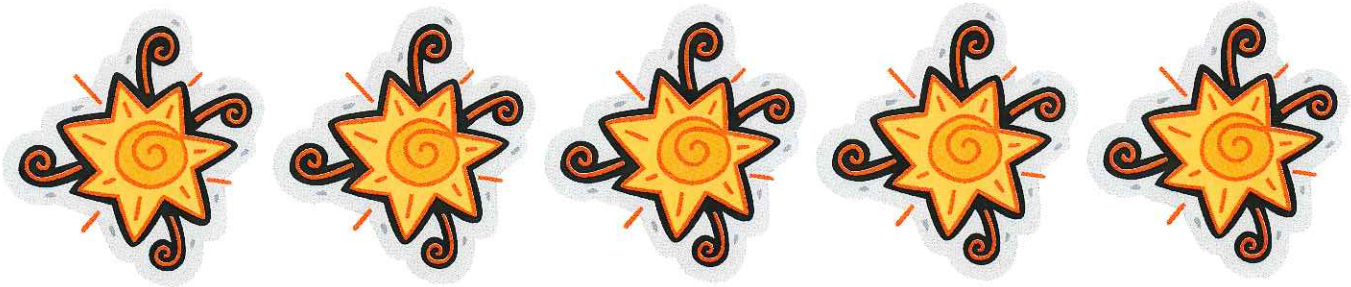
6. There is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body, pending or, to our knowledge, threatened against or affecting the Authority or any of its officers in their respective capacities as such, which questions the powers of the Authority referred to in paragraph 2 above or the validity of the proceedings taken by the Authority in connection with the authorization, execution or delivery of the Agreement, or wherein any unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Agreement, or which, in any way, would adversely affect the validity or enforceability of the Agreement.

The opinion expressed in paragraph 3 above is qualified to the extent that the enforceability of the Agreement may be limited by any applicable bankruptcy, insolvency, reorganization, arrangement, moratorium, or other laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California and provided that no opinion is expressed with respect to any indemnification or contribution provisions contained therein.

This opinion is rendered only with respect to the laws of the State of California and the United States of America and is addressed only to the Authority and the Project Participants. No other person is entitled to rely on this opinion, nor may you rely on it in connection with any transactions other than those described herein.

Respectfully submitted,

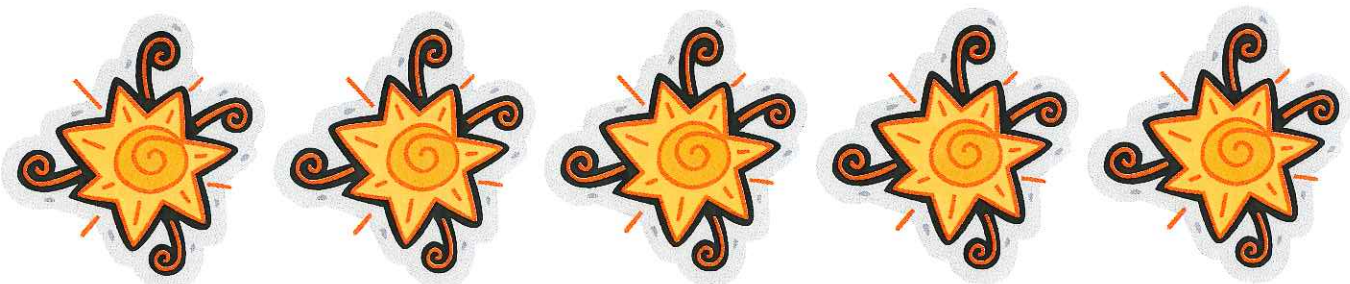
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CHINO BASIN WATERMASTER

IV. INFORMATION

1. Cash Disbursements for August 1, 2010
as of August 25, 2010



Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	08/04/2010	14387	BROWNSTEIN HYATT FARBER SCHRECK		1012 - Bank of America Gen'l Ckg	
Bill	06/30/2010	435336		435336 - Legal expenses	6907.3 - WM Legal Counsel	35,612.55
Bill	06/30/2010	435337		435337 - Santa Ana River	6907.34 - Santa Ana River	562.05
Bill	06/30/2010	435338		435338 - Legal expenses	6907.3 - WM Legal Counsel	21,278.70
TOTAL						57,453.30
Bill Pmt -Check	08/04/2010	14388	APPLIED COMPUTER TECHNOLOGIES	1969	1012 - Bank of America Gen'l Ckg	
Bill	07/31/2010	1969		Database Services - July 2010	6052.2 - Applied Computer Technol	2,107.25
TOTAL						2,107.25
Bill Pmt -Check	08/04/2010	14389	BOWCOCK, ROBERT	7/15/10 Advisory Meeting	1012 - Bank of America Gen'l Ckg	
Bill	07/22/2010	7/15 Advisory Mtg		7/15/10 Advisory Meeting	6311 - Board Member Compensation	125.00
TOTAL						125.00
Bill Pmt -Check	08/04/2010	14390	CAMACHO, MICHAEL	7/02/10 CDA Meeting	1012 - Bank of America Gen'l Ckg	
Bill	07/02/2010	7/02 CDA Meeting		7/02/10 CDA Meeting	6311 - Board Member Compensation	125.00
Bill	07/09/2010	7/09 Admin Mtg		7/09/10 Admin Meeting	6311 - Board Member Compensation	125.00
Bill	07/15/2010	7/15 Advisory Comm		7/15/10 Advisory Committee Meeting	6311 - Board Member Compensation	125.00
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 - Board Member Compensation	125.00
Bill	07/23/2010	7/23 CDA Meeting		7/23/10 CDA Meeting	6311 - Board Member Compensation	125.00
Bill	07/29/2010	7/29 Admin Mtg		7/29/10 Admin Meeting	6311 - Board Member Compensation	125.00
Bill	07/30/2010	7/30 CDA Meeting		7/30/10 CDA Meeting	6311 - Board Member Compensation	125.00
TOTAL						875.00
Bill Pmt -Check	08/04/2010	14391	CITISTREET	Payroll and Taxes for 07/11/10-07/24/10	1012 - Bank of America Gen'l Ckg	
General Journal	07/24/2010	07/11/10-07/24/10		Staff's 457 Retirement Deductions	2000 - Accounts Payable	1,321.09
TOTAL						1,321.09
Bill Pmt -Check	08/04/2010	14392	FEENSTRA, BOB	7/22/10 Board Meeting	1012 - Bank of America Gen'l Ckg	
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						125.00
Bill Pmt -Check	08/04/2010	14393	HAUGHEY, TOM	7/22/10 Board Meeting	1012 - Bank of America Gen'l Ckg	
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						125.00
Bill Pmt -Check	08/04/2010	14394	HSBC BUSINESS SOLUTIONS	7003-7309-1000-2744	1012 - Bank of America Gen'l Ckg	
Bill	07/30/2010	7003730910002744		misc. office supplies - drinks, coffee, paper goods	6031.7 - Other Office Supplies	418.13

CHINO BASIN WATERMASTER
Cash Disbursements for the Period
August 1, 2010 - August 25, 2010

For Informational Purposes Only

Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						418.13
Bill Pmt -Check	08/04/2010	14395	INLAND EMPIRE UTILITIES AGENCY	1800001728	1012 - Bank of America Gen'l Ckg	
Bill	07/30/2010	1800001728		Fee for OC59 Wheeling charge	6031.7 - Other Office Supplies	122.14
TOTAL						122.14
Bill Pmt -Check	08/04/2010	14396	JAMIES JOHNSTON	205	1012 - Bank of America Gen'l Ckg	855.00
Bill	07/31/2010	205		Website Services - July 2010	6053 - Internet Expense	855.00
TOTAL						855.00
Bill Pmt -Check	08/04/2010	14397	KUHN, BOB	7/22/10 Board Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						125.00
Bill Pmt -Check	08/04/2010	14398	PARK PLAGE COMPUTER SOLUTIONS, INC.	441	1012 - Bank of America Gen'l Ckg	3,600.00
Bill	07/31/2010	441		IT Services - July 2010	6052.1 - Park Place Comp Solu	3,600.00
TOTAL						3,600.00
Bill Pmt -Check	08/04/2010	14399	PIERSON, JEFFREY	7/22/10 Board Meeting	1012 - Bank of America Gen'l Ckg	125.00
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						125.00
Bill Pmt -Check	08/04/2010	14400	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 - Bank of America Gen'l Ckg	6,946.90
General Journal	07/24/2010	07/11/10-07/24/10		CalPERS for 07/11/10-07/24/10	2000 - Accounts Payable	6,946.90
TOTAL						6,946.90
Bill Pmt -Check	08/04/2010	14401	PURCHASE POWER	8000909000168851	1012 - Bank of America Gen'l Ckg	2,518.61
Bill	07/30/2010	8000909000168851		postage refill and check to SWRCB	6042 - Postage - General	2,518.61
TOTAL						2,518.61
Bill Pmt -Check	08/04/2010	14402	STAPLES BUSINESS ADVANTAGE	8016063339	1012 - Bank of America Gen'l Ckg	187.43
Bill	07/24/2010	8016063339		misc. office supplies - pens, folders, corr. tape	6031.7 - Other Office Supplies	187.43
TOTAL						187.43
Bill Pmt -Check	08/04/2010	14403	VANDEN HEUVEL, GEOFFREY	6311	1012 - Bank of America Gen'l Ckg	125.00
Bill	07/02/2010	7/02 CDA Meeting		7/02/10 CDA Meeting	6311 - Board Member Compensation	125.00
Bill	07/09/2010	7/09 CDA Meeting		7/09/10 CDA Meeting	6311 - Board Member Compensation	125.00
Bill	07/23/2010	7/23 CDA Meeting		7/23/10 CDA Meeting	6311 - Board Member Compensation	125.00
Bill	07/30/2010	7/30 CDA Meeting		7/30/10 CDA Meeting	6311 - Board Member Compensation	125.00
TOTAL						125.00

CHINO BASIN WATERMASTER
Cash Disbursements for the Period
August 1, 2010 - August 25, 2010

For Informational Purposes Only

Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						500.00
Bill Pmt -Check	08/04/2010	14404	VERIZON		1012 - Bank of America Gen'l Ckg	
Bill	07/30/2010	012519116950792103		communication services - July 2010	6022 - Telephone	438.74
Bill	08/03/2010	012561121521714508		communication services - July 2010	7405 - PE4-Other Expense	156.45
TOTAL						595.19
Bill Pmt -Check	08/04/2010	14405	WHITEHEAD, MICHAEL	7/22/10 Board Meeting	1012 - Bank of America Gen'l Ckg	
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						125.00
Bill Pmt -Check	08/04/2010	14406	WILLIS, KENNETH		1012 - Bank of America Gen'l Ckg	
Bill	07/21/2010	7/21 Agenda Mtg		7/21/10 Agenda Meeting	6311 - Board Member Compensation	125.00
Bill	07/22/2010	7/22 Board Meeting		7/22/10 Board Meeting	6311 - Board Member Compensation	125.00
TOTAL						250.00
Bill Pmt -Check	08/04/2010	14407	YUKON DISPOSAL SERVICE	08-K2 213849	1012 - Bank of America Gen'l Ckg	
Bill	08/03/2010	08-K2 213849		Service for August 2010	6024 - Building Repair & Maintenance	177.88
TOTAL						177.88
Bill Pmt -Check	08/05/2010	14408	FIVE STAR CATERING		1012 - Bank of America Gen'l Ckg	
Bill	08/04/2010			deposit to caterer for Strategic Planning Conf.	6191 - Conferences - General	2,744.04
TOTAL						2,744.04
Bill Pmt -Check	08/05/2010	14409	FRONTIER PROJECT FOUNDATION	fee for rental Strategic Planning Conference Oct	1012 - Bank of America Gen'l Ckg	
Bill	08/04/2010			fee for rental Strategic Planning Conference	6193.1 - Strategic Planning Conference	700.00
TOTAL						700.00
Bill Pmt -Check	08/05/2010	14410	SIERRA LAKES GOLF CLUB	Deposit due for Oct. 3, 2010 Golf Tournament	1012 - Bank of America Gen'l Ckg	
Bill	08/04/2010				6193.1 - Strategic Planning Conference	200.00
TOTAL						200.00
General Journal	08/07/2010	07/25/10-08/07/10	Payroll and Taxes for 07/25/10-08/07/10	Payroll and Taxes for 07/25/10-08/07/10	1014 - Bank of America P/R Ckg	
				Payroll Taxes for 07/25/10-08/07/10	1012 - Bank of America Gen'l Ckg	7,204.70
				Direct Deposits for 07/25/10-08/07/10	1012 - Bank of America Gen'l Ckg	25,427.95
TOTAL						32,632.65
Bill Pmt -Check	08/13/2010	14411	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						

CHINO BASIN WATERMASTER
Cash Disbursements for the Period
August 1, 2010 - August 25, 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	08/13/2010	14412	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14413	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14414	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14415	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14416	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14417	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14418	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14419	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14420	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14421	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14422	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14423	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14424	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						

TOTAL 97

CHINO BASIN WATERMASTER
Cash Disbursements for the Period
August 1, 2010 - August 25, 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	08/13/2010	14425	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14426	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14427	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14428	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14429	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14430	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14431	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14432	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14433	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14434	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/13/2010	14435	TEST CHECK	VOID: POSITIVE PAY TEST CHECK	1012 - Bank of America Gen'l Ckg	
TOTAL						
Bill Pmt -Check	08/17/2010	14436	FIRST AMERICAN REAL ESTATE SOLUTIONS	12913434	1012 - Bank of America Gen'l Ckg	62.50
Bill	07/31/2010	12923434		12913434	7103.7 - Grdwtr Qual-Computer Svc	62.50
TOTAL					7101.4 - Prod Monitor-Computer	125.00

CHINO BASIN WATERMASTER
Cash Disbursements for the Period
August 1, 2010 - August 25, 2010

For Informational Purposes Only

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	08/17/2010	14437	PAYCHEX	2010072900	1012 - Bank of America Gen'l Ckg	255.02
Bill	07/31/2010	2010072900		July 2010	6012 - Payroll Services	255.02
TOTAL						
Bill Pmt -Check	08/17/2010	14438	PUMP CHECK	3902	1012 - Bank of America Gen'l Ckg	1,140.00
Bill	07/31/2010	3902		3902 - In-Line - Calib & Test	7102.8 - In-Line - Calib & Test	56.25
				3902 - In-Line Meters	7102.7 - In-line Meters	1,196.25
TOTAL						
Bill Pmt -Check	08/17/2010	14439	SAFEGUARD DENTAL & VISION	3255122	1012 - Bank of America Gen'l Ckg	7.91
Bill	07/31/2010	3255122		Dental premium for August 2010	60182.2 - Dental & Vision Ins	7.91
TOTAL						
Bill Pmt -Check	08/17/2010	14440	STREETWIZE	84424	1012 - Bank of America Gen'l Ckg	64.65
Bill	08/12/2010	84424		change hours of operation on front door	6031.7 - Other Office Supplies	64.65
TOTAL						
Bill Pmt -Check	08/17/2010	14441	THE STANDARD INSURANCE COMPANY	160-513170-00006	1012 - Bank of America Gen'l Ckg	313.12
Bill	08/12/2010	16051317000006		Dental insurance premium - September 2010	60182.2 - Dental & Vision Ins	313.12
TOTAL						
Bill Pmt -Check	08/17/2010	14442	W.C. DISCOUNT MOBILE AUTO DETAILING	Truck washing service	1012 - Bank of America Gen'l Ckg	100.00
Bill	08/12/2010			truck washing 4 trucks	6177 - Vehicle Repairs & Maintenance	100.00
TOTAL						
Bill Pmt -Check	08/17/2010	14443	WESTERN DENTAL SERVICES, INC.	002483	1012 - Bank of America Gen'l Ckg	28.06
Bill	08/12/2010	002483		Dental premium - September 2010	60182.2 - Dental & Vision Ins	28.06
TOTAL						
Bill Pmt -Check	08/18/2010	14444	BANC OF AMERICA LEASING	011591268	1012 - Bank of America Gen'l Ckg	3,913.48
Bill	08/17/2010	011591268		Minota lease - billing period 08/01/10-08/31/10	6043.1 - Ricoh Lease Fee	3,913.48
TOTAL						
Bill Pmt -Check	08/18/2010	14445	CALPERS	1741	1012 - Bank of America Gen'l Ckg	3,758.46
Bill	08/17/2010	1741		Medical insurance premium - September 2010	60182.1 - Medical Insurance	3,758.46
TOTAL						
Bill Pmt -Check	08/18/2010	14446	CITISTREET	Payroll and Taxes for 07/25/10-08/07/10	1012 - Bank of America Gen'l Ckg	1,829.87
General Journal	08/07/2010	07/25/10-08/07/10	CITISTREET	Staff 457 retirement deductions	2000 - Accounts Payable	1,829.87
TOTAL						

CHINO BASIN WATERMASTER
Cash Disbursements for the Period
August 1, 2010 - August 25, 2010

For Informational Purposes Only

Type	Date	Num	Name	Memo	Account	Paid Amount
TOTAL						1,829.87
Bill Pmt -Check	08/18/2010	14447	COMPUTER NETWORK	79163 port switch	1012 · Bank of America Gen'l Ckg 6055 · Computer Hardware	41.33
Bill	08/12/2010	79163				41.33
TOTAL						
Bill Pmt -Check	08/18/2010	14448	CUCAMONGA VALLEY WATER DISTRICT	Lease due September 1, 2010	1012 · Bank of America Gen'l Ckg	5,792.00
Bill	08/16/2010			Lease due September 1, 2010	1422 · Prepaid Rent	5,792.00
TOTAL						
Bill Pmt -Check	08/18/2010	14449	GUARANTEED JANITORIAL SERVICE, INC.	28092 service -August 2010	1012 · Bank of America Gen'l Ckg	865.00
Bill	08/17/2010	28092			6024 · Building Repair & Maintenance	865.00
TOTAL						
Bill Pmt -Check	08/18/2010	14450	MCI	66084522	1012 · Bank of America Gen'l Ckg	1,235.80
Bill	08/17/2010	66084522		66084522 - Internet service	6053 · Internet Expense	1,235.80
TOTAL						
Bill Pmt -Check	08/18/2010	14451	PRE-PAID LEGAL SERVICES, INC.	111802 August 2010	1012 · Bank of America Gen'l Ckg	77.70
Bill	08/17/2010	111802			60194 · Other Employee Insurance	77.70
TOTAL						
Bill Pmt -Check	08/18/2010	14452	PREMIERE GLOBAL SERVICES	03282737	1012 · Bank of America Gen'l Ckg	823.75
Bill	07/31/2010	03282737		CDA calls on 6/30, 7/02, 7/07, 7/09, 7/14, 7/16, 7/21 7305 · PE3&5-Supplies 7/07 water auction call, 7/08 CGC call, 7/10 SEIR cr 6909.1 · OBMP Meetings 7/01 Non Agricultural Pool Meeting call monthly fee	416.12 107.96 9.95	
TOTAL						1,357.78
Bill Pmt -Check	08/18/2010	14453	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	Payor #3493	1012 · Bank of America Gen'l Ckg	6,950.53
General Journal	08/07/2010	07/25/10-08/07/10	PUBLIC EMPLOYEES' RETIREMENT SYSTEM	CalPens retirement payments	2000 · Accounts Payable	6,950.53
TOTAL						
Bill Pmt -Check	08/18/2010	14454	REID & HELLNER	170918	1012 · Bank of America Gen'l Ckg	8,373.00
Bill	07/31/2010	170918		170918 - Ag Pool Legal services 170918 - Ag Pool Legal services	8467 · Ag Legal & Technical Services 8467.1 · Frank B. & Associates	962.50
TOTAL						9,335.50
Bill Pmt -Check	08/18/2010	14455	STAULA, MARY L		1012 · Bank of America Gen'l Ckg	

CHINO BASIN WATERMASTER
Cash Disbursements for the Period
August 1, 2010 - August 25, 2010

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill	08/31/2010			Retiree Medical premium	60182.4 · Retiree Medical	136.61
TOTAL						136.61
Bill Pmt -Check	08/18/2010	14455	UNION 76	300-732-989	1012 · Bank of America Gen'l Ckg	190.19
Bill	07/31/2010	300732989		Fuel expense - July 2010	6175 · Vehicle Fuel	190.19
TOTAL						190.19
Bill Pmt -Check	08/18/2010	14457	UNITED PARCEL SERVICE	2x81x0	1012 · Bank of America Gen'l Ckg	103.24
Bill	07/31/2010	2x81x0		miscellaneous correspondence	6042 · Postage - General	103.24
TOTAL						103.24
Bill Pmt -Check	08/18/2010	14458	VERIZON WIRELESS	0894094256	1012 · Bank of America Gen'l Ckg	528.90
Bill	08/17/2010	0894094256		monthly service	6022 · Telephone	528.90
TOTAL						528.90
Bill Pmt -Check	08/23/2010	14459	BANK OF AMERICA	4024-4200-0193-9341	1012 · Bank of America Gen'l Ckg	12.00
Bill	07/31/2010	4024420001939341		savings club	6031.7 · Other Office Supplies	12.00
Bill Pmt -Check	08/23/2010	14459	BANK OF AMERICA	to purchase licenses for anti virus software	6054 · Computer Software	250.00
Bill	07/31/2010	4024420001939341		travel expenses for Ben Pak	6191 · Conferences - General	1,127.60
Bill Pmt -Check	08/23/2010	14459	BANK OF AMERICA	lunch for 7/22/10 Watermaster Board Meeting	6212 · Meeting Expense	285.19
Bill	07/31/2010	4024420001939341				1,674.79
TOTAL						1,674.79
Bill Pmt -Check	08/25/2010	14460	AMERICAN WATER WORKS ASSOCIATION	7000256584	1012 · Bank of America Gen'l Ckg	201.00
Bill	08/23/2010	7000256584		membership dues - D. Maurizio	6111 · Membership Dues	201.00
TOTAL						201.00
Bill Pmt -Check	08/25/2010	14461	BROWNSTEIN HYATT FARBNER SCHRECK	435651 - General expense	1012 · Bank of America Gen'l Ckg	16,732.96
Bill	07/31/2010	435651		435651 - Desalter negotiations	6907.3 · WM Legal Counsel	1,206.00
Bill Pmt -Check	08/25/2010	14461	BROWNSTEIN HYATT FARBNER SCHRECK	435651 - Santa Ana Sucker	6907.33 · Desalter Negotiations	1,026.00
Bill	07/31/2010	435651		435651 - Paragraph 31 motion	6907.36 · Santa Ana Sucker	1,583.55
Bill Pmt -Check	08/25/2010	14461	BROWNSTEIN HYATT FARBNER SCHRECK	435651 - Chino Airport Plume	6907.35 · Purchase & Sale Agreement NOI	171.00
Bill	07/31/2010	435651		435651 - Santa Ana River Application	6907.32 · Chino Airport Plume	310.79
Bill Pmt -Check	08/25/2010	14461	BROWNSTEIN HYATT FARBNER SCHRECK	435653 - Ontario Airport Plume	6907.34 · Santa Ana River	126.90
Bill	07/31/2010	435653		435654 - Chino Airport Plume	6907.31 · Ontario Airport Plume	29,017.57
Bill Pmt -Check	08/25/2010	14461	BROWNSTEIN HYATT FARBNER SCHRECK	435655 - Desalter Negotiations	6907.32 · Chino Airport Plume	29,224.95
Bill	07/31/2010	435655		435656 - Paragraph 31 motion	6907.33 · Desalter Negotiations	20,442.60
Bill Pmt -Check	08/25/2010	14461	BROWNSTEIN HYATT FARBNER SCHRECK	435657 - Santa Ana Sucker	6907.35 · Purchase & Sale Agreement NOI	4,321.09
Bill	07/31/2010	435657			6907.36 · Santa Ana Sucker	104,163.32
TOTAL						104,163.32

Type	Date	Num	Name	Memo	Account	Paid Amount
Bill Pmt -Check	08/25/2010	14462	GLOBAL PRESENTER.COM	51942	1012 - Bank of America Gen'l Ckg	
Bill	08/23/2010	51942		balance due-Digital Audio Recorder-Boardroom	6055 - Computer Hardware	3,129.89
TOTAL						
Bill Pmt -Check	08/25/2010	14463	KONICA MINOLTA BUSINESS SOLUTIONS		1012 - Bank of America Gen'l Ckg	
Bill	08/23/2010	215463702		Minolta - copier charge	6043.2 - Ricoh Maintenance Fee	0.15
Bill	08/23/2010	215463703		Minolta - copier charge	6043.2 - Ricoh Maintenance Fee	11.36
Bill	08/23/2010	215463704		Minolta - copier charge	6043.2 - Ricoh Maintenance Fee	0.90
TOTAL						
Bill Pmt -Check	08/25/2010	14464	VISION SERVICE PLAN	00-101789-0001	1012 - Bank of America Gen'l Ckg	
Bill	08/23/2010	001017890001		Vision insurance premium - September 2010	60182.2 - Dental & Vision Ins	64.98
TOTAL						
					Total Disbursements:	262,407.40

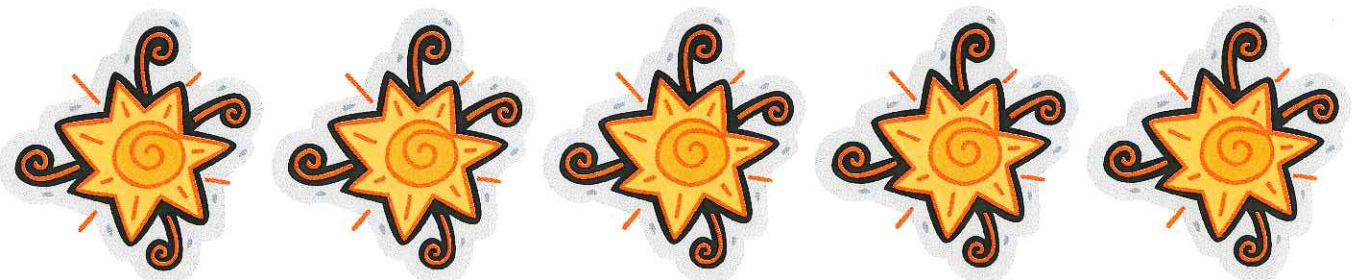
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CHINO BASIN WATERMASTER

IV. INFORMATION

2. Newspaper Articles





R.C. group goes on tour of state water project

By Wendy Leung Staff Writer

Posted: 08/19/2010 11:00:00 PM PDT

The Cucamonga Valley Water District - through its publications, water bills and public meetings - hammers out the message of water conservation ad nauseam.

But just in case the message isn't fully absorbed, the agency that brings water to Rancho Cucamonga and portions of its neighboring cities invites a group of business and community leaders every two years to Northern California for a tour of the State Water Project.

Thirty people representing businesses and local government agencies recently returned from a three-day journey to the Sacramento region to learn just how far water has to travel from the Delta to the tap. The lesson surprised many.

"This experience was really eye-opening," said Planning Commissioner Frances Howdysshell. "I didn't realize how rich and

critical the Delta is."

Howdysshell said most residents just aren't aware of the long journey their water travels before ending in their Southern California homes. About half of the water supply from the district comes from Northern California.

"All we know is we turn our faucets on and it's there," she said.

Since 2006, the water district has led a group of community leaders on a cross-state tour in the hopes that more people will understand the fragile system that transports one of California most precious and rapidly depleting commodity.

Jo Lynne Russo-Pereyra, assistant general manager of the water district, said the goal is to turn people

in community leadership roles into "ambassadors of water conservation."

The tour, a sort of field trip for adults, started on May 21 at the Oroville Dam, some 500 miles north of the water district where much of the water used in Central and Southern California originate.

The dam, the tallest in the nation, looked a lot less full than it did to those visiting in

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years past. Thanks to the years-long drought, the dam was only 65 percent full.

Also on the agenda was a visit to a salmon hatchery, a tour of a water pumping plant in Tracy and a farm in Los Banos. The group learned about the possible impact of a massive earthquake and how it could completely cripple the entire water delivery system.

They also received an update on legislation that could bring what many water officials view as much-needed infrastructure improvements to the state project.

Last week, the Legislature voted to postpone the \$11 billion water bond until the 2012 ballot. Proposition 18, originally on the ballot in November, aims to steer funding to groundwater protection, drought relief and other water programs.

Rebecca Davies, an Alta Loma School District board member, said after she took the tour, she realized there needs to be a "paradigm shift" in the way we think about the water supply.

"We can't continue to depend on Northern California," Davies said.

Another water district-led tour is in the

works for 2012.

Information: 909-987-2591, www.cvwdwater.com

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