1 2 3 4 5 6 7	TRACY J. EGOSCUE (SBN 190842) TARREN A. TORRES (SBN 275991) EGOSCUE LAW GROUP, INC. 3834 Pine Ave. Long Beach, CA 90807 Tel/Facsimile: (562) 988-5978 <u>tracy@egoscuelaw.com</u> <u>tarren@egoscuelaw.com</u> Attorneys for OVERLYING (AGRICULTURAL) POOL	FEE EXEMPT
8	SUPERIOR COURT OF	THE STATE OF CALIFORNIA
9	FOR THE COUNT	Y OF SAN BERNARDINO
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<ol> <li>11</li> <li>12</li> <li>13</li> <li>14</li> <li>15</li> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> </ol>	CHINO BASIN MUNICIPAL WATER DISTRICT, v. CITY OF CHINO et al., Defendants.	Case No. RCVRS 51010 Assigned for All Purposes to the Honorable Stanford E. Reichert AGRICULTURAL POOL'S SURREBUTTAL TO REBUTTAL BRIEF AND OBJECTIONS RE: JOINT STATEMENT REGARDING SETTLEMENT BETWEEN APPROPRIATIVE POOL AND AGRICULTURAL POOL RE: PEACE AGREEMENT 5.4(A) [Filed concurrently with Declaration of Tracy J. Egoscue] Date: April 22, 2022 Time: 1:30pm Dept.: S35
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		TO REBUTTAL BRIEF AND OBJECTIONS RE: JOINT EGARDING SETTLEMENT

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AGRICULTURAL POOL'S SURREBUTTAL TO REBUTTAL BRIEF AND OBJECTIONS RE:

1	I. INTRODUCTION		
2	The dispute regarding the payment of the Agricultural Pool's legal fees has resulted in a		
3	settlement between the Agricultural and Appropriative Pools.		
4	Before the settlement, the Agricultural Pool filed a July 26, 2021 Motion for Attorney's		
5	Fees. The Court denied the Agricultural Pool's motion and directed Watermaster to release all		
6	disputed payments then held in escrow. (December 3 <sup>rd</sup> Order, p. 2:4-8.) At the November 5, 2021		
7	hearing on the Agricultural Pool's Motion for Attorney's Fees Watermaster counsel presented		
8	that Watermaster could release the money held in escrow "forthwith" but that there may be		
9	additional money, "something trailing," that will need to be figured out. (November 5, 2021		
10	Transcript, p. 33:15-21. <sup>1</sup> ) In response, counsel for the City of Chino (Chino) volunteered to file a		
11	motion proposing a process for the reimbursement of payments that were not held in escrow. (Id.		
12	at p. 32:1-28.) Counsel for the Agricultural Pool specifically asked the Court if that "something		
13	trailing" was the subject of the subsequent reimbursement motion, to which the Court replied,		
14	"Yes, that would be Mr. Gutierrez' motion." (Id. at 33:15-21.) The Court did not request motion		
15	practice for any payments previously authorized and not at issue in the current dispute, and in fact		
16	by order precluded any such motion. (December 3 <sup>rd</sup> Order, p. 2.)		
17	In a direct contravention of the Court's direction, Chino filed its Reimbursement Motion		
18	for payments beyond that directed by the Court, and on January 24, 2022, the Agricultural Pool		
19	filed its Opposition to Chino's Reimbursement Motion.		
20	On March 24, 2022, the Appropriative Pool and Agricultural Pool filed a "Joint Statement		
21	Regarding Settlement Agreement Between Appropriative Pool and Agricultural Pool Regarding		
22	Peace Agreement 5.4(a)" (Joint Settlement Statement) notifying the Court that the two Pools had		
23	approved written Terms of Agreement (Settlement Agreement) <sup>2</sup> to settle the current and future		
24	disputes with respect to the obligations of the Peace Agreement Section 5.4(a).		
25	As described in the Joint Settlement Statement, on March 23, 2022, the Agricultural Pool		
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27	<sup>1</sup> An excerpt of the certified transcript of the November 5, 2021 hearing is attached hereto as <b>Attachment 1</b> .		
28	<sup>2</sup> A copy of the fully executed Settlement Agreement was attached to the Joint Settlement Statement as Exhibit A. 3		
	AGRICULTURAL POOL'S SURREBUTTAL TO REBUTTAL BRIEF AND OBJECTIONS RE: JOINT STATEMENT REGARDING SETTLEMENT		

filed in the Court of Appeal a Notice of Settlement and notified the Chino Basin Watermaster of
the withdrawal of its Storage Contests in their entirety with prejudice. In addition, the
Agricultural Pool filed its Abandonment of Appeal in the Superior Court thereby ending the
appeal of the Court's December 3<sup>rd</sup> Order and restoring the Superior Court's jurisdiction. (Cal.
Rules of Court, rule 8.244(b)(1) ["the appellant may serve and file in superior court an
abandonment of the appeal...[t]he filing effects a dismissal of the appeal and restores the superior
court's jurisdiction."].)

In response to the filing of the Joint Settlement Statement, the City of Ontario, City of
Chino, Monte Vista Water District, and Monte Vista Irrigation Company (Rebutting Parties) filed
a "Rebuttal Brief and Objections Re: Joint Statement Regarding Settlement Between
Appropriative Pool and Agricultural Pool Re: Peace Agreement 5.4(a), Which Does Not Settle
the Reimbursement Motion" (Rebuttal Brief). Contrary to the title of the Rebuttal Brief, the
Settlement Agreement completely resolves the Reimbursement Motion filed by the City of Chino
and is consistent with both the Court's May 28, 2021 and December 3, 2021 Orders.

15 The Appropriative and Agricultural Pools have come to an agreement regarding a determination about the payment of the legal expenses of the Agricultural Pool currently in 16 dispute as well as future expenses. The Settlement Agreement was approved by both Pools 17 consistent with the Judgment and their Pooling Plans. The Rebutting Parties have made no 18 payments for the Agricultural Pool's legal expenses since the dispute began in 2020. The 19 Reimbursement Motion before the settlement was patently inappropriate, and has now been 20 rendered hypothetical conjecture due to the resolution of the fee dispute. Furthermore, there is no 21 evidence or colorable argument that the Settlement Agreement would limit any individual 22 appropriator's rights or serves as an unlawful gift of public funds. Therefore, the rebuttal raises 23 24 moot arguments, the objections should be overruled, and the Reimbursement Motion denied.<sup>3</sup>

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- $\begin{bmatrix} 27 \\ 3 \end{bmatrix}$  In the alternative, should the Court continue to rule on the Reimbursement Motion on its merits, the Court should deny the motion for the reasons presented in the Agricultural Pool's Opposition to the Reimbursement Motion filed on January 24<sub>A</sub> 2022.

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### II. THE APPROPRIATIVE POOL AND THE AGRICULTURAL POOL HAVE AGREED TO A DETERMINATION ABOUT PAYMENT OF LEGAL EXPENSES CONSISTENT WITH THE MAY 28<sup>TH</sup> ORDER

As presented in the Joint Settlement Statement, the Agricultural Pool and the 3 Appropriative Pool, each acting pursuant to and in conformance with their respective Pooling 4 Plans set forth in the Chino Basin Judgment and respective promulgating Rules and Regulations, 5 have agreed to a determination about payment of the legal expenses through the approval of a 6 settlement agreement. (See Joint Settlement Statement, pp. 1-2.) The Settlement Agreement is a 7 comprehensive resolution of the current fee dispute arising under Section 5.4(a) of the Peace 8 Agreement between the named obligee and obligor. The Settlement Agreement is consistent with 9 this Court's May 28, 2021 Order interpreting Section 5.4(a), which sets forth procedures for the 10 consideration of payment of Agricultural Pool fee claims by the Appropriative Pool and finds that 11 the Judgment and Peace Agreement enable the Parties to agree about a process for the payment of 12 the fees. 13

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### A. The Settlement Agreement Between the Two Pools is An Appropriate Remedy for the Dispute Regarding the Appropriative Pool's Obligation Under Section 5.4(a) of the Peace Agreement

The Agricultural Pool met on March 18, 2022, at a duly noticed special meeting and 16 approved the Settlement Agreement. (Declaration of Tracy J. Egoscue, ¶4.) The Appropriative 17 Pool, which per Section 5.4(a) is the named sole obligor for the purpose of the reimbursement of 18 the Agricultural Pool expenses, met on March 22, 2022 at a duly noticed special meeting that 19 included all Appropriative Pool members - including those who were in opposition to the 20 Settlement Agreement. In accordance with the provisions of the Appropriative Pool Pooling Plan, 21 the Settlement Agreement was approved, and the Appropriative Pool Chairman was authorized to 22 sign the Settlement Agreement. The March 22, 2022 Special Appropriative Pool Meeting 23 Confidential Session Action Report, attached to the Joint Settlement Statement as Exhibit B, 24 shows a tallying of the majority vote by the Appropriative Pool Committee to approve the 25 Settlement Agreement. 26

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# B. The Settlement Agreement is Consistent with the Peace Agreement and the Court's Orders

The Rebuttal Brief contends that the Settlement Agreement contains "provisions contrary to the May 28<sup>th</sup> and December 3<sup>rd</sup> Orders, in an apparent attempt to deprive the Moving Parties of their rights and/or benefits..." (Rebuttal Brief, p. 5.) Rebutting Parties provide no evidence that the Settlement Agreement is an attempt to deprive them of their rights or benefits, only statements that they have consistently disagreed with other Members of the Appropriative Pool and the Agricultural Pool regarding the terms of settlement.

In fact, it is the Rebutting Parties that seek to unilaterally modify the May 28<sup>th</sup> Order. The 9 Rebutting Parties did not appeal the Court's May 28th Order that determined that the two Pools 10 may, of course, agree to a process for the payment of legal expenses. Now these four members of 11 the Appropriative Pool seek to invalidate or avoid the Settlement Agreement made by the Pools. 12 The Court's May 28<sup>th</sup> Order clearly interprets Section 5.4(a) of the Peace Agreement to allow, or 13 even extends an invitation to, the two Pools to agree on a determination regarding payment of 14 Agricultural Pool fees. The Court explicitly found that "Judgment ¶54 and Peace I §5.4(a) mean 15 that, of course, the Ag Pool and the Appropriative Pool can agree to a determination to 16 about payment of 'litigation expense.' The court concludes that they have been doing this up 17 until the instant motion." (May 28<sup>th</sup> Order, ¶7.) (Emphasis added.) The Settlement Agreement is 18 a direct response to the May 28<sup>th</sup> Order as it is an agreement of the two Pools on a determination 19 20 about the payment of the Agricultural Pool's legal expenses.

Allowing one, or even four, Appropriative Pool members to invalidate a determination 21 made by the Appropriative Pool is contrary to the May 28<sup>th</sup> Order, the Peace Agreement Section 22 5.4(a), and the Judgment itself. Nothing in the Court's May 28th Order allows a single member 23 (or four) to dictate or override an agreement and determination of the Appropriative and 24 Agricultural Pools. To allow a single or minority of members to invalidate or avoid a decision by 25 the Pools would thwart the Pools' ability to agree to an acceptable determination for either Pool, 26 completely disregarding the obligation of Section 5.4(a) and the interpretation made by the 27 Court's May 28th Order. 28

> AGRICULTURAL POOL'S SURREBUTTAL TO REBUTTAL BRIEF AND OBJECTIONS RE: JOINT STATEMENT REGARDING SETTLEMENT

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III.

### THE SETTLEMENT AGREEMENT RESOLVES THE PREVIOUSLY PENDING REIMBURSEMENT OF \$4,624,66 NOT HELD IN ESCROW

The Rebuttal Brief incorrectly asserts that the Settlement Agreement is "invalid and unenforceable to the extent it purports to resolve the moving parties' pending claims for reimbursement..." (Rebuttal Brief, p. 12.) The Court should dismiss or deny Chino's Reimbursement Motion because the Settlement Agreement resolves the previously pending reimbursement process requested by the Court at the November 5, 2021 hearing and in the December 3, 2021 Order.

The Court directed that a motion be filed to propose a "procedure for reimbursement of 9 any assessments that are not held in the escrow account that may be due to the paying party." 10 (December 3 Order, p. 2.) As the Agricultural Pool presented in its opposition to the 11 Reimbursement Motion, the purpose of the reimbursement motion, as intended by the Court's 12 order, was a motion to address "parties' payment that did not go into escrow" to be heard at "an 13 additional hearing regarding procedures for reimbursement." (Agricultural Pool Opposition, p. 8.) 14 The Court sought a process for reimbursement of payments made during and after the dispute 15 which were not paid into escrow, which totaled \$4,624.66 and for which the Rebutting Parties 16 made none.<sup>4</sup> As evidenced by their filings in this matter, the Rebutting Parties have not made any 17 payments for Agricultural Pool expenses since this dispute began in August 2020 and therefore 18 have no payments subject to reimbursement under the Court's December 3rd Order. 19

Additionally, there are no payments subject to reimbursement in the current dispute as the
Settlement Agreement is a comprehensive agreement resolving all fees in the current dispute.
Any claim by the Rebutting Parties for reimbursement outside the proposal of a reimbursement
process requested by the Court is not responsive to the Court's December 3, 2021 Order and not
properly before this Court.

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- <sup>4</sup> The Court's acceptance of Chino's offer to file the reimbursement motion cannot be understood to bestow Chino with the power of veto over any settlement of the matter by the Appropriative and Agricultural Pools.

IV.

# THE SETTLEMENT AGREEMENT IS A VALID ACTION OF THE POOLS AND PRESERVES THE RIGHTS OF THE POOLS AND THEIR MEMBERS

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3	The Rebuttal Brief erroneously asserts that the Settlement Agreement is invalid and
4	unenforceable because the Appropriative Pool "is not a party to the Reimbursement Motion and
5	cannot settle it on behalf of the Moving Parties," and that the Settlement Agreement does not bind
6	the Rebutting Parties because the Appropriative Pool lacks the authority to bind its members to
7	the Settlement Agreement. (Rebuttal Brief, p. 5.) The Settlement Agreement is a valid agreement
8	between the Agricultural and Appropriative Pools pursuant to the Judgment, the respective
9	Pooling Plans, and the Court's orders. The Appropriative Pool and the Agricultural Pool in duly
10	noticed special meetings and pursuant to their respective Pooling Plans approved the Settlement
11	Agreement regarding current and future disputes under Section 5.4(a) and in response to this
12	Court's orders.
13	A. The Settlement Agreement Does Not Limit the Rights of Individual Appropriators Who by the Terms of the Agreement Will Review All
14	Agricultural Pool Invoices Submitted for Payment.
15	The Rebuttal Brief asserts that Paragraph 6(b) of the Settlement Agreement "would limit
16	the rights granted by the May 28 <sup>th</sup> Order by excluding individual appropriators such as the
17	Moving Parties from the review of Ag Pool invoices and injects an arbitrary 30-day limit on the
18	review process." (Rebuttal Brief, p. 13.)
19	However, the Rebutting Parties fail to demonstrate how Paragraph 6(b) would exclude
20	individual appropriators from the review of Agricultural Pool invoices, nor do they demonstrate
21	why a 30-day review period is arbitrary or unreasonable. The Parties fail to demonstrate these
22	assertions because the Settlement Agreement does not limit individual appropriator's rights and
23	the review period is not arbitrary. Paragraph 6(b) states in full:
24	The Ag Pool shall submit all invoices to be paid by the AP to Watermaster in a form that enables a determination by the AP that
25	all invoiced expenses are not adverse to the AP and benefits the Ag Pool, and are in accordance with the Order. Watermaster shall allow
26	the AP the opportunity to review said invoices for 30 days prior to processing payment. At the expiration of the 30 days period, and
27	without objection, invoices shall be paid.
28	This provision allows for the Appropriative Pool to review all invoices to make a
	AGRICULTURAL POOL'S SURREBUTTAL TO REBUTTAL BRIEF AND OBJECTIONS RE: JOINT STATEMENT REGARDING SETTLEMENT

determination regarding payment; it does not limit the rights of individual appropriators. The Settlement Agreement does not place a limit on who may review the invoices submitted.

Furthermore, the 30-day review period is not arbitrary or unreasonable. Providing for a 30-day review period allows the Appropriative Pool time to review and discuss the invoices submitted as each of the Pool Committees meet regularly and this will also allow for reasonable instruction to Watermaster for release of funds and for the Agricultural Pool to pay its legal expenses in a timely manner without waiting for an indefinite period of review.

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## The Pools Form the Basis for the Functions of Watermaster and the Implementation of the Chino Basin Judgment and Physical Solution

9 The Rebutting Parties' narrow interpretation of the construction and operation of the Pool 10 Committees is inaccurate and inconsistent with the historical practices of the Watermaster and the 11 Pools. As presented in the 'Watermaster's Limited Response to the Rebuttal Brief and Objections 12 Re: Joint Statement Regarding Settlement Between Appropriative Pool and Agricultural Pool Re: 13 Peace Agreement 5.4(a), Which Does Not Settle the Reimbursement Motion" (Watermaster's 14 Limited Response), the Judgment establishes the need for flexibility to maximize beneficial use 15 of waters of the Chino Basin, including establishing the three Pools for administration of the 16 Physical Solution and other aspects thereof. (Watermaster's Limited Response, pp. 2-3.) The 17 Appropriate Pool, as well as the Agricultural Pool, are signatories to the Peace Agreement and the 18 Pool Committees serve in a representative capacity for their members as to the performance of the 19 obligations of the Peace Agreement. In addition, the Rebutting Parties have continually insisted-20 including in their Rebuttal Brief at page 17—that the 2009 memo authored by the Pool 21 Committee Chairs is binding, however, now conversely assert that Pool Chairs do not now have 22 the power or authority to enter into binding agreements. There is no provision of the Judgment 23 that limits the authority of the Pools to enter into agreements only upon the instance of when the 24 Rebutting Parties consent to same - the Pools either have authority or they do not.

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V.

### THE SETTLEMENT AGREEMENT DOES NOT VIOLATE PUBLIC POLICY

Finally, the Rebutting Parties wrongly assert that the Settlement Agreement violates public policy and is an unlawful gift of public funds. The Rebuttal Brief asserts that as public water suppliers the Rebutting Parties have a responsibility to ensure that expenses passed through

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AGRICULTURAL POOL'S SURREBUTTAL TO REBUTTAL BRIEF AND OBJECTIONS RE: JOINT STATEMENT REGARDING SETTLEMENT

to the public through water rates are documented and justified as being payable which prevents them from funding a "blank check" benefit to the Agricultural Pool. (Rebuttal Brief, p. 15.)

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A.

The Settlement Agreement is Not a "Blank Check" Benefit.

4 The Rebutting Parties fail to demonstrate that the Settlement Agreement is a "blank 5 check" benefit to the Agricultural Pool because it is not. The Settlement Agreement provides for a 6 payment by the Appropriative Pool in the amount of \$370,000 as a settlement of a dispute 7 regarding legal expenses under Section 5.4(a). The Settlement Agreement then provides that the 8 Agricultural Pool will pay \$102,557.12 to the Watermaster for reimbursement of the Watermaster 9 administrative reserves used to cover prior Agricultural Pool legal expenses. (Settlement 10 Agreement, ¶1.) Furthermore, the Settlement Agreement establishes a transparent and balanced 11 process for future payments of Agricultural Pool legal expenses. Pursuant to the Settlement 12 Agreement, the Agricultural Pool agrees to submit all invoices to be paid by the Appropriative 13 Pool in a form "that enables a determination by the AP that all invoiced expenses are not adverse 14 to the AP and benefits the Ag Pool, and are in accordance with the Order." (Settlement 15 Agreement, ¶6(b).) Accordingly, the Settlement Agreement is not a "blank check" benefit to the 16 Agricultural Pool.

B. The Settlement Agreement is Not an Unlawful Gift of Public Funds.

18 The Rebuttal Brief asserts the Settlement Agreement is an unlawful gift of public funds in 19 violation of Article XVI, section 6 of the California Constitution. The Rebutting Parties contend 20 that payment of Agricultural Pool expenses prior to the current fee dispute in addition to this 21 Settlement Agreement<sup>5</sup> would be "so egregiously in excess of any reasonable determined 22 valuation of the Ag Pool's claims as to constitute an illegal gift of public funds." (Rebuttal Brief, 23 p. 16.) In doing so the Rebutting Parties cite caselaw in which the court found settlement of 24 attorney's fees to be an unlawful gift "because Attorneys had no colorable claim to fees in 25 excess of \$18 million, any payment over \$18 million serves no public purpose." (Jordan v. 26

<sup>&</sup>lt;sup>5</sup> The Rebuttal Brief asserts that the amount of \$370,000 settlement payment is in addition to permitting the Agricultural Pool to "retain hundreds of thousands of dollars..." (Rebuttal Brief, p. 15.) The May Order explicitly limited the dispute to the then current fee dispute and not past payments.

1 California Department of Motor Vehicles (2002) 100 Cal. App. 4th 431, 450–51, as modified on 2 denial of reh'g (Aug. 20, 2002) ("Jordan").) (Emphasis added.) There is no comparison with the 3 Settlement Agreement, which provides for payment in the amount of \$370,000 to the Agricultural 4 Pool as well as the payment by the Agricultural Pool in the amount of \$102,557.12 to the 5 Watermaster, with the Jordan case for attorney's fees in excess of \$18 million dollars. In fact, 6 the Jordan court states that "the settlement of a good faith dispute between the State and a private 7 party is an appropriate use of public funds and not a gift because the relinquishment of a colorable 8 legal claim in return for settlement funds is good consideration and establishes a valid public 9 purpose." (Jordan, supra, 100 Cal. App. 4th at p. 450.)

10 The Rebutting Parties' filing is an improper attempt to unilaterally amend the Peace 11 Agreement and related Court orders by endeavoring to reform and recategorize any Section 5.4(a) 12 payment of Agricultural Pool expenses as an "illegal gift of public funds" more than 20 years 13 after the establishment of the obligation. Nevertheless, the Settlement Agreement is a good faith 14 settlement of a dispute and not an illegal gift of public funds.

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#### VI. CONCLUSION

16 The Rebutting Parties request that this Court disregard a settlement between two Pools. 17 A majority vote of the members of the Appropriative Pool have agreed to the Settlement 18 Agreement. The Rebutting Parties, which are members of the Appropriative Pool, had the 19 opportunity and did vote on the settlement. The Rebutting Parties were not in the majority and 20 have inappropriately attempted to use a rebuttal to seek relief from the Court. The Rebutting 21 Parties have provided no evidence that the Court's interpretation of Section 5.4(a) meant that any 22 member of the Appropriative Pool could veto an agreement made by the Pools thereby disrupting 23 and dismantling the efficient and effective management and operation of the Basin.

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The Agricultural Pool acted in good faith by negotiating with representatives of the 25 Appropriative Pool. The Agricultural Pool has relied upon the Settlement Agreement by both 26 abandoning its appeal and its Storage Contest.

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For all the foregoing reasons, the Court should overrule the Rebuttal Brief and Objections, and dismiss or deny Chino's Motion for Reimbursement.

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	AGRICULTURAL POOL'S SURREBUTTAL TO REBUTTAL BRIEF AND OBJECTIONS RE: JOINT STATEMENT REGARDING SETTLEMENT	

# **Attachment 1**

Excerpt of Hearing Transcript November 5, 2021

do you stay any kind of decision pending the appeal? 1 2 But, Mr. Slater, I will --3 MR. SLATER: Conferring with Mr. Kavounas, we 4 believe the 165--- was never transmitted, and so it is 5 sitting in escrow. 6 MS. NICHOLLS: While we are waiting for that, 7 please. This is Gina Nicholls on behalf of the City of 8 Ontario. May I speak, your Honor? 9 THE COURT: Sure. 10 MS. NICHOLLS: I just want to clarify. I think 11 your original suggestion, the purpose of the hearing, the 12 procedure for reimbursements is more appropriate than 13 focusing on the escrow because there are more funds at issue 14 than just the escrow. I can enumerate that. But for 15 simplicity here, I would just request that the hearing be 16 more broadly stated than the procedure for reimbursement and 17 then we can, you know if necessary brief what the elements 18 of that are. But it is more than just the escrow. 19 THE COURT: Mr. Slater? 20 MR. SLATER: Your Honor, here's what we propose to 21 We will validate the fact that the 165,000 is held in do. escrow and has not been released. If Your Honor wants to 22 23 reserve time on the calendar to consider the subject 24 generally, we always welcome a visit with Your Honor. But 25 the 165 is in escrow. 26 THE COURT: Got it. 27 How about this, how about if someone wants to file 28 a motion with a proposal for how this money gets -- from

escrow gets returned, and then someone -- if there is some 1 opposition, someone can voice it. And I'll put it on 2 calendar for February 4th? 3 4 How does that sound? The 5 MR. GUTIERREZ: That's sound fine, your Honor. 6 City of Chino would be willing to file such a motion. 7 THE COURT: Okay. 8 MR. SLATER: Your Honor, if we -- I'm just going 9 to offer this to counsel here. According to Mr. Kavounas, 10 the money was assessed among the members of the 11 Appropriative Pool. We have records of that, and it can be 12 released back from escrow to the parties in the precise 13 amount that they contributed. So insofar as the 165, we 14 have the payment track that goes from the Appropriators to 15 escrow and it would be released from escrow back to the 16 parties. If there's something else that they would like to 17 discuss, that's fine. But insofar as the escrow 165, no question. Watermaster can release the funds from escrow. 18 19 THE COURT: Forthwith. MR. SLATER: Forthwith. How about that? 20 21 MR. FUDACZ: Your Honor, in addition, I think as 22 Ms. Nicholls pointed out, there are funds that some people 23 paid without putting the money into escrow. There's other 24 monies at issue at stake as you pointed out. So I think in 25 addition to that, a motion would be appropriate. THE COURT: Okay. 26 27 Mr. Gutierrez, thank you for volunteering to make 28 that motion.

1 How about this? How about, unless I hear an 2 objection, for the money in escrow, I order it be returned 3 forthwith. And then Mr. Gutierrez can address in his motion 4 any money that's somehow got paid that isn't in escrow. So 5 at least we can get some money returned to the parties 6 immediately. 7 MR. FUDACZ: Sounds like a good plan. 8 THE COURT: I thought you would like that one. 9 Mr. Slater? 10 MR. SLATER: Your Honor, again, the administrative 11 part of this, when your Honor says "forthwith," indeed we can release forthwith. And with the normal functionality of 12 13 Watermaster, if we could say within this calendar month? 14 THE COURT: 30 days. 15 Thank you, your Honor. MR. SLATER: 30 days. 16 And so forthwith we can release the money that is 17 in escrow. Anything that goes above and beyond that would 18 require a bit of an exercise on the part of Watermaster. 19 So the 165, we can release. If there's something 20 different, something trailing, probably a little hair on it, 21 we are going to have to figure that out. 22 MS. EGOSCUE: Isn't that the subject of the 23 subsequent motion, your Honor? 24 THE COURT: Yes, that would be Mr. Gutierrez' 25 motion. 26 MR. SLATER: Thank you. 27 THE COURT: So here's what I'm going to propose 28 that should also get an order, that within the next 30 days

from today, calendar days, I'm ordering Watermaster to 1 2 release the funds in escrow back to the paying parties, and 3 ask Mr. Gutierrez then within the next 30 days to file a 4 motion to address any parties' payment that did not go into 5 the escrow. How does that sound? Is that clear enough? 6 MR. SLATER: Yes. It's clear to us, Your Honor. 7 THE COURT: Well, if it's clear to you then, it's clear to me then. So that's what I'm going to order. I 8 9 will propose that unless I hear an objection. 10 Do I hear any objections? Going once? Going 11 twice? No objections. 12 Okay, I think we have a plan at least going forward 13 to get things moving on the appeal; to get things moving 14 with the money, and to figure out if there are any loose 15 ends that need to be tied together. 16 Thank you, everyone. 17 MR. FUDACZ: Thank you, your Honor. 18 MR. SLATER: Thank you, your Honor. 19 (At which time the foregoing proceedings were concluded.) 20 --000--21 22 23 24 25 26 27 28

1 SUPERIOR COURT OF THE STATE OF CALIFORNIA 2 FOR THE COUNTY OF SAN BERNARDINO З 4 CHINO BASIN MUNICIPAL WATER DISTRICT, 5 Plaintiff, RCVRS 51010 6 vs. 7 CITY OF CHINO, et.al., REPORTER'S 8 CERTIFICATE Defendants. 9 10 11 STATE OF CALIFORNIA SS 12 COUNTY OF SAN BERNARDINO 13 14 I, CATHY A. ALBRITTON, C.S.R., Official Reporter o 15 the above-entitled court, do hereby certify: 16 That I am a Certified Shorthand Reporter of the 17 State of California, duly licensed to practice; that I did 18 report in Stenotype oral proceedings had upon hearing of the 19 aforementioned cause at the time and place herein before sea 20 forth; that the foregoing pages numbered 1 to 34, inclusive 21 constitute to the best of my knowledge and belief a full, 22 true, and correct transcription from my said shorthand notes 23 so taken for the date of November 5, 2021. 24 Dated at San Bernardino, California, this 12th day 25 of November, 2021. 26 27 Official \Beporter , C.S.R. No. 7137 28

REPRODUCTION OF TRANSCRIPT PROHIBITED PURSUANT TO GOVERNMENT CODE SECTION 69954(d)

# <u>CHINO BASIN WATERMASTER</u> Case No. RCVRS 51010 Chino Basin Municipal Water District v. City of Chino, et al.

#### PROOF OF SERVICE

I declare that:

I am employed in the County of San Bernardino, California. I am over the age of 18 years and not a party to the within action. My business address is Chino Basin Watermaster, 9641 San Bernardino Road, Rancho Cucamonga, California 91730; telephone (909) 484-3888.

On April 14, 2022 I served the following:

- 1. AGRICULTURAL POOL'S SURREBUTTAL TO REBUTTAL BRIEF AND OBJECTIONS RE: JOINT STATEMENT REGARDING SETTLEMENT BETWEEN APPROPRIATIVE POOL AND AGRICULTURAL POOL RE: PEACE AGREEMENT 5.4(A)
- /X / BY MAIL: in said cause, by placing a true copy thereof enclosed with postage thereon fully prepaid, for delivery by United States Postal Service mail at Rancho Cucamonga, California, addresses as follows: See attached service list: Master Email Distribution List
- / \_\_\_/ BY PERSONAL SERVICE: I caused such envelope to be delivered by hand to the addressee.
- /\_\_\_/ BY FACSIMILE: I transmitted said document by fax transmission from (909) 484-3890 to the fax number(s) indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting fax machine.
- <u>/X</u> / BY ELECTRONIC MAIL: I transmitted notice of availability of electronic documents by electronic transmission to the email address indicated. The transmission was reported as complete on the transmission report, which was properly issued by the transmitting electronic mail device.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on April 14, 2022 in Rancho Cucamonga, California.

By: Janine Wilson

Chino Basin Watermaster

PAUL HOFER 11248 S TURNER AVE ONTARIO, CA 91761

JEFF PIERSON 2 HEXAM IRVINE, CA 92603

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