

**Draft *Verbatim* Minutes**  
**CHINO BASIN WATERMASTER**  
**NON-AGRICULTURAL POOL CONFERENCE CALL MEETING**  
**AND SEPARATE CONFIDENTIAL SESSION CONFERENCE CALL MEETING**  
March 4, 2010

The Non-Agricultural Pool Meeting was held via conference call using the Chino Basin Watermaster conference call number on March 4, 2010 at 2:30 p.m. The Non-Agricultural Pool Confidential Session was held via conference call using a confidential number provided by Bob Bowcock and/or Kevin Sage on March 4, 2010 for the confidential session item VII.

**NON-APPROPRIATIVE POOL MEMBERS PRESENT ON CALL**

Bob Bowcock, Chair	Vulcan Materials (Calmat Division)
Brian Geye	California Speedway
Steve Arbelbide	California Steel Industries
Mohamed El-Amamy	City of Ontario
David Penrice	Aqua Capital Management LP
David Starnes	Swan Lake Mobile Home Park
Curtis Stubbings	Praxair, Inc.
James Jenkins	San Bernardino County, Department of Airports
Jeff Wells	California Steel Industries
Shaun Arena	San Bernardino County, Department of Airports

**Watermaster Staff Present at Watermaster**

Kenneth R. Manning	Chief Executive Officer
Sherri Lynne Molino	Recording Secretary

**Watermaster Consultants Present at Watermaster**

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

**Others Present on Conference Call**

Allen Hubsch	Hogan & Hartson LLP
--------------	---------------------

**Others Present at Watermaster**

Eunice Ulloa	Chino Basin Water Conservation District
Jennifer Novak	State of California, Department of Justice
John Mura	City of Chino Hills
Ken Jeske	City of Ontario
John Schatz	John Schatz, Attorney at Law
Dave Crosley	City of Chino
Robert DeLoach	Cucamonga Valley Water District

**Bob Bowcock:** It is 2:32 p.m. and I would ask the secretary, Sherri Lynne Molino, to make a roll call of the members of the Non-Agricultural Pool present.

**Sherri Lynne Molino:** Do you want me to do it by name or by company?

**Bob Bowcock:** You can do it however you like darling.

**Ken Manning:** It's easier by company and if the person could identify their name that would be great.

**Sherri Lynne Molino:** Called each company name for the members of the Overlying Non-Agricultural Pool.

**Mohamed El-Amamy:** The City of Ontario is present.

**Sherri Lynne Molino:** Continued to call each company name.

Vulcan Materials, Company – *Bob Bowcock is here*  
Ameron Steel – *no response*  
Angelica Textile Services – *no response*  
California Speedway – *Brian Geye is here*  
California Steel Industries (CSI) – *Jeff Wells is here*  
CCG Ontario, LLC - *Mohammed El-Amamy*

**Ken Manning:** Asked of Mohamed who he represents and Mohamed responded, City of Ontario

[City of Ontario – *Previously stated – recording secretary did not call City of Ontario*]  
General Electric Company (Geomatrix) – *no response*  
Aqua Capital Management LP – *Present Dave Penrice is here*

**Bob Bowcock:** Identify yourself Aqua Capital Management please.

**Dave Penrice:** *Dave Penrice, Aqua Capital.*

KCO,LLC/The Koll Company – *no response*  
San Antonio Winery – *no response*  
Swan Lake Mobil Home Park – *David Starnes is here*  
Praxair, Inc. – *Curtis Stubbings is here*  
Reliant Energy – *no response*  
San Bernardino County – *no response*  
San Bernardino County, Dept of Airports – *Shaun Arena, Chino Airport*  
Southern California Edison – *no response*  
Space Center Mira Loma – *no response*  
Sunkist Growers Incorporated – *no response*  
West Venture Development – *no response*

**Sherri Lynne Molino:** That is it.

**Bob Bowcock:** I apologize, but I will go ahead and intervene now because the City of Ontario is actually an intervening party, and as an individual party shall be called as part of the roll call. While we still call Sunkist because it is yet to be determined whether they intend to produce water, now or ever again in the future. However, Ontario has intervened and they should be called as party for the roll call.

**?:** California Steel is present.

**Bob Bowcock & Ken Manning:** Name?

**Steve Arbelbide:** Steve.

**Bob Bowcock:** Would you like to include, Sherri, the City of Ontario as a participating party as part of the roll call please?

**Ken Manning:** Yes, we already got that.

**Sherri Lynne Molino:** City of Ontario?

**Mohamed El-Amamy:** Yes, this is Mohamed present.

**Bob Bowcock:** Thank you, Mohamed. Okay, the roll call has been made by the secretary. At this time before us is the consent calendar item IA, the intervention into the Agricultural Pool of Rafael Treto of the Agricultural Pool. I will call for a motion of the approval of the consent calendar.

?: Motion

**Bob Bowcock:** Can you state who made the motion please.

?: Auto Club Speedway.

**Bob Bowcock:** Auto Club Speedway made a motion to approve the intervention of the Agricultural Pool. May I have a second?

?: California Steel.

**Bob Bowcock:** California Steel has made a second; all those in favor? Gentlemen, insomuch as this is a voice message call in, whatever you would like to call this virtual meeting of the Non-Agricultural Pool, I need a roll call vote for that purpose. Secretary, will you please call a roll call vote of the intervention under the consent calendar item IA?

**Mohamed El-Amamy:** Bob, this is Mohamed of the City of Ontario. Could I make a few comments and ask a couple questions before we take an action on this item?

**Bob Bowcock:** Absolutely sir.

**Mohamed El-Amamy:** The questions I have are of the meeting itself. I know that we had a lot of special meetings as a conference call, and this is the first time we called in for a regular meeting scheduled as a conference call. I appreciate that convenience of having that and to be able to participate in the meeting. My question is, is there any issue or any challenge to taking this meeting as a conference call?

**Bob Bowcock:** If you are asking specifically to the question of Cucamonga County Water District's General Manager, Robert DeLoach, he has lodged a question or concern of a conference call meeting. By virtue of the fact that that question is in place, and you have placed it into question as part of the oral discussion, I would ask that our counsel advise us, as the Non-Agricultural Pool, as to the legality of conducting a meeting of such. It is important to recognize that many of the parties of the Non-Agricultural Pool, for a matter of convenience, are located throughout the southern California, and in fact, for some parties outside of the State of California – General Electric designee participates from the state of Pennsylvania by way of example. And so it is more convenient for those parties to participate via a conference call. So with that I would like our counsel to provide us legal advice as to the legality of conducting a phone call meeting. Allen, if you are present please advise.

**Allen Hubsch:** Yea, Robert DeLoach, of the Appropriative Pool, asked this question by email a couple of days ago, or maybe it was yesterday. Um, he asked and maybe Mohamed is asking whether under the Brown Act, which is a state law that relates to meetings of what are called local agencies, a meeting can be held telephonically. Ah, the Brown Act provides that meetings can be held telephonically. Um, there is an issue that I don't think has been resolved about whether the Watermaster Board is a Brown Act entity, I have heard Watermaster counsel say unequivocally that the Watermaster Board is not a Brown Act entity, um, and there has been various explanations about why the Watermaster Board may on some occasions comply, and apparently on other occasions the Watermaster Board elects not to comply with the Brown Act. I don't think we need to go into any of that for the purpose of this call. There could be a difference about whether this particular Pool is a Brown Act entity. Ah, certainly none of the members of the Pool other than the City of Ontario are governmental agencies. Although, check that, the County of San Bernardino Airport is probably a governmental agency. Clearly, the majority of members are not

governmental agencies. In any event, the Brown Act, assuming it applies, provides specifically for telephonic meetings.

**Bob Bowcock:** Mohammed, does that answer your question sufficiently?

**Mohamed El-Amamy:** It does, and I guess my second question is, is this a permanent change for a new format or is it just one time change, or does it require any type of procedural change with Watermaster assist that?

**Bob Bowcock:** I do not have an opinion about that. Um, I would solicit opinions from our membership at large, but I would share with you as the chairman, at this time, I anticipate this would not be a permanent change and hope that we are re-unified with our brother Pool, the Appropriative Pool, for joint meetings as soon as possible.

**Mohamed El-Amamy:** My next question is in terms of a quorum. I know that we used to jointly meet with the Appropriative Pool. Does this now require a different counting for the quorum?

**Bob Bowcock:** I would seek counsel advice of both Allen and the Watermaster counsel in that, once the Board of the Pool is or has been elected, it is my belief, and I always stand readily corrected by counsel that once the Board is put in place the volume vote no longer has as much bearing, with the exception of the expenditure column of business, meaning that for regular and routine voting that the Pool has its majority present. However, if we are going to get into the issue of taxation without representation, at that time a volume vote may be called. Because that is of a much more pertinent business question. However, when we are conducting routine and regular business it's a majority of those present. And as I started this conversation or opinion, it was with consternation that I stand readily available for correction.

**Mohamed El-Amamy:** My last question regarded when people identify themselves as to whom they represent and also indicate the entity voting even if it is a unanimous vote that (*recording secretary cannot hear or understand the last few words of his sentence*)

**Bob Bowcock:** Yes, thank you very much for that point Mohamed. What I would like to do is because this is a apparently new world. However, I have participated in scores of Watermaster conference calls, but because we're going to take this new approach to life, what I would like to do is ensure everyone has the availability to both hear and communicate loud and clear and that you all have the opportunity and availability to attend this meeting at the Watermaster offices in the city of Rancho Cucamonga, California, at the regular point. Both the executive officer of the Watermaster and staff are present at that location as is the secretary to this Pool, so we both have the availability of a local location as well as the fact that we hope in 2010 all electronic communications can be heard and appropriately communicated. If anyone has any trouble hearing, I would encourage you to voice that at this time.

**Mohamed El-Amamy:** Thank you Mr. Chairman, that concludes my questions.

**Bob Bowcock:** Great, thank you. And as to the issue of the Brown Act and compliance with the Brown Act, I'll opine for a brief moment, as a non attorney, but yet someone who's been on the other side Mr. Richard McGee, who's very-very astute at suing local agencies for failure to comply with the Brown Act. His success has been in the fact that the Brown Act says that if a majority of any body is made up of public agencies, which I am currently of the belief of that the Non-Agricultural Pool is not, however, the Appropriative Pool is. I would caution that the Appropriative Pool more routinely and regularly would assert themselves to follow the Brown Act because they are indeed made up primarily of public agencies, while the Agricultural Pool and the Non-Agricultural Pool are not, they most likely if we contact Mr. Richard McGee, over at the City of Laverne, where he is currently a planning commissioner, and where my daughter is an associate planner; we can call him and ask him what his opinion might be of this subject. That being said, we'll move on, on the agenda. There is a motion on the floor to approve the Advisory Committee minutes or the...

**Ken Manning:** The consent calendar.

**Bob Bowcock:** Or the consent calendar, there is a motion and a second. I call for the secretary to call a roll call vote.

**Sherri Lynne Molino:** Called by name the Non-Agricultural Pool roll call vote.

Bob Bowcock: yes  
Brian Geye: yes  
Steve Arbelbide: yes  
Jeff Wells: [It was noted Steve Arbelbide is the voter from California Steel Industries and not Jeff Wells]  
Mohamed El-Amamy: yes  
David Penrice: yes  
David Starnes: yes  
Curtis Stubbings: yes  
James Jenkins: yes  
Shaun Arena: yes

**Sherri Lynne Molino:** That's all I have

**Ken Manning:** Are there any other members on line after we took roll call? Alright unanimous vote in favor.

**Bob Bowcock:** Thank you. That moves us to the second item on the agenda which would be the business items. Staff, do you have any business items to present at this time?

**Ken Manning:** Actually I do, but you don't want to hear them. So....

**Bob Bowcock:** I don't know what you are talking about.

**Ken Manning:** There were items on the original agenda having to do with the minutes and all of those things and you asked not to have those on, so.....

**Bob Bowcock:** Okay. Um, for the benefit Mr. Manning's comment, the Non-Agricultural Pool is concerned with the minutes as they have been historically presented and have decided to take path on those. When it becomes appropriate, we will review those, make the corrections, and vote on them at that time. We are also very concerned as to the financial statements, who's being paid what, when, why, where, and how. And insomuch as we are no longer privileged to that information we will not take action at this time. So it was the desire of counsel and the chairman of this committee to pass on the business items. That brings us to item number III reports and updates.

**Mohamed El-Amamy:** A question before that, on that item.

**Bob Bowcock:** Yes sir Mohamed go right ahead.

**Mohamed El-Amamy:** This is a question toward Mr. Ken Manning. Is action required by each Pool on those items on the consent calendar?

**Ken Manning:** The minutes are not...if the Pool decides they don't want to take action on the minutes and they want clarifications made to the minutes, that is appropriate to not take action on those. If the Pool decides not to take action on the financial statements and those things that are on the agenda, it will have the affect of actually a neutral vote when it goes to the Advisory Committee where those same items will be on the agenda, and voted on. So the Pool does not have to action on those and usually guidance is given to staff on those items by the Pool's at the time it comes to them; but the fact the Pool does not take action does not mean it will not go to the Advisory Committee.

**Mohamed El-Amamy:** Thank you.

**Bob Bowcock:** Are there any other reports or updates?

**Ken Manning:** None.

**Bob Bowcock:** Information items?

**Ken Manning:** Just those that are in the newspapers that are in the original package sent out.

**Bob Bowcock:** Any other Pool member comments at this time?

**David Starnes:** Yes, this is David Starnes from Swan Lake.

**Bob Bowcock:** Yes sir.

**David Starnes:** Yes, we all received via email the memorandum from Michael Fife in regards to the Non-Ag Pool's water in storage after the transfer or supposed transfer.

**Bob Bowcock:** Yes sir.

**David Starnes:** Question is, they're talking about California Steel having an actual negative balance in their account, but there is no accounting spreadsheet or anything that tells what all the other Pool members ended up with because it sounds like there's been adjustments that are different than previously rendered.

**Allen Hubsch:** Well, this is Allen Hubsch, ugh-ugh, this is something I think we are going to talk about in closed session David.

**David Starnes:** Well, that's fine; I wasn't sure where I should present that question.

**Allen Hubsch:** Yea, if you specifically want staff to, ugh you know, explain something to you, you are welcome to do that because they of course won't be in the confidential session.

**David Starnes:** Okay, that's fine. We will wait for the confidential session.

**Bob Bowcock:** Unless it or I would like to in a matter of fairness and clarity offer staff an opportunity to discuss that. Staff would you like to address the question?

**Ken Manning:** If the question is...are you throwing this open to open session or are you just going to cover this in closed session?

**Bob Bowcock:** No I'm... a member of the Pool has expressed has expressed a question and um it was a question directed to staff. Is there an Excel spreadsheet explaining, and David please, um allow me to articulate your question and if I am wrong correct me. However, that question is as I understood it was do you have an explanation other than the fact that California Steel will find itself in a negative position as prescribed in a Brownstein memorandum that has a covered staff report upon it, um does the staff have any comment or explanation?

**Ken Manning:** Actually, we do have a spreadsheet that does reflect that, um it's been constructed by Watermaster and if you... the transaction takes place the way Watermaster has conducted it, up to this point. There are three entities that would have negative balances; California Steel Industries would have a replenishment obligation of 185.9 acre-feet, RRI would have 10.8 and San Bernardino County Airports would have 10.8 acre-feet as well of un-replenished obligation based upon the formulas that we have used. We do have a spreadsheet that makes that known and I was under the understanding that it had been distributed, but if not we can distribute it out to you.

**Bob Bowcock:** At what time and by whom might that have been distributed because I am unaware of that spreadsheet?

**Ken Manning:** This was produced by Sheri a month in a half ago at least.

**Bob Bowcock:** Okay, if it's available could you please provide it to the Non-Agricultural Pool members both in attendance and absence this meeting.

**Ken Manning:** Absolutely, not a problem.

**Dave Penrice:** Mr. Chairman, this is Dave Penrice from Aqua Capital.

**Bob Bowcock:** Yes sir.

**Dave Penrice:** That spreadsheet was attached to the Watermaster January 14<sup>th</sup> letter that was also included with the checks that were sent out, so that spreadsheet is on that.

**Bob Bowcock:** Okay, I would just ask that for those who are privileged to, and not privileged to that, that it be resent specifically as requested by Swan Lake.

**Ken Manning:** Will do.

**Bob Bowcock:** Thank you. Any other Pool member comments? Any other business from staff at this time?

**Ken Manning:** Not at this time, no.

**Bob Bowcock:** The meeting is therefore adjourned at 2:52 p.m. I would advise that we are immediately because the call was for the closed session to begin at 2:45. We will immediately recess into closed session. Please call into the closed session number as provided and we will convene in three minutes, thank you.

**Sherri Lynne Molino:** Bob?

**Ken Manning:** Bob?

**Bob Bowcock:** Yes.

**Sherri Lynne Molino:** Are you going to send me any reportable actions from that closed session?

**Bob Bowcock:** Absolutely.

**Ken Manning:** Okay. Also with the time you adjourn for the closed session.

**Bob Bowcock:** And for any roll call that is taken. If you recall the last meeting was about hiring the attorney and paying the bill.

**Ken Manning:** Yea.

**Bob Bowcock:** I reported out the time end of closed session and the volume vote.

**Ken Manning:** And I appreciate Bob, I really do, I just wanted to make sure you remembered that's all.

**Bob Bowcock:** Yep, no problem. You can tell I am crossing my t's and dot my i's.

**Ken Manning:** Okay, you are doing that sir. Okay, talk to you later.

**AGENDA - ADDITIONS/REORDER**

There were no additions or reorders made to the agenda noted during conference call.

**I. CONSENT CALENDAR**

**A. INTERVENTION INTO THE AGRICULTURAL POOL**

As noted in the verbatim minutes.

*Motion by Geye, second by Arbelbide, and by unanimous roll call vote*

***Moved to approve the intervention of Rafael Treto into the Agricultural Pool, as presented***

**II. BUSINESS ITEMS**

As noted in the verbatim minutes.

**III. REPORTS/UPDATES**

As noted in the verbatim minutes.

**IV. INFORMATION**

1. Newspaper Articles

No comment was made regarding this item during the conference call.

**V. POOL MEMBER COMMENTS**

As noted in the verbatim minutes.

**VI. OTHER BUSINESS**

As noted in the verbatim minutes.

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

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

1. Non-Agricultural Pool Information Request  
Provide Input to Staff Regarding Non-Agricultural Pool Information Request Regarding Construal of Purchase and Sale Agreement
2. Motion for court review
3. Accounting of amounts paid by Non-Ag Pool in respect of expenses of Ag Pool

The closed session was convened at 3:53 p.m.

There were no reported actions given to the recording secretary by Chair Bowcock.

**VIII. FUTURE MEETINGS**

Thursday, March 4, 2010	1:00 p.m.	Appropriative Meeting @ CBWM
Thursday, March 4, 2010	2:30 p.m.	Non-Agricultural Pool Meeting @ CBWM
Thursday, March 4, 2010	3:30 p.m.	MZ1 Technical Committee Meeting @ CBWM
Thursday, March 11, 2010	9:00 a.m.	Agricultural Pool Meeting @ IEUA
Thursday, March 18, 2010	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, March 18, 2010	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, March 25, 2010	11:00 a.m.	Watermaster Board Meeting @ CBWM
Thursday, March 25, 2010	1:00 p.m.	Recharge Master Plan Workshop @ CBWM



The Non-Agricultural Pool meeting was dismissed by Chair Bowcock at 3:53 p.m.

Secretary: \_\_\_\_\_

Minutes Approved: \_\_\_\_\_