

MINUTES
CHINO BASIN WATERMASTER
NON-AGRICULTURAL POOL CONFERENCE CALL MEETING

July 10, 2014

The Non-Agricultural Pool conference call meeting was held via conference call using the Chino Basin Watermaster conference call number on July 10, 2014.

NON-AGRICULTURAL POOL MEMBERS PRESENT AT WATERMASTER

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| Brian Geye, Chair | Auto Club Speedway |
| Bob Bowcock, Vice-Chair | Vulcan Materials Company (Calmat Division) |
| Ken Jeske | California Steel Industries |
| Bob Page | San Bernardino County |

NON-AGRICULTURAL POOL MEMBERS PRESENT ON CALL

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| David Penrice | Aqua Capital Management LP |
| Michael Sigsbee, for Tom O'Neill | Ontario City Non-Agricultural |

BOARD MEMBERS PRESENT AT WATERMASTER

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| Robert "Bob" Craig | Jurupa Community Services District |
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WATERMASTER STAFF PRESENT AT WATERMASTER

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| Peter Kavounas | General Manager |
| Danielle Maurizio | Assistant General Manager |
| Joseph Joswiak | Chief Financial Officer |
| Anna Truong | Recording Secretary |
| Janine Wilson | Second Recording Secretary |

WATERMASTER BOARD COUNSEL PRESENT AT WATERMASTER

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| Brad Herrema | Brownstein Hyatt Farber Schreck, LLP |
| Mark Wildermuth | Wildermuth Environmental, Inc. |
| Andy Malone | Wildermuth Environmental, Inc. |

NON-AGRICULTURAL POOL COUNSEL PRESENT ON CALL

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| Allen Hubsch | Hogan Lovells US, LLP |
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OTHERS PRESENT AT WATERMASTER

None

CALL TO ORDER

Chair Geye called the Non-Agricultural Pool meeting to order at 11:04 a.m.

ROLL CALL

Ms. Wilson conducted the roll call.

AGENDA - ADDITIONS/REORDER

None

I. BUSINESS ITEMS - ROUTINE

A. MINUTES

1. Minutes of the Non-Agricultural Pool Meeting held June 12, 2014

(0:02:11)

Motion by Mr. Ken Jeske, second by Mr. Bob Bowcock

Moved to receive and file Business Item I.A. as presented.

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2014
2. Watermaster VISA Check Detail for the month of May 2014
3. Combining Schedule for the Period July 1, 2013 through May 31, 2014
4. Treasurer's Report of Financial Affairs for the Period May 1, 2014 through May 31, 2014
5. Budget vs. Actual Report for the Period July 1, 2013 through May 31, 2014

(0:02:28)

Motion by Mr. Ken Jeske, second by Mr. Bob Bowcock

Moved to receive and file Business Item I.B. as presented, without approval.

C. WATER TRANSACTIONS

1. Notice of Sale or Transfer - The permanent transfer of 82.858 acre-feet share of Safe Yield from Ameron International Corporation ("Ameron") to TAMCO, a California Corporation ("TAMCO"). Additionally, all carryover and water in storage as of July 1, 2013 is to be transferred to TAMCO. Date of application: April 7, 2014
2. Notice of Sale or Transfer - The purchase of 5,500.000 acre-feet of water from the City of Ontario by Fontana Water Company. This purchase is made from the City of Ontario's storage account. Date of application: June 4, 2014
3. Notice of Sale or Transfer - The purchase of 1,067.000 acre-feet of water from West End Consolidated Water Company by the City of Upland. This purchase is made from West End Consolidated Water Company's storage account. The City of Upland is utilizing this transaction to produce its West End Consolidated Water Company shares. Date of application: June 26, 2014
4. Notice of Sale or Transfer - The purchase of 100.000 acre-feet of water from West End Consolidated Water Company by Golden State Water Company. This purchase is made from West End Consolidated Water Company's storage account. Golden State Water Company is utilizing this transaction to produce its West End Consolidated Water Company shares. Date of application: June 26, 2014
5. Notice of Sale or Transfer -The purchase of 15.000 acre-feet of water from the City of Upland by Golden State Water Company. This purchase is made from the City of Upland's storage account. Date of application: June 11, 2014

(0:03:05)

Motion by Mr. Ken Jeske, second by Mr. Bob Page

Moved to approve staff recommendation of Business Item I.C., and to direct the Pool representatives to support at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate.

D. 2013 LAND SUBSIDENCE COMMITTEE ANNUAL REPORT

Recommend that the Advisory Committee recommend to the Watermaster Board to adopt the 2013 Annual Report of the Land Subsidence Committee, along with filing a copy with the Court.

(0:12:24)

Motion by Mr. Ken Jeske, second by Mr. Bob Bowcock

Moved to receive and file Business Item I.D. as presented, without approval.

II. BUSINESS ITEMS

A. SAFE YIELD RECALCULATION – PRESENTATION OF MODELING RESULTS (DISCUSSION ONLY)

(0:12:40) Ms. Maurizio gave a report and a discussion ensued.

B. FORM 9 CONSIDERATION

Consider proposed modifications to Form 9 and provide direction to Watermaster.

(0:34:05) Ms. Maurizio gave a report and indicated that the Appropriative Pool would like changes to be made to the proposed Form 9. Subcommittees will be formed for the Appropriative and Agricultural Pools to collaborate on the revisions. The item will be brought back at the August 2014 meeting.

C. MASTER AGREEMENT FOR COLLABORATIVE RECHARGE PROJECTS

Recommend that the Advisory Committee approve Watermaster's entrance into the Master Agreement between Watermaster and Inland Empire Utilities Agency regarding the Management of Collaborative Recharge Projects, subject to non-substantive changes to be made by staff.

(0:40:35)

Motion by Mr. Ken Jeske, second by Mr. Bob Bowcock

Moved to approve staff recommendation of Business Item II.C. with amendment noted at Appropriative Pool meeting as presented and to direct the Pool representatives to support at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate.

III. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

1. Motion for Approval of Watermaster Board Compensation Policy
2. EPA Water Transfer Rule

(0:41:10) Mr. Herrema gave a report.

B. CFO REPORT

None

C. ENGINEER REPORT

1. City of Fontana's Request to Review Draft EIR on Vulcan Project

(0:43:23) Mr. Wildermuth gave a report. A brief discussion ensued.

D. GM REPORT

1. FY 2013/14 Production Information

(0:46:06) Ms. Maurizio gave a report.

IV. INFORMATION

1. Cash Disbursements for June 2014
2. Joint IEUA/CBWM Recharge Improvement Projects

V. POOL MEMBER COMMENTS

None

VI. OTHER BUSINESS

None

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Chair Geye called for a closed session at 11:51 a.m. to discuss the following:

1. Dual Membership
2. Non-Producing Member Letters

Closed session concluded at 12:52 p.m. with the following reportable action:

Mr. Hubsch read off the list of non-producing Non-Agricultural Pool parties who were sent a letter previously and who have not responded:

- Kaiser Venture, Inc.
- KCO, LLC/The Koll Company
- Loving Savior of the Hills
- Sunkist Growers, Inc.

(0:48:49)

Motion by Mr. Bob Bowcock, second by Mr. Ken Jeske

Moved to approve removal of the four non-producing members listed above from Watermaster's Non-Agricultural Pool party roster and recommend to Watermaster staff to verify and ensure there are no active wells on any of these properties pursuant to Watermaster's Rules and Regulations.

(0:49:26) Mr. Herrema inquired if any party who received the letter responded and wished to stay an active member. Mr. Hubsch replied that Southern California Edison did and will have three years to produce or they too will be removed as members to the Non-Agricultural Pool.

VIII. FUTURE MEETINGS AT WATERMASTER

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| 7/08/14 | Tue | 9:00 a.m. | Appropriative Pool – Special Meeting |
| 7/10/14 | Thu | 8:00 a.m. | Land Subsidence Committee |
| 7/10/14 | Thu | 9:00 a.m. | Appropriative Pool |
| 7/10/14 | Thu | 11:00 a.m. | Non-Agricultural Pool |
| 7/10/14 | Thu | 1:30 p.m. | Agricultural Pool |
| 7/17/14 | Thu | 9:00 a.m. | Advisory Committee |
| 7/17/14 | Thu | 10:00 a.m.* | Joint IEUA/CBWM Recharge Improvement Projects |

7/22/14 Tue 9:00 a.m. GRCC
7/24/14 Thu 11:00 a.m. Watermaster Board

***Note:** The Joint IEUA/CBWM Projects Update Meeting will take place immediately following the Advisory Committee Meeting.

ADJOURNMENT

Chair Geye adjourned the Non-Agricultural Pool meeting at 12:55 p.m.

Secretary: _____

Minutes Approved: August 14, 2014