

PERS00246

*Minutes*  
**CHINO BASIN WATERMASTER  
AGRICULTURAL POOL MEETING**  
*July 14, 2011*

The Agricultural Pool Meeting was held at the offices of Chino Basin Watermaster, 8841 San Bernardino Road, Rancho Cucamonga, CA, on July 14, 2011 at 1:00 p.m.

**Agricultural Pool Members Present Who Signed In**

Bob Feenstra, Chair  
Nathan deBoom  
John Hultsing  
Gene Koopman  
Glen Durrington  
Jeff Pierson  
Pete Hall  
Jennifer Novak

Dairy  
Dairy  
Dairy  
Milk Producers Council  
Crops  
Crops  
State of California, CIM  
State of California, Dept. of Justice, CIM

**Watermaster Board Member Present**

Paul Hofer  
Geoffrey Vanden Heuvel

Crops  
Dairy

**Watermaster Staff Present**

Deal Alvarez  
Danielle Maurizio  
Joe Joswiak  
Shari Molino

Chief Executive Officer  
Senior Engineer  
Chief Financial Officer  
Recording Secretary

**Watermaster Consultants Present**

Michael Fife  
Joe LeClaire  
Mark Wildermuth

Brownstein, Hyatt, Farber & Schreck  
Wildermuth Environmental Inc.  
Wildermuth Environmental Inc.

**Others Present Who Signed In**

Abigail Stacker  
Dan McKinney  
Marty Zvirbulis  
Paul Deutsch  
Eunice Ulloa  
John Mura  
Marsha Westropp  
Ryan Shaw  
Andy Campbell  
Chris Berch  
Gil Aldaco  
Tracy Egoscue

State of California, Department of Justice  
Ag Pool Special Counsel  
Cucamonga Valley Water District  
Geomatrix  
Chino Basin Water Conservation District  
City of Chino Hills  
Orange County Water District  
Inland Empire Utilities Agency  
Inland Empire Utilities Agency  
Inland Empire Utilities Agency  
City of Chino  
Paul Hastings

Chair Feenstra called the Agricultural Pool meeting to order at 1:01 p.m.

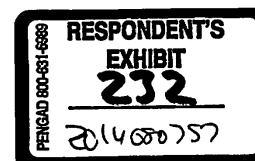
**AGENDA - ADDITIONS/REORDER**

No additions or reorders were made to the agenda.

**I. CONSENT CALENDAR**

**A. MINUTES**

1. Minutes of the Agricultural Pool Meeting held June 9, 2011



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**B. FINANCIAL REPORTS**

1. Cash Disbursements for the month of May 2011
2. Watermaster VISA Check Detail for the month of May 2011
3. Combining Schedule for the Period July 1, 2010 through May 31, 2011
4. Treasurer's Report of Financial Affairs for the Period May 1, 2011 through May 31, 2011
5. Budget vs. Actual July through May 2011

Financial Reports pulled for separate discussion and motion.

Mr. Koopman stated he pulled this item because of a couple concerns regarding the Agricultural Pool's fund balances from September 2008 through the current year. Mr. Koopman stated Mr. Joswiak asked Mr. Feenstra to provide some numbers for him; however, in reviewing the balances there seems to be a problem. Mr. Koopman offered comment on the Agricultural Pool's per diem and how that is broken down for payment to the Pool members. Mr. Koopman noted it has not been paid correctly since the Peace II Agreement was approved and this situation needs to be looked into by Watermaster staff. Mr. Koopman stated there was also money taken out of the Agricultural Pool funds for Pool expenses over and above the per diem; Watermaster staff assisted in looking up the cause for these transactions, although it was unsuccessful. Mr. Koopman offered comment on the funds taken out of their account and noted this will need to be thoroughly reviewed and an answer provided to the Agricultural Pool. Chair Feenstra stated since there is new administration at Watermaster, he decided to take a more in-depth look at the Agricultural Pool accounts and this is when questions arose. Chair Feenstra noted Watermaster provided him with four years of Agricultural Pool financial data and he is working with Watermaster staff on this matter. Chair Feenstra noted Mr. Joswiak provided a document recently which attempted to address some of the concerns. Mr. Joswiak reviewed the document in detail and noted the financial account process has been approved by Watermaster's outside auditors and is standard industry practice for earning the best interest rate. A discussion regarding this matter ensued. Mr. Joswiak stated since he has been at Watermaster, he feels very confident on any given day that he can tell any person/party where the expenses are going, how the interest is calculated, and what the fund balance is or isn't. Mr. Koopman stated Mr. Feenstra forwarded him the document that was provided by Watermaster and inquired about a dollar amount of \$16,509 which shows up in several places. Mr. Joswiak referenced the Financial Report B3 in the meeting package, explained that report in detail, and noted he does see that dollar amount; however, a forensic analysis needs to be done with that regard and he will report back once that is completed. A discussion regarding the \$16,508 amount ensued. Chair Feenstra stated this item will be worked on and then will be reported back to this committee. Mr. Koopman stated that is sufficient and moved to approve the Financial Report item and noted he looks forward to a detailed explanation on these monies.

*Motion by Koopman second by Durrington, and by unanimous vote  
Moved to approve Consent Calendar item B, as presented*

**Added Item:**

Chair Feenstra stated Pete Hall, our representative from the State of California, Chino Institute for Men, has waived his compensation since he has been on the Agricultural Pool Committee; however, in the last several months Mr. Hall has been without a State contract and he continues to attend these meetings without any payment. Chair Feenstra stated he now authorizes compensation payments be made for his service this year and then on a going forward basis. Chair Feenstra noted Mr. Hall will provide the necessary documentation to Watermaster staff to change his per diem status and be reimbursed accordingly. Mr. Joswiak stated that would be taken care of.

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**C. WATER TRANSACTIONS**

1. **Consider Approval for Notice of Sale or Transfer – Fontana Water Company**  
("Company") has agreed to purchase from The Nicholson Trust annual production right in the amount of 7,000 acre-feet to satisfy a portion of the Company's anticipated Chino Basin replenishment obligation for Fiscal Year 2010/2011. Date of Application: June 21, 2011, Date of Notice: July 7, 2011

*Motion by Durrington second by Koopman, and by unanimous vote  
Moved to approve Consent Calendar Items A and C, as presented*

**II. BUSINESS ITEMS**

**A. ACQUISITION OF RIGHT OF ENTRY AGREEMENT FOR HORIZONTAL EXTENSOMETER**

Mr. Alvarez stated this is a Right of Entry Agreement that is being presented today for your approval and authorization for Watermaster to enter into the agreement. The purpose of the agreement is to obtain access to a property for the installation of a horizontal extensometer which will be used to collect data as part of the study that is being done in conjunction with looking at land subsidence in the MZ1 area. Mr. Alvarez stated at that site there will be controlled aquifer tests which will induce some drawdown and will provide valuable data on settlement as part of this comprehensive study. Mr. Alvarez stated the agreement is for a period of 21 months and there is a fee of \$1,000 which will go to the property owner associated with the agreement. Mr. Alvarez stated staff recommends approval of the agreement, including the payment of the fee to the land owner.

*Motion by Koopman second by Novak, and by unanimous vote  
Moved to approve Acquisition of Right of Entry Agreement for the Horizontal Extensometer and payment of \$1,000 to the land owner, as presented*

**B. UPDATE OF CHINO BASIN GROUNDWATER MODEL - (Information Item Only)**

Mr. Alvarez stated there is a groundwater model that has been prepared for the Chino Basin; the last time this model was updated was in 2007. Mr. Alvarez stated this year the model is being updated for the purpose of having a tool from which different operating scenarios can be examined; this will assist for a better operation of the basin. Mr. Alvarez stated Mr. Wildermuth is here today to give a presentation on this major effort. Mr. Wildermuth stated the technical work that he is going to discuss was originally planned in the prior year's budget as part of the safe yield computation. Mr. Wildermuth stated when the Recharge Master Plan was updated last year, one of the items that was to be included was a recommended methodology to calculate safe yield. Mr. Wildermuth stated in Section 3 of that report the methodology was outlined in two parts. The first part was a ten year look back of computation of developed yield and a forward looking calculation for safe yield. Mr. Wildermuth stated due to budget constraints last year, this work was not included completely; only a portion of that work was included on the ten year look back on developed yield. Mr. Wildermuth stated in going forward, and looking at all the things that Watermaster is supposed to do pursuant to the Judgment, Peace Agreement, Peace II Agreement, the Rules & Regulations, and the September 2010 court order authorizing things to move forward for the Recharge Master Plan, this is a slightly expanded version of that scope. Mr. Wildermuth gave the Update to the Chino Basin Groundwater Model and Evaluation of the Basin Dynamics presentation in detail. Mr. Wildermuth thoroughly reviewed the general outline, questions that need to be answered, and what work has to be done to answer these questions. Mr. Wildermuth discussed the planning process for scenario 1 – recalibration, the planning process for scenario 2 – safe yield and balance, the planning process for scenario 3 – new yield, the planning process for scenario 4 – storage losses, and the planning process scenario 5 – transfers in detail. Mr. Wildermuth reviewed in detail what is needed from the parties and others to complete this work. Mr. Wildermuth noted a workshop needs to be held in the October time frame to discuss the calibration results. A second workshop needs to be held in the January/February time frame to present planning results. There were no questions or final comments made by any Committee members on Mr. Wildermuth's presentation.

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**C. AGRICULTURAL POOL LEGAL COUNSEL**

Chair Feenstra stated he informed the Watermaster CEO that the Agricultural Pool is going to consider today retaining general counsel to replace Steve Lee. Chair Feenstra stated that a discussion and/or decision will be made today in closed session. Chair Feenstra stated he wanted to introduce the candidate for this position who is present in the audience; Tracy Egoscue, Attorney at Law, of Paul Hastings. Chair Feenstra stated as instructed by the Agricultural Pool members that changes be made to their general counsel, another addition was made to retain a special counsel for the purposes of the Restated Judgment in the hiring of Dan McKinney. Chair Feenstra stated Mr. McKinney is the attorney who assisted in the negotiations of the Judgment/Peace Agreement. Chair Feenstra stated he will be handing out some background information on Ms. Egoscue during the confidential session.

**III. REPORTS/UPDATES**

**A. WATERMASTER GENERAL LEGAL COUNSEL REPORT**

**1. Paragraph 31 Appeal**

Counsel Fife stated there is not much to add regarding the Paragraph 31 appeal from Watermaster's perspective. Counsel Fife stated Watermaster filed its reply brief in June and, since then, there have been settlement discussions going on between the Appropriative Pool and the Non-Agricultural Pool. Counsel Fife stated Watermaster has been involved only to facilitate those discussions; no settlement has been reached to date. Counsel Fife stated the Appropriative Pool is currently scheduled to file its reply brief on July 25, 2011.

**2. Restated Watermaster Judgment**

Counsel Fife stated there was a workshop on the Restated Watermaster Judgment on July 7, 2011. Counsel Fife stated there had been discussions on broadening the scope of the assignment that Judge Reichert gave to Watermaster. At the workshop last week three possible avenues were discussed for working on this assignment. The first one was to strictly adhere to what Judge Reichert assigned, which is to take the language of the amendments as they were approved over the course of the years since 1978, cut and paste them into the Judgment, and have some indication of where those changes were made. The group was supportive of creating such a document, which will be an unchanged document, except for plug-ins of the amendments as they were made. Counsel Fife stated there was support for doing it that way and that draft will be available next week. Counsel Fife stated that format will be provided to Judge Reichert at the September 30, 2011 hearing for his approval. There was also a discussion on doing something more than what was required by Judge Reichert. An annotated Judgment which will be an unofficial document, not adopted by the court, that would contain footnotes so that for any given section of the Judgment a person/party could cross-reference the Peace Agreement, the Rules & Regulations, etc. There were discussions on possibly having work groups to work on various parts of this annotated Judgment. This is something that will be worked on an ongoing basis after the other document is produced and taken to court. The third alternative is to actually go in and update the language and change the Judgment; there was no support at the workshop for this to be done. Counsel Fife stated the goal is to stick to a Restated Judgment and not a rewritten Judgment. Chair Feenstra noted several of the Agricultural Pool members attended that workshop, as well as Mr. McKinney, and he asked that he be allowed to give a brief update. Mr. McKinney stated the group generally agreed that the stakeholders did not want to tackle a complete rewrite of the Judgment. Mr. McKinney stated he understood Watermaster was going forward with three probable phases of this endeavor; 1) Phase 1 will be to take Judgment and update it with all of the amendments, which is exactly what Judge Reichert asked for; 2) Phase 2 is the annotated package including annotation on the Peace Agreement, the Peace II Agreement, the Rules & Regulations, the Implementation Plan, and the Judgment so that one document contains references to other documents, and 3) Phase 3 which will be created once Phase 2 is completed so that people/parties will see inconsistencies and problems which will need to be flagged and addressed; this will solve any inconsistencies found during the Phase 2 process. Mr. Durrington inquired that, once this project is done, are all those previous

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documents no longer of use. Mr. McKinney stated the decision was to not tackle that right now, and to only create a Judgment with the amendments built into it. That is what Judge Relchert will probably adopt as the Restated Judgment. Mr. McKinney stated the next phase will be the annotated document and will most likely have a caveat that states, "This is not an official document and does not supersede the previous agreements". Chair Feenstra offered comment on recent meetings that took place with Watermaster staff and some members of the Agricultural Pool regarding well owners/locations. Counsel Fife stated that is actually going to be the most difficult task in this process. Counsel Fife stated he has spoken to Mr. McKinney about this section. Counsel Fife offered history on the well location/owner project because it was created in 1978, and many changes in well locations and owners has taken place over time. Counsel Fife stated there will be due process issues, so a plan will need to be taken to the court for approval that meets due process requirements and will adequately provide notice to people so that the court has jurisdiction over them; this is currently being worked on. Mr. McKinney stated a process needs to be created whereby a certified letter, or something that requires a signature, is sent out and then they are deemed to be on notice or deemed to be intervened without having to be sued. Mr. Pierson inquired about the normal intervening procedure for those people/parties. Counsel Fife stated that is the question - what is the easiest way to proceed, because it is easy when someone voluntarily intervenes; however, that is a totally different when someone does not want anything to do with the Judgment. Counsel Fife offered comment on the possible interventions or intervention problems; the court will need to approve what procedure is eventually decided on with this regard. Mr. Pierson inquired about the Restated Judgment being put on the Watermaster ftp site and Counsel Fife stated that it would be on the website next week for review. Ms. Novak stated she was happy to hear this is going to be a very limited scope of work for Phase 1 and Phase 2, and offered comment on the potential working groups. Ms. Novak stated it is good that the Agricultural Pool will have a say in all those meaningful parts and not just one committee will be handling everything, but several groups offering their input. Ms. Novak stated her impression of Phase 3 is that, by that point in time, people/parties will know if there are contradictions and whether there is antiquated language that some people feel need modernizing and then, at that time, this committee can decide if we want to get involved in it at all. Chair Feenstra inquired about the September 30, 2011 due date, and if the parties will be ready to go to court by then. Mr. Alvarez stated he believes everyone is going to do their very best to meet that court date.

3. September 30, 2011 Hearing

Counsel Fife stated this is the hearing which was going to take place on July 8, 2011; however, it has been continued to September 30, 2011. Counsel Fife stated the main subject for that hearing is the Desaster Resolution. Metropolitan Water District has approved the LRP Funding Agreement, which was the last Condition Subsequent on that agreement. Counsel Fife stated the pleadings for that hearing will be drafted in August for the September hearing. Counsel Fife stated the goal is to have Phase 1 for the Restated Judgment completed for the approval by the court at that time. Chair Feenstra stated he would like to suggest to Mr. McKinney that, at the appropriate time in September when he thinks he is getting close to the finish of Phase 1, maybe it would be best to hold a workshop to go through those areas that may have an effect on the Agricultural Pool and/or could have an effect on the Judgment; this is important to stay focused on. Mr. McKinney stated he doubts there will be a lot of controversy over bringing the amendments forward for the Judgment, but we may want to have a conversation on how we are going to bring in the reluctant potential members of the Agricultural Pool - whether we do it by knocking on doors or by force through the court, but this is a part of Phase 1.

B. ENGINEERING REPORT

1. Progress Report on the State of the Basin Report

Mr. Wildermuth stated that, back when the Judge approved the Peace Agreement; it was a requirement at that time that every two years a State of the Basin Report would be done. Mr. Wildermuth stated this report, which contains all the analytical work, is done and staff is trying to pull the final graphics together. This year it is going to be done differently. Instead

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of being a big binder with lots of drawings and lots of text, it is going to be just a coffee table size book, unfolded with no text and only annotated charts, maps, and tables. Mr. Wildermuth stated this is an experiment, included in last year's budget that would be tried this new way, which will save money and provide just the key exhibits. Mr. Wildermuth stated that, if later, Watermaster wants a full on text version of this report, that can be done in a subsequent report. Mr. Wildermuth stated that report will be available near the end of this month and will be on the Watermaster website, with limited hard copies being made available.

2. Water Quality Report as Requested by the Ag Pool

Chair Feenstra stated some members of the Agricultural Pool were able to see a preview of Mr. LeClaire's presentation on the South Archibald Plume. Mr. LeClaire stated he was asked to give a brief summary of the South Archibald Plume (formerly known as the Ontario Airport Plume) as a platform to begin dialog on possible direction that Watermaster might want to take regarding this plume. Mr. LeClaire stated TCE was first discovered in about the mid 1980's by testing and sampling done by Wildermuth Environmental. Subsequently, the Regional Board did some of their own sampling in the late 80's and early 90's and confirmed those findings. For Watermaster, some sampling was done in the 1999/2000 time frame, and this plume was defined by sampling approximately 600 to 700 wells over a three year period. Mr. LeClaire stated the sampling of wells has scaled down to approximately 125 over a three year period. Mr. LeClaire gave the South Archibald Plume presentation, which included several aerial maps, a histogram showing the distribution of Hexavalent Chromium in the Chino Basin, regulatory status, a summary on Hexavalent Chromium and offered a detailed summary of the plume. Chair Feenstra thanked Mr. LeClaire for a great presentation. Chair Feenstra stated that in the minutes of the Regional Water Quality Control Board (RWQCB) going back as late as 1987/88, it showed that the RWQCB was aware of those high levels of contaminants. In the years to follow TCE became a bigger issue and, about four or five years ago, this was discussed at length at several Agricultural Pool meetings. Chair Feenstra stated at those meetings it was requested that samples be taken at certain wells; however, those were not done. Chair Feenstra offered further comments regarding this matter. Chair Feenstra stated Watermaster now has some funds available in the new budget to hopefully perform these needed well samples and tests. Chair Feenstra requested Mr. LeClaire pull up one of the presentation slides and inquired as to why potable water was being made available to a dairy on Edison. Chair Feenstra offered comment on the health and safety issues of people in that area and on the responsibility of this board to do some sampling in that area. Chair Feenstra offered comment on the people who don't have potable water hookups and/or have refused them, to get the word out to them with this regard. Chair Feenstra noted that maybe that particular area shown on the slide needs to be expanded. Chair Feenstra offered comment on the Chino Plume. A discussion on the blue area of the presentation slide ensued. Mr. Koopman stated we all owe a responsibility to those people who are not on potable water and it is so unfortunate it has taken so long to get things going. Mr. Koopman inquired about available Watermaster funds for some testing and inquired about what testing Watermaster is going to do. Mr. Koopman also inquired if that would that be solely a cost to Watermaster, or is the ABGL Group going to contribute. Mr. Alvarez stated at this point in time Watermaster is going to put together a sampling and monitoring program to better characterize the plume, and that would be a Watermaster cost. Mr. Alvarez commented on putting individual well owners on potable water that currently are not, and probably should be, and noted that this is not something that Watermaster would be funding. Mr. Koopman stated he knows about the potable water; however, as an Agricultural Pool, we personally have some responsibility to try to get those people on potable water and that is not a Watermaster function. Mr. Koopman stated if the sampling and testing is going to be solely a Watermaster task, he feels the other group should not have any input into what is tested or where it's tested. Mr. Koopman offered comment on the Riverside Drive well; this well needs to be tested. Mr. Alvarez stated Watermaster will be responsible for developing the scope of work of what is going to be tested, and staff is also going to work with the other groups in terms of trying to get their data. Ms. Novak stated her understanding is that the ABGL Group met with the RWQCB,

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as well as the cities of Ontario, Upland, IEUA, and a few other represented agencies, and that a working group has been put together from that meeting for the purpose of determining the scope of sampling while using Watermaster sampling funds and inquired if that is Watermaster's understanding. Mr. Alvarez stated that is his understanding; however, that working group has not met yet and it is still being assembled. Mr. Koopman stated IEUA is attending the meetings; however, are only there to listen and are offering no input. Ms. Novak stated that was not her intention to implicate that IEUA has any responsibility, and actually when the PRP group makes their presentations raises the point that when IEUA took over that facility, they went on to a different type of treatment that no longer would require spreading ponds that they believe transmitted the contaminants into the ground. Mr. Koopman stated that is the reason IEUA is a spectator. Mr. Durrington inquired about the people who turned down the potable water. Chair Feenstra stated they are mostly land owners. Mr. Durrington offered comment on the history regarding tests and wondered when the actual clean up will start and testing will stop. Chair Feenstra stated he thinks the ABGL Group has done a fair job and has received all the reports and presentations given to this Pool; however, it is time to move this process along. Mr. Alvarez stated we are going to move this process forward and we will be doing the sampling, monitoring, and characterization - we will also be working with the RWQCB and it will be their responsibility to ensure there is a cleanup plan that actually gets implemented. A lengthy discussion regarding Mr. Alvarez's comments and the RWQCB involvement ensued. Chair Feenstra inquired from Mr. LeClaire about the wells that are going to be tested, and is the Agricultural Pool receiving the results. Mr. LeClaire stated that is correct. Chair Feenstra offered closing comments. Ms. Novak stated she is willing to go and speak to the various sides and see what they think they need and what they think the problem is, and then bring back a summary with a recommendation back at a later date. Chair Feenstra stated he would welcome that assistance.

C. CEO/STAFF REPORT

1. Recharge Update

Mr. Alvarez stated on May 16, 2011 Watermaster started taking deliveries from water purchased from Metropolitan Water District (MWD). Mr. Alvarez stated the goal was to take in 50,000 acre-feet of water from that date through the end of the year. Mr. Alvarez stated to-date there has been 12,700 acre-feet taken in, which is at about 80% of the anticipated goal. Mr. Alvarez stated a few of the basins are in the process of having maintenance work done on them which will assist in taking in more water; however, even with those repairs, staff is not positive the entire 50,000 acre-feet will be able to be taken in. Mr. Alvarez stated the second part of this item is regarding the financing of the water. Mr. Alvarez stated staff was directed to work out financing arrangements and one of those possibilities is a loan with the Chino Basin Water Conservation District (CBWCD). Mr. Alvarez stated recently the CBWCD board of directors met and approved a loan up to \$5M to Watermaster and authorized their general manager to execute a loan agreement with Watermaster subject to a few conditions; 1) The interest on the loan will be variable of LAIF plus 1.5%, 2) The interest will be paid at quarterly intervals with the principal due and payable in one lump sum in January 2015, and 3) The loan on the agreement, once it is approved by the Watermaster Board, is to be presented to the court for approval, recognizing that Watermaster, under its authority, is actually able to enter into a loan agreement to borrow money and will be pledging a future assessment for purposes of repaying those funds. Mr. Alvarez stated the draft of that agreement was finished today and was sent to the general counsel of CBWCD for review. Mr. Alvarez stated he hopes that will be completed and be taken to the Advisory Committee for approval next week, and to the Watermaster Board at the end of the month. Mr. Koopman inquired when the first payment is due to MWD. Mr. Alvarez stated MWD is billing for that water at the end of every month and a bill has already been received; the water is being purchased by Watermaster, but then some of that water is going into storage accounts with Niagara Water Company and Fontana Water Company meaning the first part of that water is being paid for through those agreements. Mr. Koopman stated he is assuming that all final agreements have to go through the entire Watermaster process for approval. Mr. Koopman inquired if there is going to be enough time to receive monies to pay for that water. Mr. Alvarez stated time-wise everything is

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alright and with this financing package and storage agreements that have already been executed, everything will be fine. Mr. Alvarez stated there is another arrangement that is going to be moving forward with Inland Empire Utilities Agency (IEUA) next month. Mr. Alvarez stated the drop-dead date is in August.

Added Comment:

Chair Feenstra stated at the last Advisory Committee meeting last month, the motion which was put before the Agricultural Pool was not to accept the \$100,000 funds for Special Counsel to review the work done on the Restated Judgment. Chair Feenstra stated there is going to be a Public Hearing at the next Watermaster Board meeting later this month on that matter. Chair Feenstra stated currently there is not a viable budget to bring before that hearing; it will be open for consideration at that time and he noted it really should be dealt with today. Mr. Durrington inquired how we deal with it today when it was already denied. Chair Feenstra stated the difference is that expenses are being incurred by the Agricultural Pool on the Restated Judgment without budgeted funds to pay special counsel. Mr. Pierson stated the budgetary process is one issue, and there is already a practical process of needing to protect ourselves, and the agreements that are already in place allow the Agricultural Pool to expend certain dollars. Mr. Pierson stated depending upon the amounts that are spent on a monthly basis, when those funds are diminished, the CEO of Watermaster has the authorization to allow transfers up to \$10,000, and then that will probably cover expenses. Mr. Koopman stated the Agricultural Pool came up with a budget and the Pool members approved the \$100,000 budget for special counsel; the Appropriative Pool passed the Watermaster budget without the \$100,000 but that does not change what this Pool says the budget is. Mr. Koopman stated at the recent Agricultural Pool Committee meeting it was mentioned by one member that maybe there is some middle ground for the \$100,000 that could be settled on. Mr. Koopman offered comment on an incident that happened several years ago when the Agricultural Pool attempted to approach the Appropriative Pool for money and commented on the budget process history. Ms. Novak stated she can remember when the Agricultural Pool was not even asked to be a part of the budgeting process or provide any justification on how monies, of which we are entitled to under the Judgment, are spent. Ms. Novak stated a few years ago the Agricultural Pool agreed to be a part of that process and provide a number for the upcoming year. Ms. Novak stated by presenting the numbers this year, the Agricultural Pool has met the Appropriative Pool's request. Ms. Novak stated at the recent Advisory Committee meeting she noted she will consider a compromise, and yet there was none offered at that time. Ms. Novak stated at the time, Mr. Alvarez, Mr. Feenstra, and Mr. McKinney figured out the best number they could with the amount of information they had on what was needed to complete the Restated Judgment, and that is the number that was presented. Ms. Novak stated a 2<sup>nd</sup> Budget Workshop has been held since that time and better identification on the scope of work was provided, and the Pool is still open for discussion as to whether it still needs to be \$100,000 or if another number can be agreed upon. Ms. Novak stated she does not think whether it is budgeted or not, affects the Agricultural Pool's ability to demand it legally and that is independently enforceable from whether it's included in the budget. Ms. Novak stated if the Appropriative Pool wants to keep those monies out of the budget and does not want the appropriate assessments to cover that amount of money that is their business; however, legally the Agricultural Pool is entitled to request it. Chair Feenstra offered comment on Ms. Novak's comments and this situation. Mr. Geoffrey Vanden Heuvel stated he is one of the representatives of the Agricultural Pool on the Watermaster Board. Mr. Vanden Heuvel stated the vote at the recent Advisory Committee meeting was less than a mandate and a Public Hearing has been scheduled for the next Watermaster Board meeting; this is one of the rare instances where the Board does have discretion because it was not a mandate vote. Mr. Vanden Heuvel stated he and Paul Hofer, another Agricultural Pool representative on the Board, have the opportunity to offer alternatives and clearly a zero budget is unacceptable. Mr. Vanden Heuvel asked for some guidance from the Agricultural Pool as to an appropriate number now that a clearer scope of work has been established. Chair Feenstra stated the Agricultural Pool will present today an outline of proposed costs and unless otherwise told, he will speak at the Public Hearing. Chair Feenstra noted that during the closed session there will be a recommendation for new general counsel. Mr. McKinney stated he would echo what Ms. Novak stated in her comments today. Mr. McKinney read from the Peace Agreement 5.4(a) regarding all expenses of the Agricultural Pool are to be paid by the Appropriative Pool process which assists the Appropriative Pool to understand and make their proper assessments and has nothing to do with the



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Agricultural Pool expenses being paid or not. Mr. McKinney stated he was directed to put together a more detailed budget and that is what was done. Mr. Pierson stated he is very happy Mr. McKinney has put together a budget because that is one of the things we did not have, including a better scope of work; this justification should be the basis of what our board members have when they address parties at the Public Hearing. Mr. Pierson stated if only a certain dollar amount is approved, he expects a budget transfer to go unopposed through the Pools, through the Advisory, and through the Watermaster Board as stated at more than one meeting recently. A discussion regarding this subject ensued. Mr. deBoom inquired about the process now that there is a Public Hearing scheduled. Mr. Alvarez stated it is a Public Hearing before the Watermaster Board for approval of the budget, and at that point this issue will come up and the Board will have the discretion to approve or disapprove this item. Mr. deBoom inquired if Mr. Vanden Heuvel and Mr. Hofer have enough information with the proposed budget to move this forward. Mr. Alvarez stated it is his understanding supplemental information for the breakdown of costs and time for this matter will be provided today and will also be made available to the Watermaster Board. Chair Feenstra stated the appointed representatives for the Agricultural Pool are to carry out the direction from this board. A lengthy discussion regarding payments for the Agricultural Pool, the proposed budget process, costs for general counsel, costs for special counsel, and who should attend meetings ensued. Mr. Hofer stated the Agricultural Pool has tremendous stability with many people being on this board for many-many years; however, several colleagues from the other Pools are perhaps unaware of this history due to the change/turnover in representatives, and are not completely conscious of what the Agricultural Pool gave up and how much water the Agricultural Pool was originally allocated in this valley. When you put a dollar value to that along with other things that were given up it's a tremendous amount of money. Mr. Hofer offered further comment on the history of the Agricultural Pool's value and what was given up over the years. Mr. Hofer stated it might be to our collective advantage to refresh everybody's memory as to what the history is and why Agricultural is here at the table. Chair Feenstra offered closing comments.

**D. INLAND EMPIRE UTILITIES AGENCY PRESENTATION**

**1. GWR Update - Andy Campbell**

Mr. Campbell stated he is here today to give an update on the Groundwater Recharge Program. Mr. Campbell gave the Recycled Water Groundwater Recharge Program Background and Status Update. Mr. Campbell evaluated a map of the Chino Basin Recharge Facilities Overview in detail. Mr. Campbell reviewed the chronology of the Recharge Program from 1978 through the present. Mr. Campbell discussed the permitting overview, recycled water contribution, permit amendment process, and key changes of the 2009 permit amendment in detail. Mr. Campbell explained the recharge site recycled water contribution graph and management plans. Mr. Campbell reviewed several charts on historical and planned recharge. Mr. Campbell stated that fiscal year 2010/2011 was a record year for recycled water recharge and reviewed a slide showing the acre-feet recharged during this period. Mr. Campbell discussed the value of groundwater recharge and Metropolitan Water District's water rates in detail. Mr. Campbell stated investment in the basin modifications is approximately \$60 million dollars, with 50% being grant funded. Mr. Campbell stated IEUA coordinates introduction of recharge waters and basin operation and maintenance and noted Watermaster pays for operation and maintenance minus IEUA's pro rata cost share for recycled water. Mr. Campbell stated the basins need to be ready to take all waters at any time and he reviewed the various Chino Basins in detail. Mr. Campbell discussed proactive basin maintenance, which maximizes capture of available water and discussed what maintenance is and why it's important, along with proactive annual cleaning. Mr. Campbell discussed improvement ideas for increased stormwater capture in detail. Mr. Campbell reviewed maps of the San Sevaline Basin Pump Station and the Turner/Guasti Project Status. A discussion regarding Mr. Campbell's presentation ensued.

**IV. INFORMATION**

**1. Cash Disbursements for June 2011**

No comment was made regarding this item.

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**2. Newspaper Articles**

No comment was made regarding this item.

**V. POOL MEMBER COMMENTS**

No comment was made regarding this item.

**VI. OTHER BUSINESS**

No comment was made regarding this item.

The regular open Agricultural Pool meeting was convened to hold its confidential session at 3:17 p.m.

**VII. CONFIDENTIAL SESSION - POSSIBLE ACTION**

Pursuant to the Agricultural 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 4:00 p.m.

Motion was provided in writing by Jennifer Novak.

*Motion by Pierson second by Koopman, and by unanimous vote, Novak abstained*

*Moved to approve the retention of Tracy J. Egoscue, Attorney at Law, of Paul Hastings as general counsel of the Agricultural Pool*

**VIII. FUTURE MEETINGS**

Thursday, July 14, 2011	8:00 a.m.	Appropriative Pool Meeting @ CBWM
Thursday, July 14, 2011	11:00 a.m.	Non-Agricultural Pool Conference Call Meeting
Thursday, July 14, 2011	1:00 p.m.	Agricultural Pool Meeting @ CBWM
Thursday, July 21, 2011	8:00 a.m.	IEUA Dry Year Yield Meeting @ CBWM
Thursday, July 21, 2011	9:00 a.m.	Advisory Committee Meeting @ CBWM
Thursday, July 21, 2011	10:30 a.m.	Land Subsidence Committee Meeting @ CBWM
Tuesday, July 26, 2011	9:00 a.m.	GRCC Meeting @ CBWM
Thursday, July 28, 2011	11:00 a.m.	Watermaster Public Hearing @ CBWM
Thursday, July 28, 2011	11:00 a.m.	Watermaster Board Meeting @ CBWM
Friday, September 30, 2011	10:30 a.m.	Watermaster Court Hearing @ Chino Court

Chair Feenstra dismissed the Agricultural Pool Committee meeting at 4:05 p.m.

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

Minutes Approved: August 11, 2011

CBWM0051

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