

MINUTES
CHINO BASIN WATERMASTER
NON-AGRICULTURAL POOL MEETING

July 13, 2017

The Non-Agricultural Pool meeting was held at the offices of Chino Basin Watermaster and via conference call using the Chino Basin Watermaster conference call number on July 13, 2017.

NON-AGRICULTURAL POOL MEMBERS PRESENT AT WATERMASTER

Brian Geye, Chair	Auto Club Speedway
Bob Page	County of San Bernardino

NON-AGRICULTURAL POOL MEMBERS PRESENT ON CALL

Bob Bowcock	Calmat Company (Vulcan Materials)
Ramsey Haddad	California Steel Industries (CSI)
Tom O'Neill	Ontario City Non-Agricultural

WATERMASTER STAFF PRESENT AT WATERMASTER

Peter Kavounas	General Manager
Joseph Joswiak	Chief Financial Officer
Edgar Tellez Foster	Senior Environmental Engineer
Anna Truong	Executive Services Director/Board Clerk
Justin Nakano	Water Resources Senior Associate

WATERMASTER CONSULTANTS PRESENT AT WATERMASTER

Christopher Guillen	Brownstein Hyatt Farber Schreck, LLP
Mark Wildermuth	Wildermuth Environmental, Inc.
Andy Malone	Wildermuth Environmental, Inc.

NON-AGRICULTURAL POOL LEGAL COUNSEL PRESENT ON CALL

Allen Hubsch	Loeb & Loeb, LLP
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OTHERS PRESENT AT WATERMASTER

Curtis Paxton	Chino Basin Desalter Authority
Diana Frederick	State of California – DOC

OTHERS PRESENT ON CALL

Ken Jeske	California Steel Industries (CSI)
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CALL TO ORDER

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

ROLL CALL

Ms. Truong conducted the roll call.

AGENDA – ADDITIONS/REORDER

None

I. BUSINESS ITEMS - ROUTINE

A. MINUTES

1. Minutes of the Non-Agricultural Pool Meeting held June 8, 2017

(0:01:46) Motion introduced by Mr. Bob Page.

(0:01:49) Mr. O'Neill commented that he did not attend the June 2017 meeting and that Mr. Sigsbee attended on his behalf. Staff will correct the minutes to notate the attendance change before finalizing the minutes.

(0:02:12) Amended Motion

Motion by Mr. Bob Page, seconded by Mr. Ramsey Haddad. The Chair called for dissent, and, none being noted, the motion was deemed passed by unanimous vote of those present.

Moved to receive and file Business Item I.A. as presented, with the amended changes noted above.

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of May 2017
2. Watermaster VISA Check Detail for the month of May 2017
3. Combining Schedule for the Period July 1, 2016 through May 31, 2017
4. Treasurer's Report of Financial Affairs for the Period May 1, 2017 through May 31, 2017
5. Budget vs. Actual Report for the Period July 1, 2016 through May 31, 2017

(0:02:35)

Motion by Mr. Bob Page, seconded by Mr. Bob Bowcock. The Chair called for dissent, and, none being noted, the motion was deemed passed by unanimous vote of those present.

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

C. WATER TRANSACTIONS

Provide advice and assistance to the Watermaster Board on the proposed transactions:

1. The purchase of 119.844 acre-feet of water from the City of Upland by Golden State Water Company, effective for FY 2016/2017. This purchase is made from the City of Upland's Annual Production Right/Operating Safe Yield first, then any additional from Excess Carryover storage. Date of application: May 24, 2017.
2. The purchase of 138.156 acre-feet of water from West End Consolidated Water Company by Golden State Water Company, effective for FY 2016/2017. This purchase is made from West End Consolidated Water Company's Annual Production Right/Operating Safe Yield first, then any additional from Excess Carryover storage. Golden State Water Company is utilizing this transaction to produce its West End Consolidated Water Company shares. Date of application: May 24, 2017.
3. The purchase of 1,474.258 acre-feet of water from West End Consolidated Water Company by the City of Upland, effective for FY 2016/2017. This purchase is made from West End Consolidated Water Company's Annual Production Right/Operating Safe Yield first, then any additional from Excess Carryover storage. The City of Upland is utilizing this transaction to produce its West End Consolidated Water Company shares. Date of application: May 24, 2017.
4. The purchase of 6,000.000 acre-feet of water from the City of Upland by Fontana Water Company, effective for FY 2016/2017. This purchase is made from the City of Upland's Annual Production Right/Operating Safe Yield first, then any additional from Excess Carryover storage. Date of application: June 14, 2017.
5. The permanent transfer of 18.789 acre-feet from Angelica Corporation to 9W Halo Western OpCo L.P. This transfer is contingent on 9W Halo Western OpCo L.P.'s successful intervention into the Overlying (Non-Agricultural) Pool.

(0:03:09)

Motion by Mr. Bob Page, seconded by Mr. Tom O'Neill. The Chair called for dissent, and, none being noted, the motion was deemed passed by unanimous vote of those present.

Moved to approve staff recommendation of Business Item I.C. 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.

D. FONTANA WATER COMPANY APPLICATION FOR RECHARGE

Approve Fontana Water Company's Application for Recharge and direct Watermaster staff to account for this supplemental water recharged in Fontana Water Company's existing Local Supplemental Storage.

(0:03:33)

Motion by Mr. Bob Page, seconded by Mr. Tom O'Neill. The Chair called for dissent, and, none being noted, the motion was deemed passed by unanimous vote of those present.

Moved to approve staff recommendation of Business Item I.D. 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.

E. 9W HALO WESTERN OPCO L.P. OVERLYING (NON-AGRICULTURAL) POOL INTERVENTION REQUEST

Recommend Advisory Committee approval of the filing of request for Intervention.

(0:04:09)

Motion by Mr. Bob Page, seconded by Mr. Bob Bowcock. The Chair called for dissent, and, none being noted, the motion was deemed passed by unanimous vote of those present.

Moved to approve staff recommendation of Business Item I.E. 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.

II. BUSINESS ITEMS**A. 2016 ANNUAL REPORT OF THE PRADO BASIN HABITAT SUSTAINABILITY COMMITTEE**

Offer advice and assistance.

(0:04:57) Mr. Kavounas gave a report. A discussion ensued. A presentation was not requested by the Pool.

B. MEMBER STATUS CHANGES (For Discussion and Possible Action)

1. Any proposed transfer of Safe Yield by a Member.
 - Angelica Textile (Southern Service Company) bankruptcy proceeding
 - NRG California South bankruptcy proceeding
2. Any transfer of Safe Yield that has actually closed or been completed.
3. Any change in name or corporate identity of a Member (such as results from a merger or filing of a change of name certificate).
4. Any change in the name of a representative or alternate representative of a Member, or a change in e-mail address for either such person.
 - New Praxair representative, David LeValley, effective July 1, 2017. Email address is David_LeValley@praxair.com

(0:09:06) Mr. Guillen gave a report on the Angelica Textile (Southern Service Company) and NRG California South bankruptcy proceedings:

Angelica Textile: Mr. Guillen noted that the company filed for bankruptcy in April 2017 and Watermaster counsel has been monitoring the proceedings which are taking place in New York. He indicated that he has been in contact with Angelica's counsel to make sure that any transfer of assets through the bankruptcy proceeding that includes water rights in Chino Basin will be subject to the Watermaster process per the Judgment. The purchaser, 9W Halo, has submitted transfer documents and an Intervention request into the Non-Agricultural Pool this month. Watermaster has filed a Proof of Claim with the bankruptcy proceeding to ensure that any pre-bankruptcy amounts owed by Angelica will be protected through the bankruptcy proceeding. A discussion ensued.

NRG: Mr. Guillen noted that GenOn, a subsidiary and parent company of NRG, has filed a bankruptcy proceeding. Watermaster counsel has been in contact with GenOn's counsel and has confirmed that they are restructuring their debts, and that NRG will retain its Chino Basin water rights. There will be no significant changes as it relates to Watermaster as a result of their bankruptcy proceeding. A discussion ensued.

Watermaster counsel will continue to track and report out on both bankruptcy proceedings.

(0:11:43) Mr. Hubsch inquired whether Watermaster will ensure that Angelica will withdraw from the Pool. Mr. Guillen stated that Watermaster and Counsel will continue to monitor and report back at a future meeting.

(0:15:06) Ms. Truong gave a report on Item II.B.4. indicating the new representative for Praxair, Mr. David LeValley, and provided his email address as shown above.

(0:15:31) Mr. Hubsch reported that Southern California Edison is no longer a member of the Pool due to the passage of several years of non-activity as described in a letter sent to several inactive members in 2014. Effective immediately, the Chair requested that, because Southern California Edison is no longer a member, they need not be included in the roll call, volume vote, and Pool membership roster. A discussion ensued.

III. REPORTS/UPDATES

A. LEGAL COUNSEL REPORT

1. Agricultural Pool Contests
2. Notices of Appeal from April 28, 2017 Order
3. Rules and Regulations Update

(0:22:19) Mr. Guillen gave a report. A discussion ensued.

B. ENGINEER REPORT

1. Prado Basin Tour
2. Ground-Level Monitoring Committee Revised Annual Report Schedule
3. 2016 State of the Basin Report
4. Storage Management Workshop
5. Evaporative Losses

(0:26:01) Mr. Malone gave a report. A discussion ensued.

(0:31:07) A memo regarding Evaporative Losses is being prepared and will be presented at the September 2017 Watermaster meetings.

C. CFO REPORT

1. Exhibit "G" Transactions
2. Appropriative Pool Legal Expense Budget

(0:32:17) Mr. Joswiak gave a report. A discussion ensued.

D. GM REPORT

1. Desalter Replenishment Assessments For Production Year 2013/14
2. Storage Agreements
3. SGMA Update
4. DYY Program Update
5. Other

(0:34:28) Mr. Kavounas gave a report, and included that Watermaster is proceeding with data collection for the Storage Management Plan. A discussion ensued.

IV. INFORMATION

1. Cash Disbursements for June 2017
2. Recharge Investigations and Projects Committee (RIPCom)
3. Ground-Level Monitoring Status Report (Quarterly)
4. South Archibald and Chino Airport Plumes Status Report (Quarterly)
5. RMPU Status Report (Quarterly)
6. Santa Ana River Watershed Status Report (Quarterly)

V. POOL MEMBER COMMENTS

(0:41:34) Mr. Page asked if Watermaster had any questions, comments or concerns regarding LAFCO's county wide service review for water agencies.

(0:42:05) Mr. Kavounas stated that Watermaster had no concerns with LAFCO's service review report.

VI. OTHER BUSINESS

(0:42:37) Mr. Kavounas asked the Pool if the quarterly reports listed under the Information section can be adjusted to a biannual frequency, which will result in a cost savings. The Pool supported the change in reporting frequency.

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION

Chair Geye called for a confidential session at 11:49 a.m. to discuss Storage Agreements. Confidential session concluded at 12:14 p.m. with the following reportable actions and requests:

(0:44:59)

1. The Pool requested that Watermaster staff create a tracking list for the Pool's Storage Agreements so they can keep track of who has or has not returned the signed agreements.
2. The Pool noted that there was an effort in the past to update Form 8, and that there is potential for a future revised form.

ADJOURNMENT

Chair Geye adjourned the Non-Agricultural Pool meeting at 12:15 p.m.

Secretary: _____

Approved: _____ September 14, 2017