PERS00359

Minutes
CHINO BASIN WATERMASTER
APPROPRIATIVE POOL MEETING
October 13, 2011

The Appropriative Pool Meeting was held at the offices of Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, CA, on October 13, 2011 at 9:00 a.m.

APPROPRIATIVE POOL MEMBERS PRESENT WHO SIGNED IN

John Mura, Chair	City of Chino Hills
Mark Kinsey	Monte Vista Water District
Raul Garibay	City of Pomona
Mohamed El-Amamy	City of Ontario
Jo Lynne Russo-Pereyra	Cucamonga Valley Water District
Sheri Rojo	Fontana Water Company
Seth Zielke	Fontana Union Water Company
Tom Harder	Jurupa Community Services District
Dave Crosley	City of Chino
Rosemary Hoerning	City of Upland
Charles Moorrees	San Antonio Water Company

Watermaster Staff Present

Desi Alvarez	Chief Executive Officer
Danielle Maurizio	Senior Engineer
Gerald Greene	Senior Environmental Engineer
Joe Joswiak	Chief Financial Officer
Sherri Molino	Recording Secretary

Watermaster Consultants Present

Michael Fife	Brownstein, Hyatt, Farber & Schreck
Andy Malone	Wildermuth Environmental Inc.
Joe LeClaire	Wildermuth Environmental Inc.

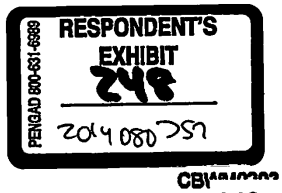
Others Present Who Signed In

Scott Burton	City of Ontario
John Bosler	Cucamonga Valley Water District
Justin Scott-Coe	Monte Vista Water District
Van Jew	Monte Vista Water District
Craig Miller	Inland Empire Utilities Agency
Ryan Shaw	Inland Empire Utilities Agency
Eunice Ulloa	Chino Basin Water Conservation District
Rick Hansen	Three Valleys Municipal Water District
Curtis Paxton	Chino Desalter Authority
John Schatz	Attorney at Law

Chair Mura called the Appropriative Pool Meeting to order at 9:00 a.m.

AGENDA - ADDITIONS/REORDER

Chair Mura noted there is a revised staff report on Item II B. the Deferment of Fiscal Year 2011/2012 Assessment Package on the back table. Mr. Alvarez stated the revised staff letter was also sent out via email.



Minutes Appropriative Pool Meeting October 13, 2011

I. CONSENT CALENDAR

A. MINUTES

1. Revised Minutes of the Appropriative Pool Meeting held August 11, 2011
2. Minutes of the Appropriative Pool Meeting held September 8, 2011

B. FINANCIAL REPORTS

1. Cash Disbursements for the month of August 2011
2. Watermaster VISA Check Detail for the month of August 2011
3. Combining Schedule for the Period July 1, 201a through August 31, 2011
4. Treasurer's Report of Financial Affairs for the Period August 1, 2011 through August 31, 2011
5. Budget vs. Actual July 2011 through August 31, 2011

C. WATER TRANSACTION

1. Consider Approval for Notice of Sale or Transfer – The lease and/or purchase of 781.000 acre-feet of water from San Antonio Water Company to the City of Ontario. This lease is made first from San Antonio's net underproduction in Fiscal Year 2011-2012, with any remainder to be recaptured from storage. Date of Application: September 1, 2011

Motion by El-Amamy second by Garibay, and by unanimous vote – Hoeming abstained from Item A1. Minutes

Moved to approve Consent Calendar items A through C, as presented

II. BUSINESS ITEMS

A. 85/15 RULE POLICY

Mr. Alvarez stated this item is being brought to this committee today as a formal implementation Policy for approval. Mr. Alvarez stated the 85/15 Rule matter was thoroughly discussed last month and had been brought through the process at the request of one of the members of the Appropriative Pool. Mr. Alvarez stated in addition to this item being discussed at the Pool meetings, there was also a workshop held on the application of the 85/15 Rule. Mr. Alvarez stated at that September 20, 2011 workshop there was consensus and direction that Watermaster formalize a Policy and bring it back this month for formal Pool approval. Mr. Alvarez stated there is a formal Policy attached to the staff letter for your approval today. Mr. Alvarez gave the 85/15 Rule Implementation Policy presentation in detail, which included the purpose of the rule and how it applies to the preemptive replenishment water. Mr. El-Amamy stated for the record, there are issues regarding this matter that he brought up three or four months ago, and noted also for the record, the 85/15 Rule was never asked for a change to be made in the policy. Mr. El-Amamy stated what was asked for was: 1) To clarify the 85/15 Rule as it exists now, 2) Explain how it was applied in recent years, and 3) If there were errors; those errors should be corrected. Mr. El-Amamy stated the first two questions were answered and the Rule was clarified. We also got a list of the application in recent years; we know when and how it was applied and still remaining is the third question, which has not been answered. Mr. El-Amamy stated somehow the discussion shifted to a policy change, which requires either a Pooling Plan change or a Judgment amendment, which we are open to; however, rather than limiting the discussion on preemptive replenishment, perhaps the discussion should be opened to all other changes, including the ultimate change for the 85/15 Rule, which is doing away with it all together. Mr. El-Amamy stated we are open to these discussions; however, we don't' know if this is the right place and time. Perhaps a committee should be formed to go back and study these issues, and then come back next month or the following month with a recommendation as far as the Policy is concerned. Mr. El-Amamy stated we are still waiting for the answer for our original question, which is if there were errors, should these errors be corrected, and to what extent. Mr. El-Amamy stated these decisions are up to this committee to decide. Mr. Kinsey stated Watermaster had a practice and uniformly applied the practice on transactions in terms of the application of the 85/15 Rule – the question is, is this practice or is this an error because Mr. El-Amamy suggested the practice was an incorrect interpretation of the rule. Mr. Kinsey stated this can be discussed in our sub-committee process, and if that committee does

determine there are errors associated with it, then we are really free, as a Pool, to determine how far back this Pool wants to go back to adjust that error. Mr. Kinsey stated he believes there is a pretty clear understanding that the four year look back period does not apply to this because we're saying it is a practice that Watermaster was doing was a mistake, rather than some sort of incorrect calculation or information being provided. Mr. Kinsey stated as this committee works through this process, it needs to be considered how we meet future replenishment obligations of the Appropriative Pool, given the change in the nature of availability of imported water supply. This is one way to address it which allows agencies to actively go out and purchase as much water as they can, when it is available. Mr. Kinsey stated another way to do this is to have the supplemental water providers in the Chino Basin enter into a Storage Agreement and have them purchase the water preemptively for this need, and hold it for the benefit of the Appropriators when they need it. Mr. Kinsey stated this practice is one of the more important concepts that need to be thoroughly discussed as well as how we manage the availability of the water supply because that has changed. Mr. Kinsey stated he is supportive of taking no action today and moving this forward to a sub-committee. Mr. Garibay stated he recently heard an update regarding the preemptive replenishment water and that Metropolitan Water District (MWD) is currently reviewing that Replenishment Policy and possibly the manner in which parties can use those replenishments; those replenishments could possibly be tied to some sort of conditions relative to what type of water is purchased, and inquired if this is being considered here and is this something new. Mr. Alvarez stated it is new in the sense that there is going to be from time to time, the possibility that there will be surplus water becoming available like there was this year at a discounted rate. Mr. Alvarez offered further comment on the MWD replenishment water and Policy, and noted he will be making a detailed presentation on the MWD replenishment water under the CEO Report today. Ms. Russo-Pereyra stated in reviewing her notes from the recent workshop, there was some consensus at the workshop; however, there were still a lot of questions including whether or not Watermaster still needed the 85/15 Rule. Ms. Russo-Pereyra stated Cucamonga Valley Water District's (CVWD) concern is that this item has made its way on the agenda as a recommendation for an actual Policy without any further discussion. Ms. Russo-Pereyra stated CVWD would like to have more discussion on this because there are still some outstanding issues that need to be clarified. Mr. Alvarez stated he agrees and one of the issues that did come up was the whole need for the 85/15 Rule today versus what the need was for it in 1978 when the Judgment was entered into; Watermaster feels this is something for the Pool to discuss and staff is willing to work with the Pool on this matter. Ms. Rojo stated Fontana Water Company (FWC) has benefited from the 85/15 Rule, as they don't have sufficient rights to satisfy and offset their production demand. Ms. Rojo stated part of the issue with this 85/15 Rule is if you go back through the history of Watermaster, because the 85/15 Rule is written into the Judgment, there was substantial dialog on this matter, possibly even prior to the Peace Agreement, and if we are taking the literal translation of what's in the Judgment of how Watermaster is going to apply the 85/15 Rule, she believes the comments from the Pool is that times have changed is maybe a valid point. However, she thinks the 85/15 Rule was put into place before water was even being transferred between the parties. Ms. Rojo stated if you look at the 85/15 Rule from the strictest of sense, that activity isn't even listed in the Judgment as being subject for the 85/15 Rule. There has been some tweaking to this plan as it has moved along through the years. Ms. Rojo stated several years ago when parties realized that some agencies would benefit from the 85/15 Rule more than others, there was substantial dialog, and maybe Watermaster staff can bring some of that history forward as this matter is being discussed, because this is part of the Judgment. Ms. Rojo noted this rule has pretty much been accepted as the way the Assessment Package has been brought forward and it has been voted on each time; the matter of practice which has been discussed today was thoroughly vetted through the process several years ago. The result of how it was applied in the Assessment Package was agreed to at the time and then it has continued through the years to be brought forward. Ms. Rojo stated FWC supports continued dialog on this matter. Mr. Garibay inquired of general counsel if what is being discussed with regard to applying the 85/15 Rule is in a different manner, that it is more of a change in the Pooling Plan. However, if the 85/15 Rule was totally eliminated, then that would require a Judgment amendment which is a whole different process. Counsel Fife stated that is correct; however, the interesting thing about this rule is that

there is a special paragraph in the Judgment about changing the 85/15 Rule, paragraph 15d, and that it specifically states that after the first ten years of the Judgment (after 1988) it can be changed on a 67% vote of the Pool, and then the court is given very little discretion about whether to approve it, kind of a fast tracked Judgment amendment for this particular paragraph. Chair Mura stated by the discussions today there seems to be much work to be done on this, topic and the Pool would benefit from at least one more workshop and asked Watermaster staff schedule an additional workshop as soon as possible. Mr. Alvarez stated staff would take care of that and noted that one of the items discussed today was that maybe a sub-committee be formed of the Pool which would be very appropriate in this case. A discussion took place regarding Mr. Alvarez's comments and it was noted that the Appropriative Pool wants to keep this matter open to all Appropriators and to have the workshop also open to all Appropriators who want to be a part of this process.

Motion by Kinsey second by El-Amamy, and by unanimous vote
Moved by unanimous vote to defer this item until after a second workshop is scheduled in the near future, as presented

B. DEFERMENT OF 2011/2012 ASSESSMENT PACKAGE

Mr. Alvarez stated every year Watermaster issues assessments which is done normally in the month of November; however, due to several issues, staff is asking for an extension of time. Ms. Maurizio stated it has been the practice over the last few years to bring the Assessment Package forward in the month of October and then send out the invoices in November. Ms. Maurizio stated it appears it will take a couple more months for the issues to be resolved – the current issues are the 85/15 Rule and how Watermaster is going to handle preemptive replenishment. Those two items will affect the dollar side of the Assessment Package. Ms. Maurizio stated there are a couple other outstanding issues – Watermaster is taking a different detailed look at supplemental storage accounts to make sure we are within the 100,000 acre-foot cap, and then there is a new issue that has been raised between Aqua Capital Management and California Steel Industries water rights. Those don't affect the dollar amounts of the Assessment Package but they do affect what goes into the Assessment Package since staff tracks all storage accounts through the Assessment Package. Ms. Maurizio stated Watermaster is at a point where the Assessment Package needs to be deferred, and the past precedent that was set a few years ago was to collect 50% of last year's assessments now so that Watermaster has operating funds on hand. There are not a lot of reserves and money starts to run out around the 1st of January. Ms. Maurizio commented on a table in the corrected staff letter and offered further comment on this matter. Ms. Maurizio stated the good news is that based on the production numbers, now that its finalized, if you compare it to what was being estimated at the time of the budget process, production is almost exactly right on as to what was estimated. Mr. Kinsey stated he understands some of the outstanding issues as far as the application of the 85/15 Rule and offered further comment regarding past practices. Mr. Kinsey stated he thinks it is a good thing that Watermaster is going through and checking storage accounts and making sure there are valid storage accounts. Mr. Kinsey offered comment on past accounts and accounting practices. Mr. Kinsey reminded Watermaster staff that there is an interpretation that the 100,000 acre-foot cap applies to post Peace Agreement supplemental water deliveries and not pre Peace Agreement. Mr. Kinsey stated that he does not see that as a reason to delay an Assessment Package since it is something that is going to be worked on for a while. Mr. Kinsey stated the 85/15 Rule potentially affects cost allocation and the storage part is something that doesn't affect that; it's just reporting which can be changed at any time. Mr. Kinsey inquired about Watermaster's proposal for $5M and explained his inquiries in detail. Ms. Maurizio stated she and Mr. Joswiak had discussions within the last few days and noted Watermaster could wait one more month on this deferral request. Ms. Maurizio stated when the meeting package was prepared there was no draft assessment numbers available; however, now that staff has production numbers she can start assigning some dollars and she can put together a very rough draft of what assessments would look like. Staff could then bill 50% on those next month which is another option to consider. Mr. Kinsey stated if Watermaster needs money for cash flow purposes then that is a possibility and noted he does not know if

Watermaster is buying replenishment water. If Watermaster is, the question is how. Mr. Kinsey stated a couple other options for the group to consider is Watermaster could start drawing down excess reserves that are held on behalf of the Appropriators by coming up with a number and sending out a preliminary assessment based on that number using last year's percentages to allocate amongst the parties. Mr. Kinsey stated the parties could provide funding for one half of the current fiscal year budget, which would be approximately $2.9M. Mr. Kinsey stated his preference would be to give Watermaster what it needs and then, once all the issues are worked through, pay the rest. Mr. Alvarez stated those are all really good valid points; however, given that Watermaster has all the final production numbers now, staff can take these comments into consideration and come back next week at the Advisory Committee meeting and either report on whether staff can get a package completed next month and/or a revised estimate of what would be required to keep the operations cash flow going until January. That would provide enough time so people are not scrambling to give estimated numbers. Mr. Kinsey inquired if staff was proposing to come back and ask the Advisory Committee for action or is staff just going provide a report to the Advisory Committee. Mr. Alvarez stated it may be for action and/or report; the action would be that if staff still feels the need to defer the package to January, then that needs to be done and staff would like the approval of the Advisory Committee to formally defer the package. Mr. Alvarez stated if that is not the case, if at that time it's felt that it's not forthcoming, then that is fine too. Mr. Kinsey stated collectively Watermaster parties have always struggled to not use the Pool process sometimes out of convenience and offered further comment on the differences between the Appropriative Pool and the Advisory Committee. Mr. Kinsey stated he prefers that if Watermaster staff feels it needs more money that staff come back and ask for it at the next Appropriative Pool meeting rather than having action taken at the Advisory level. Mr. Joswiak stated with regard to Mr. Kinsey's question regarding cash flow, he stated on an average it runs about a half million dollars to operate Watermaster on any given month and that amount does not include replenishment. Ms. Maurizio stated maybe staff can just present a report at the Advisory Committee meeting. A discussion regarding the costs to run Watermaster, preemptive replenishment purchases, and Watermaster excess reserves ensued. Chair Mura stated he believes the suggestion for staff is the issues today be worked through and be brought back through the Pool process versus skipping the Pool and going right to the Advisory Committee.

Motion by Kinsey second by Russo-Pereyra, and by unanimous vote

Moved by unanimous vote to work through the issues brought up at the Appropriative Pool meeting today and bring this item through the Pool process next month versus taking this to the Advisory Committee on October 20, 2011, as presented

C. YEAR 3 PURCHASE OF NON-AGRICULTURAL POOL STORED WATER

Mr. Joswiak referenced the staff report on page 89 of the meeting package. Mr. Joswiak stated this is a standard item that Watermaster has done each year for the past few years, and noted this is the third of the fourth payments due which is done for the Non-Agricultural Pool water purchased. Mr. Joswiak stated payment number three is going to be $2,377,249.88 and referenced the chart on page 91 of the meeting package which shows how the calculation as it applies to the Appropriators. Mr. Joswiak noted per the Peace Agreement Attachment G, it states the first anniversary date of when the first payment was made locks in the payment date for all future payments on a going forward basis and then the payment needs to be made on or before that anniversary date. Mr. Joswiak reminded the parties that the money needs to be in the Watermaster account prior to the payment which is scheduled for January 13, 2011. Mr. Joswiak stated it was brought to staff's attention that Watermaster was using the incorrect production data and he explained this matter in detail. A discussion regarding this matter ensued. Mr. Crosley stated depending on whatever action the Pool might take with regard to this item, and in consideration of the additional time it might take to get the Assessment Package questions answered and the Assessment Package billed to the parties, the parties might be receiving a separate invoice specific to this item only before the assessments. Mr. Joswiak stated it will be dependent on how staff does the assessments. The difficulty is Watermaster's

cash flow is going to be very, very tight, if not impossible, to make this $2.3M payment without some type of assessment. Mr. Crosley stated that would be a separate invoice and Mr. Joswiak acknowledged yes it would be. Mr. Joswiak offered further comment on this matter. Chair Mura stated given the sensitivity of this issue, it may behoove Watermaster to process an individual assessment for this purchase as to not create any more conflict or issues with this water purchase. Mr. Kinsey stated Monte Vista Water District is good with a special assessment now for this amount which ultimately reduces the amount of the assessment that the parties will have to pay at any one time and encouraged staff to pay this invoice two days early instead of one day early. Mr. Garibay with regard to this special assessment, if there is any transmittal of information on what has been paid in the past, he would like that information provided with the invoice. Mr. Alvarez stated a special assessment will be prepared in accordance with the information provided in the staff report in addition to adding the past last payment information.

Motion by El-Ameamy second by Hoerning, and by unanimous vote
Moved by unanimous vote to do an Individual Special Assessment now and provide recognition of what has been paid in the past, as presented

D. METROPOLITAN WATER DISTRICT REPLENISHMENT WATER POLICY PRESENTATION

Mr. Alvarez gave the Metropolitan Water District (MWD) Replenishment Water Program presentation which included History, MWD's Administrative Code, Historical MWD Rates, Reversing a Commitment, MWD Proposal Key Principles, Key Development Principles, Where s MWD Replenishment is Headed, and the MWD Proposed Program in detail. A discussion regarding MWD's private meetings ensued. Ms. Rojo inquired about not having replenishment water and how the Desalters are going to be replenished. Mr. Alvarez discussed one of the MWD slides and discussed the possibility of purchasing replenishment water seven years in advance because water is going to be available three out of ten years, which is going to significantly affect cash flow here at Watermaster and the parties are going to have to come up with a way to finance that water. A lengthy discussion regarding a storage program for Chino Basin's needs, replenishment water, CBWM Judgment, and the 85/15 Rule ensued. Ms. Rojo stated MWD is going to do what MWD is going to do, and the parties can try and influence them. However, this topic calls in a lot bigger issues for all the parties as far as physical solution, the very foundation of the Judgment and the adjudication of this basin, and how the parties are going to be able to operate in light of this changing circumstance; this is a very significant impact. Mr. Kinsey inquired if Inland Empire Utilities Agency (IEUA) or Western Municipal Water District (WMWD) has any comments regarding this discussion. Mr. Hansen stated MWD will have water available, it is just what the parties will be willing to pay for it. Mr. Hansen made clear the different tiers in greater detail and how those tiers affect the parties. Mr. Hansen explained the possibility of the state saying in December that Article 21 water is available which means there will be more water available for MWD and noted MWD has no place to put that water. Mr. Hansen offered further comment regarding this item. A discussion regarding Mr. Hansen's comments ensued. Ms. Rojo offered comment on the wording in the Peace Agreement which references once the costs exceed what they are paying, they are going to step in and pick up part of the replenishment costs themselves. Mr. Kinsey stated there is a vague opportunity to relook at that. Ms. Rojo inquired how that will be monitored. Mr. Kinsey stated he believes we are a few years away from that and offered further comment on water suppliers versus other resources. A discussion regarding Mr. Hanson and Mr. Kinsey's comments ensued: Mr. Miller stated there is a lot of pressure on paying adequate rates and every one paying their fair share so MWD staff has been hearing a lot from San Diego and Los Angeles that it's unfair to all the groundwater agencies. Mr. Miller stated sub-groups have been meeting out of the MWD member agencies and have been trying to get the groundwater agencies together to come up with a unified voice to promote the continuation of the Replenishment Program, which is actually being called the Water Management Program now. Mr. Miller offered further comment on the issues with MWD with this regard including the tiers and storage programs. Mr. Kinsey inquired where Orange County Water District (OCWD) is in these discussions. Mr. Miller stated he has had some recent conversations with them and they have gone to one of their committees and received tentative support for this concept. They are a huge beneficiary for replenishment water.

Mr. Miller offered further comment on OCWD's position in this matter. A discussion regarding OCWD's view, water supply sources, Tier I pricing, and the 85/15 Rule ensued. Mr. Kinsey noted as Watermaster moves forward with the Recharge Master Plan, it needs to reflect upon the changed dynamic because the planning was for a large availability of water supply which may not be available any longer. Mr. Garibay inquired about the Levels and how they will be offered. Mr. Alvarez stated not all Levels will be offered at the same time and gave further comment on this matter and stated the details are still under discussion. Mr. Garibay noted his concern regarding preemptive replenishment water having constraints or contingencies on it. Mr. Garibay offered comment on MWD trying to obtain revenue and Level 1 overpricing. Mr. Alvarez stated all of those details are still to be worked out.

E. STATE OF THE BASIN REPORT – WATER QUALITY PRESENTATION (Information Only)
Mr. Alvarez introduced the State of the Basin Report – Water Quality Presentation. Mr. Kinsey inquired if this same presentation is going to be given at the upcoming Advisory Committee Meeting. Mr. Alvarez stated staff can defer this presentation to the Advisory Committee meeting if this Committee desires to do this. It was decided to hold off until the Advisory Committee meeting next week. Mr. Garibay recognized Mr. LeClaire's time and effort to bring this presentation to today's meeting.

III. REPORTS/UPDATES

A. WATERMASTER GENERAL LEGAL COUNSEL REPORT

1. October 28 Hearing
Counsel Fife stated there is a hearing scheduled for October 28, 2011 at 10:30 a.m. and the main subject will be the CDA Resolution and the approval of that resolution. The pleading which was filed is available on the back table. Counsel Fife stated counsel is currently going through the preparation of testimony and a conference call is scheduled for Monday, October 17, 2011 at 10:00 a.m. to begin Mr. Malone's testimony presentation; if any party is interested they can join the call. Counsel Fife stated Mr. Malone will be Watermaster's only witness which will be an educational opportunity for the Judge. Counsel Fife stated all items are on track for this hearing.

2. Paragraph 31 Appeal
Counsel Fife stated California Steel Industries (CSI) asked for an extension of time to file their reply brief and it was granted by the court. Counsel Fife stated CSI now has until October 28th to file their reply brief. Counsel Fife stated there are settlement discussions taking place and noted more on this subject will be discussed during closed session.

Added: 3. Litigation between Aqua Capital Management and California Steel Industries
Counsel Fife stated this was not on the original agenda because staff and counsel were just made aware of this litigation yesterday. Counsel Fife stated Aqua Capital Management (ACM) has filed a lawsuit against CSI about the water rights agreement that they have. Counsel Fife stated ACM has filed this as a separate lawsuit and it has been filed in San Bernardino Superior Court and hopefully the presiding Judge will see the connection to the adjudication and assign it to Judge Reichert. If not, Watermaster might have to go through some process with this. Counsel Fife stated there has been no opportunity for discussion on the Board level yet on this matter. Counsel Fife stated there will be more information on this item at the Advisory Committee meeting next week. Mr. Kinsey stated part of the court submittal continually makes statements about reconfirming the parties' commitment to do the Recharge Master Plan (RMP) and noted he understands why that is in there.

Mr. Kinsey offered further comment on the RMP and noted his concerns with this regard. Counsel Fife stated one of the cornerstones of the RMP is that it is an adaptive management program; Watermaster is committed to moving forward with it. Mr. Harder stated there are obligations of the Judgment in terms of replenishing areas and sub-areas of the basin and he noted he is going to have to take this information back and then consideration will have to be given in light of this information going forward.

C. WATERMASTER ENGINEERING REPORT

1. Chino Creek Well Field Extensometer Installation Update

Mr. Malone stated he came today with a longer presentation; however, due to time constraints he will give a brief verbal presentation. Mr. Malone stated the Peace II SEIR and some of the monitoring and mitigation requirements with regard to the potential for subsidence associated particularly with the Chino Creek Wellfield, requires that an extensometer be built in the vicinity of that Chino Creek Wellfield. Mr. Malone stated Wildermuth Environmental is attempting to install that extensometer facility this fiscal year. Mr. Malone stated the stage that process is in right now is the technical specifications have been developed and have identified some target properties that the extensometer might be installed at. Mr. Malone offered comment on the target properties. Mr. Malone stated it is hoped to secure a piece of property and piggyback onto the well drilling contract that the CDA has right now to drill their last three Chino Creek Desalter Wellfield wells and do a change order there. Mr. Malone stated Wildermuth staff is working with the CDA with this regard and there will have to be a cost sharing agreement which will come through the Watermaster process in the future.

D. CEO/STAFF REPORT

1. Recharge (Supplemental Water Purchase/Allocation/Storage Agreements) Update

Mr. Alvarez presented the history of MWD making the replenishment water available for purchase recently and what has transpired at Watermaster since the availability of water was made in May. Mr. Alvarez stated Watermaster has received a total 33,175.5 acre-feet of the MWD replenishment water, which will be subject to adjustments, and the number will not be finalized for several weeks. Mr. Alvarez stated the breakdown for that water is as follows: through the recharge basins 32,105.5 acre-feet, through direct injection 1,074 acre-feet, and through in lieu 1,466.7 acre-feet were recharged. Mr. Alvarez offered comment on the payment of the MWD water and noted 26,000 acre-feet went through Preemptive Storage Agreements with Fontana Water Company (FWC) in the amount 20,000 acre-feet and Niagara Bottling Company (NBC) in the amount of 6,000 acre-feet. Mr. Alvarez stated the Preemptive Storage Agreements do limit the water for use only for replenishment purposes and cannot be traded or sold. Mr. Alvarez stated there are a series of Preemptive Replenishment Agreements that are separate and different from Storage Agreements. Mr. Alvarez stated one of these agreements has been finalized with the City of Chino for 1,420 acre-feet of water and two other agreements are pending with Jurupa Community Services District for 2,300 acre-feet of water and the remainder amount of water will be with an agreement with Inland Empire Utilities Agency (IEUA). Mr. Alvarez offered final comments regarding this matter and thanked IEUA staff for all their efforts on this endeavor. Mr. Kinsey stated Monte Vista Water District (MVWD) was glad to be able to use this as an ability to exercise MVWD's injection facilities. They worked very well and he offered further comment on injecting. Mr. Kinsey stated when this matter began there was an understanding that whatever was ultimately delivered would be allocated on a pro rata basis; the goal was to get 50,000 acre-feet with a 50/50 split between FWC and NBC, and preemptive for desalter replenishment, and it sounds like that is off the table for consideration, even though it was his understanding that everybody agreed to that arrangement. Mr. Alvarez stated the Preemptive Replenishment Agreement water is limited only to desalter use which is specifically spelled out in the agreements for the agencies stated previously. Mr. Kinsey stated this committee would encourage finalizing a Storage Agreement with IEUA and not a Preemptive Replenishment Agreement to allow us to be prepared for the future availability of water, should it become available. Mr. Kinsey stated with conversations between Watermaster and MVWD, MVWD thinks Watermaster is operating outside of its limitations under the Judgment, and are having legal counsel prepare a letter which will be sent out next week for the parties to review. Hopefully they will be able to discuss it with their attorneys; some of the issues brought up in the letter are relevant for this Pool to talk about before coming up a two tiered Storage Program in the Chino Basin.

2. Archibald South Plume Update
Mr. Alvarez stated this was one of the items in the Watermaster work plan this year in terms of doing some better quantification. Mr. Alvarez stated staff been instructed to go out and do some additional water quality samples and some of those results are in; there is an exhibit map shown on the display screen. Mr. Alvarez reviewed the map where the testing locations were and reviewed the water quality test results, noting the results were provided to the Regional Water Quality Control Board. Mr. Alvarez stated as part of this program there are ten additional locations that were identified and are mostly on the westerly side of the plume, where most of the sampling was being performed. Mr. Alvarez commented on the locations that were non-accessible at the time of testing and noted staff is working with the Agricultural Pool chair on some of these locations to obtain access, and with the residents at the locations that people were not available on that particular date and time. Mr. Garibay offered comment on VOC's with regard to the map locations shown on today's presentation. Mr. Alvarez stated except for one resident with regard to all the testing done the VOC levels were within MCL and noted he is not aware of any changes to the MCL limitations.

IV. INFORMATION
1. Cash Disbursements for September 2011
No comment was made.

2. Newspaper Articles
No comment was made.

V. POOL MEMBER COMMENTS
No comment was made.

VI. OTHER BUSINESS
Mr. Alvarez noted there has been a change made to the November Watermaster Board meeting date due to the upcoming Thanksgiving holiday schedule, and to please note the new date of November 17, 2011 which will be on the same day as the Advisory Committee meeting.

The regular open Appropriative Pool meeting was convened to hold its confidential session at 10:50 a.m. after a 5 minute break

VII. CONFIDENTIAL SESSION - POSSIBLE ACTION
Pursuant to the Appropriative 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 concluded at 11:50 a.m.

No action was reported.

VIII. FUTURE MEETINGS

Thursday, October 13, 2011	9:00 a.m.	Appropriative Pool Meeting @ CBWM
Thursday, October 13, 2011	11:00 a.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, October 13, 2011	1:00 p.m.	Agricultural Pool Meeting @ CBWM
Thursday, October 20, 2011	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, October 20, 2011	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, October 20, 2011	11:00 a.m.	Land Subsidence Committee Meeting @ CBWM
Thursday, October 27, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM
Thursday, October 27, 2011	2:00 p.m.	2012 Groundwater Model Workshop/Planning Assumptions @ CBWM
Friday, October 28, 2011	10:30 a.m.	Watermaster Court Hearing @ Chino Court
Thursday, November 10, 2011	9:00 a.m.	Appropriative Pool Meeting @ CBWM
Thursday, November 10, 2011	11:00 a.m.	Non-Agricultural Pool Conference Call Meeting

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Minutes Appropriative Pool Meeting **October 13, 2011**

Thursday, November 10, 2011	1:00 p.m.	Agricultural Pool Meeting @ CBWM
Thursday, November 17, 2011	8:00 a.m.	IEUA DYY Meeting @ CBWM
Thursday, November 17, 2011	9:00 a.m.	Advisory Committee Meeting @ CBWM
* Thursday, November 17, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM

* Note: Watermaster Board meeting date change due to the Thanksgiving holiday

Chair Mura dismissed the Appropriative Pool meeting at 11:50 a.m.

Secretary: _____

Minutes Approved: November 10, 2011