

**MINUTES**  
**CHINO BASIN WATERMASTER**  
**NON-AGRICULTURAL POOL MEETING**  
September 14, 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 September 14, 2017.

**NON-AGRICULTURAL POOL MEMBERS PRESENT AT WATERMASTER**

|                         |                                   |
|-------------------------|-----------------------------------|
| Brian Geye, Chair       | Auto Club Speedway                |
| Bob Bowcock, Vice-Chair | Calmat Company (Vulcan Materials) |

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

|               |                                   |
|---------------|-----------------------------------|
| Tom O'Neill   | Ontario City Non-Agricultural     |
| Bob Page      | County of San Bernardino          |
| Ramsey Haddad | California Steel Industries (CSI) |

**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        |
| Janine Wilson       | Senior Accountant                       |

**WATERMASTER CONSULTANTS PRESENT AT WATERMASTER**

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

**OTHERS PRESENT AT WATERMASTER**

|           |                           |
|-----------|---------------------------|
| Pete Hall | State of California – CIM |
|-----------|---------------------------|

**OTHERS PRESENT ON CALL**

|                   |                                   |
|-------------------|-----------------------------------|
| Kathleen Brundage | California Steel Industries (CSI) |
|-------------------|-----------------------------------|

**CALL TO ORDER**

Chair Geye called the Non-Agricultural Pool meeting to order at 11:02 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 July 13, 2017
2. Minutes of the Non-Agricultural Pool Special Meeting held August 30, 2017

(0:02:39)

*Motion by Mr. Bob Bowcock, 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 receive and file Business Item I.A. as presented.***

**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of June 2017
2. Watermaster VISA Check Detail for the month of June 2017
3. Combining Schedule for the Period July 1, 2016 through June 30, 2017
4. Treasurer's Report of Financial Affairs for the Period June 1, 2017 through June 30, 2017
5. Budget vs. Actual Report for the Period July 1, 2016 through June 30, 2017
6. Cash Disbursements for the month of July 2017
7. Watermaster VISA Check Detail for the month of July 2017
8. Combining Schedule for the Period July 1, 2017 through July 31, 2017
9. Treasurer's Report of Financial Affairs for the Period July 1, 2017 through July 31, 2017
10. Budget vs. Actual Report for the Period July 1, 2017 through July 31, 2017

(0:03:08)

*Motion by Mr. Tom O'Neill, 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. PROFESSIONAL PUBLIC OUTREACH SERVICES AGREEMENT BETWEEN RAUCH COMMUNICATION CONSULTANTS INC. AND CBWM**

Recommend to the Advisory Committee to recommend to the Watermaster Board to approve and authorize the General Manager to execute the contract on behalf of Watermaster.

(0:03:32) Chair Geye introduced the item. A discussion ensued.

(0:04:20)

*Motion by Mr. Bob Bowcock, 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. OBMP SEMI-ANNUAL STATUS REPORTS 2016-2 AND 2017-1**

Recommend to the Advisory Committee to recommend to the Watermaster Board to adopt the Semi-Annual OBMP Status Report 2016-2 and 2017-1, along with filing a copy with the Court, subject to any necessary non-substantive changes.

(0:04:42) Mr. Herrema pointed out that there are two places in the semi-annual status reports that need the word "proposed" inserted before the word "agreement," where it pertains in the 2015 Safe Yield Agreement. A discussion ensued.

(0:05:45)

*Motion by Mr. Bob Bowcock, 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 with the changed noted above and to direct the Pool representatives to support at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate.***

- E. SAN ANTONIO WATER COMPANY APPLICATION FOR RECHARGE FOR WATER YEAR 2017/18**  
Recommend to the Advisory Committee to recommend to the Watermaster Board to approve San Antonio Water Company's Application for Recharge and direct Watermaster staff to account for this supplemental water recharged in San Antonio Water Company's existing Local Supplemental storage account.

(0:06:22)

*Motion by Mr. Bob Bowcock, seconded by Mr. Bob Page. 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.***

- F. CITY OF CHINO HILLS APPLICATION FOR RECHARGE FOR PERIOD AUGUST 2017 THROUGH AUGUST 2025**

Recommend to the Advisory Committee to recommend to the Watermaster Board to approve the City of Chino Hills Application for Recharge and direct Watermaster staff to account for any recharge into the Chino Basin in the appropriate storage account.

(0:06:42)

*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.F. 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.***

- G. CALMAT COMPANY (VULCAN MATERIALS CO.) APPROPRIATIVE POOL INTERVENTION REQUEST**

Recommend to the Advisory Committee to recommend Watermaster filing the request for intervention with the Court.

(0:07:07) Mr. Herrema provided an update on the Appropriative Pool's action on Consent Calendar Items I.G., I.H., and I.I. indicating that they were deferred to their October 2017 meeting. A discussion ensued.

Action on Consent Calendar Item I.G. was taken as a slate along with Items I.H. and I.I. and is shown below.

- H. NCL COMPANY, LLC APPROPRIATIVE POOL INTERVENTION REQUEST**

Recommend to the Advisory Committee to recommend Watermaster filing the request for intervention with the Court.

Action on Consent Calendar Item I.H. was taken as a slate along with Items I.G. and I.I. and is shown below.

- I. WATER TRANSACTIONS**

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

1. Notice of Sale or Transfer – The purchase of 4.375 acre-feet of water from San Antonio Water Company by Calmat Company (Vulcan Materials). This purchase is made from San Antonio Water Company's Excess Carryover Account. Calmat Company (Vulcan Materials) is utilizing this transaction to produce its San Antonio Water Company shares. This purchase is contingent on Calmat Company (Vulcan Materials) successful intervention in to the Appropriative Pool.

2. Notice of Sale or Transfer – The transfer of 4.000 acre-feet of water from Calmat Company (Vulcan Materials) to NCL Company, LLC. This transfer is made from Calmat Company (Vulcan Materials) Local Supplemental Storage Account. This transfer is contingent on NCL Company, LLC's successful intervention into the Appropriative Pool.

(0:11:53)

*Motion by Mr. Bob Page, seconded by Chair Geye. 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.G., I.H., and I.I. 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. **DESALTER REPLENISHMENT OBLIGATION ALLOCATION**

Offer advice to Watermaster on the acceptable methodology to allocate Desalter Replenishment Obligation among parties.

(0:12:24) Chair Geye stated that Item II.A. was discussed during the Pool's August 2017 special meeting, and action was already taken and relayed to staff. A discussion ensued.

### B. **EVAPORATIVE LOSSES TO SUPPLEMENTAL WATER RECHARGE IN CHINO BASIN**

Recommend to the Advisory Committee to approve the amendment of the Rules and Regulations by adding section 7.2(d) to account for evaporative losses to all supplemental water delivered to Recharge Basins at a rate of 1.5% during the Rainy Season (November through March) and 4.2% during the Dry Season (April through October) beginning on October 1, 2017. Further, that evaporative losses be re-evaluated on a periodic basis as more data becomes available.

(0:13:30) Mr. Kavounas gave a report.

(0:16:25)

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

***Moved to direct the Pool representatives to support Business Item II.B. at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate.***

### C. **2016 ANNUAL REPORT OF THE GROUND-LEVEL MONITORING COMMITTEE**

Recommend to the Advisory Committee to recommend to the Watermaster Board to approve the 2016 Annual Report of the Ground-Level Monitoring Committee, along with filing a copy with the Court.

(0:16:52) Mr. Malone gave a report. A discussion ensued.

(0:19:54)

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

***Moved to direct the Pool representatives to support Business Item II.C. at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate.***

**D. MASTER AGREEMENT BETWEEN CHINO BASIN WATERMASTER AND INLAND EMPIRE UTILITIES AGENCY REGARDING THE MANAGEMENT OF COLLABORATIVE PROJECTS**

Recommend to the Advisory Committee to approve the proposed Master Agreement between Chino Basin Watermaster and Inland Empire Utilities Agency Regarding the Management of Collaborative Projects.

(0:20:23) Mr. Kavounas gave a report. A discussion ensued.

(0:21:45)

*Motion by Mr. Tom O'Neill, 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 direct the Pool representatives to support Business Item II.D. at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate.***

**E. TASK ORDER NO. 1 UNDER THE MASTER AGREEMENT REGARDING THE MANAGEMENT OF COLLABORATIVE PROJECTS (SALINITY MANAGEMENT)**

Recommend to the Advisory Committee to approve Task Order No. 1 (Salinity Management).

(0:22:00) Mr. Kavounas gave a report. A discussion ensued.

(0:23:53)

*Motion by Mr. Tom O'Neill, 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 direct the Pool representatives to support Business Item II.E. at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate.***

**F. FIRST AMENDMENT TO THE MASTER RECHARGE FACILITIES FINANCING AGREEMENT**

Recommend to the Advisory Committee to recommend to the Watermaster Board to approve and authorize the General Manager to execute the amended agreement on behalf of Watermaster.

(0:24:07) Mr. Kavounas gave a report. A discussion ensued.

(0:25:00) Mr. Haddad joined the meeting.

(0:25:00)

*Motion by Mr. Bob Bowcock, 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 direct the Pool representatives to support Business Item II.F. at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate.***

**G. FISCAL YEAR 2016/17 BUDGET TRANSFER (FORM T-17-06-01)**

Recommend to the Advisory Committee to approve Budget Transfer Form T-17-06-01 for FY 2016/17 as presented.

(0:25:31) Mr. Joswiak gave a report.

(0:27:05)

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

***Moved to direct the Pool representatives to support Business Item II.G. at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate.***

## H. SCADA INSTALLATION, MONITORING AND REIMBURSEMENT LETTER AGREEMENT BETWEEN WATERMASTER AND MONTE VISTA WATER DISTRICT

Recommend to the Advisory Committee to approve the proposed SCADA Installation, Monitoring and Reimbursement Letter Agreement between Watermaster and MVWD.

(0:27:28) Mr. Kavounas gave a report.

(0:29:02)

*Motion by Mr. Bob Bowcock, 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 direct the Pool representatives to support Business Item II.H. at the Advisory Committee and Watermaster Board meetings subject to changes which they deem appropriate.***

## I. 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.

(0:29:28) Mr. Herrema gave a report on Item II.I.1. There were no further member status changes to report, and no action was taken.

## III. REPORTS/UPDATES

### A. LEGAL COUNSEL REPORT

1. Appeal of April 28, 2017 Order
2. Hearing on Motion to Confirm Stay Pending Appeal

(0:32:32) Mr. Herrema gave a report, and announced that the hearing regarding III.A.2. is scheduled to be heard by Judge Reichert on December 8, 2017 at 1:30 p.m.

### B. ENGINEER REPORT

1. Storage Workshop
2. Other Efforts

(0:35:35) Mr. Malone gave a report.

### C. CFO REPORT

1. Status of FY 2016/17 Audit Report

(0:40:20) Mr. Joswiak gave a report.

### D. GM REPORT

1. Pump to Waste Reporting
2. DYY Program Update
3. Santa Ana River Update
4. CSI Basin Project Decision
5. Other

(0:41:18) Mr. Kavounas gave a report and introduced Mr. Tellez Foster to give a report on Item III.D.3., Santa Ana River Update. He also provided updates regarding Water Activity Reports, Storage Agreements, and the Exhibit "G" substitute rate for Fiscal Year 2017/18. A discussion ensued.

**IV. INFORMATION**

- 1. Cash Disbursements for August 2017
- 2. Recharge Investigations and Projects Committee (RIPCom)

**V. POOL MEMBER COMMENTS**

None

**VI. OTHER BUSINESS**

None

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

Chair Geye called for a confidential session at 12:00 p.m. to discuss Storage Agreements and Exhibit "G" Water Transfers. Confidential session concluded at 12:05 p.m. with the following reportable action:

(0:58:16)

The Non-Agricultural Pool directed its Chair to negotiate with the Appropriative Pool Chair to determine a single or multi-year Exhibit "G" water transfer rate and bring the proposal back to the Non-Agricultural Pool meeting for discussion and vote at the October 2017 Pool meeting.

**ADJOURNMENT**

Chair Geye adjourned the Non-Agricultural Pool meeting at 12:06 p.m.

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

Approved: \_\_\_\_\_ October 12, 2017