

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, June 12, 2012**

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 1:00 p.m. on the above date at the San Antonio Water Company, 139 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Ken Willis, Will Elliott, Glenn Bozar, Sue Sundell, Bob Cable and John Gerardi. Also in attendance were SAWCo's General Manager Charles Moorrees and Chief Operator Tommy Hudspeth as well as Mark Wildermuth from Wildermuth Environmental, Incorporated (WEI). Mr. Moorrees presided.

- Call to Order
- 1. Recognitions & Presentations: None.
- 2. Additions-Deletions to the Agenda: None.
- 3. Shareholder-Public Testimony: None.
- 4. Presentation of the 2012 State of the Cucamonga Basin by Wildermuth Environmental Inc.:

Mark Wildermuth with WEI presented a power point presentation of the 2012 State of the Cucamonga Basin. Previously, Cucamonga Valley Water District (CVWD) approached SAWCo with their proposal to modernize the decree that currently allows the parties to produce up to 22,721 acre-feet / year in the Cucamonga Basin; however, SAWCo insisted that before moving forward with the judgment amendment, a Study be prepared to provide a better understanding of the basin. To this end, SAWCo presented a list of nine questions to be answered as part of this study; however, these questions were not addressed in this presentation. Mr. Wildermuth confirmed that a lot of the questions provided by SAWCo regarding the Safe Yield of the Basin could not be determined without developing a groundwater model. That requires additional work by WEI that is not included in the current scope of work.

Mr. Wildermuth presented several maps outlining the hydrologic and legal boundaries of the Cucamonga Basin and adjacent basins of Chino and Six Basins. He described geologic features that created the basins forming a clay barrier limiting water flowing out of the basin; however, about 8,000AF of water/year is lost out of the Cucamonga Basin into the Chino Basin. It was asked if hydraulic control could be achieved to mitigate losses out of the basin. Wildermuth's response was that production wells would have to pump water to a level to reduce the out flows from the basin ("mine the basin").

A series of hydrographs were presented to show response to water levels relative to departure from average precipitation from 1910 to 2010. Although, there were clear responses to the water level as it related to precipitation, it was evident that the water levels have not changed dramatically from the time of the Decree. Mr. Wildermuth presented cultural events that took place from the time the adjudication took place to present day that affected water supply to the basin. These cultural changes were noted as land use from citrus irrigation to commercial developments and impervious surfaces, as well as the lining of the County Flood Control channels that precluded natural groundwater recharge. Although, events took place that mitigated groundwater recharge, it was presented to Mr. Wildermuth that SAWCo's water levels from wells that were in place during the 1958 Decree are currently 120 feet higher. Considering that SAWCo's well levels were higher than when the basin was adjudicated, the question was asked why a reduction of the existing Safe Yield was necessary. Mr. Wildermuth agreed that the basin was not in an overdraft. Several cross sections across the basin with relative well levels were shown and their relationship to mean sea level, but failed to show relationship of depth to water levels with the SAWCo's wells and CVWD's wells along the same contours.

Mr. Wildermuth presented maps showing location of CVWD, West End Consolidated (City of Upland) and SAWCo's wells as well as annual graphs showing production and groundwater recharge over the period of the adjudicated basin.

Additionally, it was made clear that SAWCo disagrees with WEI's statement in the presentation that SAWCo believes that the safe yield of the Basin is less than the sum of the rights allocated in the 1958 Decree. Instead of a Safe Yield, Mark presented a "Developed Yield" concept that would take all of the production for a specific base period that includes dry, normal and wet periods plus the change in storage, minus artificial recharge to come up with a current Developed Yield of 17,171. CVWD has greatly reduced their Well production due to water quality constraints. Mr. Moorrees asked why the judgment requirement for CVWD to spread water from their intake in the Cucamonga Wash was never included in the Study. Mr. Wildermuth stated that CVWD's treatment plant has not been operational.

It was apparent that further data was needed to answer the questions posed by SAWCo in the original scope of work for the Study and that until those questions have been answered, SAWCo would not agree to move forward with any judgment amendment. Director Elliot asked what if SAWCo was fine with the current judgment and did nothing. Mr. Wildermuth responded that CVWD would need to address well head treatment to mitigate the contaminant levels and begin pumping their wells. Director Thomas stated that SAWCo would be willing to participate with CVWD in the next phase of groundwater modeling to address the questions that SAWCo raised in moving forward. He stated that perhaps it would be beneficial that a workshop be presented to both CVWD's and SAWCo's Board of Directors. Mr. Wildermuth offered to draft a "strawman" agreement for all parties to review and comment.

5. Director's Comments and Future Agenda Items: None.

Adjournment: 3:00 p.m.

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Assistant Secretary  
Charles Moorrees