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SUPERIOR COURT OF CALIFORNIA
COUNTY OF RIVERSIDE

Attorneys for Plaintiff, SAN TIMOTEO WATERSHED MANAGEMENT AUTHORITY

FEB - 4 2004

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF RIVERSIDE, RIVERSIDE COURT

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SAN TIMOTEO WATERSHED MANAGEMENT AUTHORITY, a public agency,

Plaintiff,

vs.

CITY OF BANNING, a municipal corporation; BEAUMONT-CHERRY VALLEY) WATER DISTRICT, an irrigation district; YUCAIPA VALLEY WATER DISTRICT, a county water district; PLANTATION ON THE LAKE LLC, a California limited liability company; SHARONDALE MESA OWNERS ASSOCIATION, an unincorporated association; SOUTH MESA MUTUAL WATER COMPANY, a mutual water company; CALIFORNIA OAK VALLEY GOLF AND RESORT LLC, a California limited liability company; OAK VALLEY PARTNERS LP, a Texas limited) partnership; SOUTHERN CALIFORNIA SECTION OF THE PROFESSIONAL GOLFERS) ASSOCIATION OF AMERICA, a California corporation; SUNNY-CAL EGG AND POULTRY COMPANY, a California corporation; MANHEIM, MANHEIM & BERMAN, a California General Partnership; WALTER M. BECKMAN, individually and as Trustee of the BECKMAN FAMILY TRUST) dated December 11, 1990; THE ROMAN) CATHOLIC BISHOP of San Bernardino,) CASE NO. RIC 389197

JUDGMENT PURSUANT TO STIPULATION ADJUDICATING GROUNDWATER RIGHTS IN THE BEAUMONT BASIN

LAW OFFICES
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a California corporation; MERLIN)
PROPERTIES, LLC; LEONARD M.)
STEARNS and DOROTHY D. STEARNS, individually and as Trustees of the)
LEONARD M. STEARNS FAMILY TRUST OF)
1991; and DOES 1 through 500,)
inclusive,)

Defendants.

I. INTRODUCTION

1. Pleadings, Parties and Jurisdiction

The complaint herein was filed on February 20, 2003, seeking an adjudication of water rights, injunctive relief and the imposition of a physical solution. The defaults of certain defendants have been entered, and certain other defendants dismissed. Other than defendants who have been dismissed or whose defaults have been entered, all defendants have appeared herein. This Court has jurisdiction of the subject matter of this action and of the parties herein.

2. Stipulation for Judgment

Stipulation for Entry of Judgment has been filed by and on behalf of all defendants who have appeared herein.

3. Definitions

As used in this Judgment, these terms shall have the following meanings:

- A. Appropriator or Appropriator Parties: the pumpers identified in Exhibit "C" attached hereto.
- B. Appropriator's Production Right: consists of an Appropriator's share of Operating Yield, plus (1) any water acquired by an Appropriator from an Overlying Producer or other Appropriator pursuant to this Judgment, (2) any water

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withdrawn from the Appropriator's storage account, (3) and New Yield created by the Appropriator.

- Appropriative Water: the amount of Safe Yield remaining after satisfaction of Overlying Water Rights.
- Appropriative Water Right: each Appropriator's share of Appropriative Water, such share expressed as a percentage as shown on Exhibit "C".
- Beaumont Basin or Beaumont Storage Unit: the area Ε. situated within the boundaries shown on Exhibit "A" attached hereto.
- F. Conjunctive Use: the storage of water in a Groundwater Basin for use at a later time.
- Groundwater: water beneath the surface of the ground within the zone below the water table in which soil is saturated with water.
- н. Groundwater Basin: an area underlain by one or more permeable formations capable of furnishing a substantial water supply.
- I. Groundwater Storage Agreement: a standard form of written agreement between the Watermaster and any Person requesting the storage of Supplemental Water.
- Groundwater Storage Capacity: the space available in a Groundwater Basin that is not utilized for storage or regulation of Safe Yield and is reasonably available for Stored Water and Conjunctive Use.
- Minimal Producer: any Producer who pumps 10 or Κ. fewer acre feet of Groundwater from the Beaumont Basin per year.

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New Yield: increases in yield in quantities greater than historical amounts from sources of supply including, but not limited to, capture of available storm flow, by means of projects constructed after February 20, 2003, as determined by the Watermaster.

- Operating Yield: the maximum quantity of water which can be produced annually by the Appropriators from the Beaumont Basin, which quantity consists of Appropriative Water plus Temporary Surplus.
- Overdraft: a condition wherein the total annual production from a Groundwater Basin exceeds the Safe Yield thereof.
- Overlying Parties: the Persons listed on Exhibit ο. "B", who are owners of land which overlies the Beaumont Basin and have exercised Overlying Water Rights to pump therefrom. Overlying Parties include successors in interest and assignees.
- Overlying Water Rights: the quantities decreed to Overlying Parties in Column 4 of Exhibit "B" to this Judgment.
- Overproduction: by an Appropriator, measured by an amount equal to the Appropriator's actual annual production minus the Appropriator's Production Right. By a new overlying producer, an amount equal to what the overlying producer pumped during the year.
- Party (Parties): any Person(s) named in this action, or who has intervened, or has become subject to this Judgment either through stipulation, trial or otherwise

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- Person: any individual, partnership, association, corporation, governmental entity or agency, or other organization.
- Physical Solution: the physical solution set т. forth in Part V of this Judgment.
- Produce, Producing, Production, Pump or Pumping: the extraction of groundwater.
- V. Producer or Pumper: any Person who extracts groundwater.
- W. Recycled Water: has the meaning provided in Water Code Section 13050(n) and includes other nonpotable water for purposes of this Judgment.
- Safe Yield: the maximum quantity of water which can be produced annually from a Groundwater Basin under a given set of conditions without causing a gradual lowering of the groundwater level leading eventually to depletion of the supply in storage. The Safe Yield of the Beaumont Basin is 8650 acre feet per year in each of the ten (10) years following entry of this Judgment.
- San Timoteo Watershed Management Authority: a joint powers public agency whose members are the Beaumont-Cherry Valley Water District, the City of Beaumont, the South Mesa Mutual Water Company and the Yucaipa Valley Water District.
- Stored Water: Supplemental Water stored in the Beaumont Basin pursuant to a Groundwater Storage Agreement with the Watermaster.
 - Supplemental Water: water imported into the AA.

Beaumont Basin from outside the Beaumont Basin including, without limitation, water diverted from creeks upstream and tributary to Beaumont Basin and water which is recycled and useable within the Beaumont Basin.

BB. Temporary Surplus: the amount of groundwater that can be pumped annually in excess of Safe Yield from a Groundwater Basin necessary to create enough additional storage capacity to prevent the waste of water.

CC. Watermaster: the Person appointed by the Court to administer and enforce the Physical Solution.

4. List of Exhibits

The following exhibits are attached to this Judgment and made a part hereof:

Exhibit "A" -- "Location Map of Beaumont Basin"
Exhibit "B" -- "Overlying Owners and Their Water
Rights"

Exhibit "C" -- "Appropriators and Their Water Rights"

Exhibit "D" -- "Legal Description of Lands of the
Overlying Parties"

Exhibit "E" -- "Location of Overlying Producer Parcels
and Boundary of the Beaumont Basin"

II. INJUNCTIONS

 Injunction Against Unauthorized Production of Beaumont Basin Water

Each party herein is enjoined, as follows:

A. Overlying Parties: Each defendant who is an Overlying Party, and its officers, agents, employees, successors and assigns, is hereby enjoined and restrained from producing groundwater from the Beaumont Basin in any five-year period hereafter in excess of five times the share of the Safe Yield assigned to the Overlying Parties as set

- B. Appropriator Parties: Each defendant who is an Appropriator Party, and its officers, agents, employees, successors and assigns, is hereby enjoined and restrained from producing groundwater from the Beaumont Basin in any year hereafter in excess of such party's Appropriator's Production Right, except as additional annual Production may be authorized by the provisions of the Physical Solution.
- 2. Injunction Against Unauthorized Storage or Withdrawal of Stored Water

Each and every Party, and its officers, agents, employees, successors and assigns, is hereby enjoined and restrained from storing Supplemental Water in the Beaumont Basin for withdrawal, or causing withdrawal of water stored by that Party, except pursuant to the terms of a written Groundwater Storage Agreement with the Watermaster and in accordance with Watermaster Rules and Regulations. Any Supplemental Water stored in the Beaumont Basin, except pursuant to a Groundwater Storage Agreement, shall be deemed abandoned and not classified as Stored Water.

III. DECLARATION AND ADJUSTMENT OF RIGHTS

1. Overlying Rights

The Overlying Parties are currently exercising overlying
Water Rights in the Beaumont Basin. As shown on Exhibit "B", the
aggregate Projected Maximum Production of water from the Beaumont
Basin pursuant to Overlying Water Rights is \$610 acre feet and
the Overlying Water Rights are individually decreed, in Column 4
of Exhibit "B", for each Overlying Party. The Overlying Parties

shall continue to have the right to exercise their respective
Overlying Water Right as set forth in Column 4 of Exhibit "B"
except to the extent their respective properties receive water
service from an Appropriator Party, as contemplated by Paragraph
III.3 of this Judgment.

2. Appropriator's Share of Operating Yield

Each Appropriator Party's share of Operating Yield is shown on Exhibit "C". Notwithstanding any other provision of this Judgment, each Appropriator Party may use its Appropriator's Production Right anywhere within its service area.

3. Adjustment of Rights

- A. The Overlying Parties shall have the right to exercise their respective Overlying Water Rights except as provided in this Paragraph 3.
- B. To the extent any Overlying Party requests, and uses its Exhibit "B", Column 4 water to obtain water service from an Appropriator Party, an equivalent volume of potable groundwater shall be earmarked by the Appropriator Party which will serve the Overlying Party, up to the volume of the Overlying Water Right as reflected in Column 4 of Exhibit "B" attached hereto, for the purpose of serving the Overlying Party. The intent of this provision is to ensure that the Overlying Party is given credit towards satisfying the water availability assessment provisions of Government Code, Section 66473.7 et seq. and Water Code, Section 10910 et seq. or other similar provisions of law, equal to the amount of groundwater earmarked hereunder.
 - C. When an Overlying Party receives water service as

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provided for in subparagraph III.3.B the Overlying Party shall forebear the use of that volume of the Overlying Water Right earmarked by the Appropriator Party. The Appropriator Party providing such service shall have the right to produce the volume of water foregone by the Overlying Party, in addition to other rights otherwise allocated to the Appropriator Party.

- Should the volume of the Overlying Water Right D. equal or exceed the volume of potable groundwater earmarked as provided in subparagraph 3.B, the Appropriator Party which will serve the Overlying Party shall (i) impose potable water charges and assessments upon the Overlying Party and its successors in interest at the rates charged to the then-existing regular customers of the Appropriator Party, and (ii) not collect from such Overlying Party any development charge that may be related to the importation of water into the Beaumont Basin. The Appropriator Party which will serve the Overlying Party pursuant to Subparagraph III.3.B shall also consider, and negotiate in good faith regarding, the provision of a meaningful credit for any pipelines, pump stations, wells or other facilities that may exist on the property to be served.
- In the event an Overlying Party receives Recycled Water from an Appropriator Party to serve an overlying use served with groundwater, the Overlying Water Right of the Overlying Party shall not be diminished by the receipt and use of such Recycled Water. Recycled Water provided by an Appropriator Party to an Overlying Party shall satisfy the

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criteria set forth in the California Water Code including, without limitation, the criteria set forth in Water Code Sections 13550 and 13551. The Appropriator Party which will serve the Recycled Water shall have the right to use that portion of the Overlying Water Right of the Overlying Party offset by the provision of Recycled Water service pursuant to the terms of this subparagraph; provided, however, that such right of use by the Appropriator Party shall no longer be valid if the Recycled Water, provided by the Appropriator Party to the Overlying Party, does not satisfy the requirements of Sections 13550 and 13551 and the Overlying Party ceases taking delivery of such Recycled Water.

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- Nothing in this Judgment is intended to impair or adversely affect the ability of an Overlying Party to enter into annexation or development agreements with any Appropriator Party.
- Oak Valley Partners LP ("Oak Valley") is developing its property pursuant to Specific Plans 216 and 216A adopt@d by the County of Riverside ("County") in May 1990, and Specific Plan 318 adopted by the County in August, 2001, (Specific Plans 216, 216A and 318 are collectively referred to as the "Specific Plans"). The future water supply needs at build-out of the Specific Plans will greatly exceed Oak Valley's Projected Maximum Production, as reflected in Exhibit "B" to the Judgment, and may be as much as 12,811 acre feet per year. Oak Valley has annexed the portion of its property now within the City of Beaumont into the Beaumont-Cherry Valley Water District ("BCVWD"), and is in

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the process of annexing the remainder portion of its property into the Yucaipa Valley Water District ("YVWD"), in order to obtain retail water service for the development of the Oak Valley property pursuant to the Specific Plans (for purposes of this subparagraph BCVWD and YVWD are collectively referred to as the "Water Districts", and individually as a "Water District"). YVWD covenants to use its best efforts to finalize the annexation of the Oak Valley property within the Calimesa City limits. Oak Valley, for itself and its successors and assigns, hereby agrees, by this stipulation and upon final annexation of its property by YVWD, to forbear from claiming any future, unexercised, overlying rights in excess of the Projected Maximum Production of Exhibit "B" of 1806 acre feet per year. As consideration for the forbearance, the Water Districts agree to amend their respective Urban Water Management Plans ("UWMP") in 2005 as follows: BCVWD agrees that 2,400 acre feet per year of projected water demand shall be included for the portion of Oak Valley to be served by BCVWD in its UWMP, and YVWD agrees to include 8,000 acre feet per year of projected water demaind as a projected demand for the portion of Oak Valley to be served by YVWD in its UWMP by 2025. The Water Districts agree to use their best judgment to accurately revise this estimate to reflect the projected water demands for the UWMP prepared in 2010. Furthermore, the Water Districts further agree that, in providing water availability assessments prior to 2010, as required by Water Code §10910 and water supply verifications as required by Government Code §§66455.3 and

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66473.7, or any similar statute, and in maintaining their respective UWMP, each shall consider the foregoing respective projected water demand figures for Oak Valley as proposed water demands. The intent of the foregoing requirements is to ensure that Oak Valley is credited for the forbearance of its overlying water rights and is fully accounted for in each Water District's UWMP and overall water planning. Districts' actions in performance of the foregoing planning obligations shall not create any right or entitlement to, or priority or allocation in, any particular water supply source, capacity or facility, or any right to receive water service other than by satisfying the applicable Water District's reasonable requirements relating to application for service. Nothing in this subparagraph G is intended to affect or impair the provision of earmarked water to Overlying Parties who request and obtain water service from Appropriator Parties, as set forth in subparagraph III.3.B, above.

Persons who would otherwise qualify as Overlying н. Producers based on an interest in land lying within the City of Banning's service area shall not have the rights described in this Paragraph III.3.

Exemption for Minimal Producers

Unless otherwise ordered by the Court, Minimal Producers are exempt from the provisions of this Judgment.

IV. CONTINUING JURISDICTION

Full jurisdiction, power and authority is retained and reserved to the Court for purposes of enabling the Court, upon

application of any Party, by a motion noticed for at least a 30-day period (or consistent with the review procedures of Paragraph VII.6 herein, if applicable), to make such further or supplemental order or directions as may be necessary or appropriate for interim operation of the Beaumont Basin before the Physical Solution is fully operative, or for interpretation, or enforcement or carrying out of this Judgment, and to modify, amend or amplify any of the provisions of this Judgment or to add to the provisions hereof consistent with the rights herein decreed; except that the Court's jurisdiction does not extend to the redetermination of (a) Safe Yield during the first ten years of operation of the Physical Solution, and (b) the fraction of the share of Appropriative Water of each Appropriator.

V. THE PHYSICAL SOLUTION

1. Purpose and Objective

In accordance with the mandate of Section 2 of Article X of the California Constitution, the Court hereby adopts, and orders the parties to comply with, a Physical Solution. The purpose of the Physical Solution is to establish a legal and practical meams for making the maximum reasonable beneficial use of the waters of Beaumont Basin, to facilitate conjunctive utilization of surface, ground and Supplemental Waters, and to satisfy the requirements of water users having rights in, or who are dependent upon, the Beaumont Basin. Such Physical Solution requires the definition of the individual rights of all Parties within the Beaumont Basin in a manner which will fairly allocate the native water supplies and which will provide for equitable sharing of costs of Supplemental Water.

2. Need for Flexibility

The Physical Solution must provide maximum flexibility and adaptability in order that the Watermaster and the Court may be free to use existing and future technological, social, institutional and economic options. To that end, the Court's retained jurisdiction shall be utilized, where appropriate, to supplement the discretion granted herein to the Watermaster.

3. Production and Storage in Accordance With Judgment

This Judgment, and the Physical Solution decreed herein, address all Production and Storage within the Beaumont Basin.

Because the Beaumont Basin is at or near a condition of Overdraft, any Production outside the framework of this Judgment and Physical Solution will potentially damage the Beaumont Basin, injure the rights of all Parties, result in the waste of water and interfere with the Physical Solution. The Watermaster shall bring an action or a motion to enjoin any Production that is not in accordance with the terms of this Judgment.

4. General Pattern of Operation

One fundamental premise of the adjudication is that all Producers shall be allowed to pump sufficient water from the Beaumont Basin to meet their respective requirements. Another fundamental premise of the adjudication is that Overlying Parties who pump no more than the amount of their Overlying Water Right as shown on Column 4 of Exhibit "B" hereto, shall not be charged for the replenishment of the Beaumont Basin. To the extent that pumping exceeds five (5) times the share of the Safe Yield assigned to an Overlying Party (Column 4 of Exhibit "B") in any five (5) consecutive years, or the share of Operating Yield

Right of each Appropriator Party, each such Party shall provide funds to enable the Watermaster to replace such Overproduction.

5. Use of Available Groundwater Storage Capacity

- A. There exists in the Beaumont Basin a substantial amount of available Groundwater Storage Capacity. Such Capacity can be reasonably used for Stored Water and Conjunctive Use and may be used subject to Watermaster regulation to prevent injury to existing Overlying and Appropriative water rights, to prevent the waste of water, and to protect the right to the use of Supplemental Water in storage and Safe Yield of the Beaumont Basin.
- B. There shall be reserved for Conjunctive Use a minimum of 200,000 acre feet of Groundwater Storage Capacity in the Beaumont Basin provided that such amount may be reduced as necessary to prevent injury to existing water rights or existing uses of water within the Basin, and to prevent the waste of water. Any Person may make reasonable beneficial use of the Groundwater Storage Capacity for storage of Supplemental Water; provided, however, that no such use shall be made except pursuant to a written Groundwater Storage Agreement with the Watermaster. The allocation and use of Groundwater Storage Capacity shall have priority and preference for Producers within the Beaumont Basin over storage for export. The Watermaster may, from time-to-time, redetermine the available Groundwater Storage Capacity.

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VI. ADMINISTRATION

1. Administration and Enforcement by Watermaster

The Watermaster shall administer and enforce the provisions of this Judgment and any subsequent order or instructions of the Court.

2. Watermaster Control

The Watermaster is hereby granted discretionary powers to develop and implement a groundwater management plan and program for the Beaumont Basin, which plan shall be filed with and shall be subject to review and approval by, the Court, and which may include water quantity and quality considerations and shall reflect the provisions of this Judgment. Except for the exercise by Overlying Parties of their respective Rights described in Column 4 of Exhibit "B" hereto in accordance with the provisions of the Physical Solution, groundwater extractions and the replenishment thereof, and the storage of Supplemental Water, shall be subject to procedures established and administered by the Watermaster. Such procedures shall be subject to review by the Court upon motion by any Party.

3. Watermaster Standard of Performance

The Watermaster shall, in carrying out its duties and responsibilities herein, act in an impartial manner without favor or prejudice to any Party or purpose of use.

4. Watermaster Appointment

The Watermaster shall consist of a committee composed of persons nominated by the City of Banning, the City of Beaumont, the Beaumont-Cherry Valley Water District, the South Mesa Mutual Water Company and the Yucaipa Valley Water District, each of

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which shall have the right to nominate one representative to the Watermaster committee who shall be an employee of or consultant to the nominating agency. Each such nomination shall be made in writing, served upon the other parties to this Judgment and filed with the Court, which shall approve or reject such nomination. Each Watermaster representative shall serve until a replacement nominee is approved by the Court. The nominating agency shall have the right to nominate that representative's successor.

Powers and Duties of the Watermaster

Subject to the continuing supervision and control of the Court, the Watermaster shall have and may exercise the following express powers, and shall perform the following duties, together with any specific powers, authority, and duties granted or imposed elsewhere in this Judgment or hereafter ordered or authorized by the Court in the exercise of its continuing jurisdiction:

- Rules and Regulations: The adoption of Α. appropriate rules and regulations for the conduct of Watermaster affairs, copies of which shall be provided to all interested parties.
- Wellhead Protection and Recharge: identification and management of wellhead protection areas and recharge areas.
- Well Abandonment: The administration of a well c. abandonment and well destruction program.
- Well Construction: The development of minimum well construction specifications and the permitting of new wells.

E.	Mit:	igation	of O	verdraft:	The	mitigation	of
conditions	of	unconti	rolle	d overdra	ft.		

- F. <u>Replenishment</u>: The acquisition and recharge of Supplemental Water.
- G. <u>Monitoring</u>: The monitoring of groundwater levels, ground levels, storage, and water quality.
- H. <u>Conjunctive Use</u>: The development and management of conjunctive-use programs.
- I. <u>Local Projects</u>: The coordination of construction and operation, by local agencies, of recharge, storage, conservation, water recycling, extraction projects and any water resource management activity within or impacting the Beaumont Basin.
- J. <u>Land Use Plans</u>: The review of land use plans and coordination with land use planning agencies to mitigate or eliminate activities that create a reasonable risk of groundwater contamination.
- K. Acquisition of Facilities: The purchase, lease and acquisition of all necessary real and personal property, including facilities and equipment.
- L. Employment of Experts and Agents: The employment or retention of such technical, clerical, administrative, engineering, accounting, legal or other specialized personnel and consultants as may be deemed appropriate. The Watermaster shall maintain records allocating the cost of such services as well as all other expenses of Watermaster administration.
 - M. Measuring Devices: Except as otherwise provided

by agreement the Watermaster shall install and maintain in good operating condition, at the cost of the Watermaster, such necessary measuring devices or meters as Watermaster may deem appropriate. Such devices shall be inspected and tested as deemed necessary by the Watermaster and the cost thereof borne by the Watermaster. Meter repair and retesting will be a Producer expense.

N. <u>Assessments</u>: The Watermaster is empowered to levy and collect the following assessments:

(1) Annual Replenishment Assessments

The Watermaster shall levy and collect assessments in each year, in amounts sufficient to purchase replenishment water to replace Overproduction by any Party.

(2) Annual Administrative Assessments

- a. <u>Watermaster Expenses</u>: The expenses of administration of the Physical Solution shall be categorized as either "General Watermaster Administration Expenses", or "Special Project Expenses".
 - Expenses: shall include office rent, labor, supplies, office equipment, incidental expenses and general overhead. General Watermaster Administration Expenses shall be assessed by the Watermaster equally against the Appropriators who have appointed representatives to the Watermaster.

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ii. <u>Special Project Expenses</u> : shall
include special engineering, economic or other
studies, litigation expenses, meter testing or
other major operating expenses. Each such project
shall be assigned a task order number and shall be
separately budgeted and accounted for. Special
Project Expenses shall be allocated to the
Appropriators, or portion thereof, on the basis of
benefit.
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- ο. <u>Investment of Funds; Borrowing:</u> The Watermaster may hold and invest Watermaster funds as authorized by law, and may borrow, from time-to-time, amounts not exceeding annual receipts.
- P. Contracts: The Watermaster may enter into contracts for the performance of any of its powers.

- Cooperation With Other Agencies: The Watermaster may act jointly or cooperate with other local, state and federal agencies.
- R. Studies: The Watermaster may undertake relevant studies of hydrologic conditions and operating aspects of the management program for the Beaumont Basin.
- Groundwater Storage Agreements: The Watermaster shall adopt uniform rules and a standard form of agreement for the storage of Supplemental Water, provided that the activities undertaken pursuant to such agreements do not injure any Party.
- Administration of Groundwater Storage Capacity: т. Except for the exercise by the Overlying Parties of their

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respective Overlying Water Rights described in Part III, above, in accordance with the provisions of the Physical Solution, all Groundwater Storage Capacity in the Beaumont Basin shall be subject to the Watermaster's rules and regulations, which regulations shall ensure that sufficient storage capacity shall be reserved for local projects. Any Person or entity may apply to the Watermaster to store water in the Beaumont Basin.

- U. Accounting for Stored Water: The Watermaster shall calculate additions, extractions and losses and maintain an annual account of all stored water in the Beaumont Basin, and any losses of water supplies or Safe Yield resulting from such stored water.
- v. Accounting for New Yield: Recharge of the Beaumont Basin with New Yield water shall be credited to the Party that creates the New Yield. The Watermaster shall make an independent scientific assessment of the estimated New Yield created by each proposed project. New Yield will be allocated on an annual basis, based upon monitoring data and review by the Watermaster.
- Accounting for Acquisitions of Water Rights: Watermaster shall maintain an accounting of acquisitions by Appropriators of water otherwise subject to Overlying Water Rights as the result of the provision of water service thereto by an Appropriator.
- х. Annual Administrative Budget: The Watermaster shall prepare an annual administrative budget for public review, and shall hold a public hearing on each such budget

prior to adoption. The budget shall be prepared in sufficient detail so as to make a proper allocation of the expenses and receipts. Expenditures within budgeted items may thereafter be made by the Watermaster as a matter of course.

Y. Redetermining the Safe Yield: The Safe Yield of the Beaumont Basin shall be redetermined at least every 10 years beginning 10 years after the date of entry of this Judgment.

6. Reports and Accounting

- (a) <u>Production Reports</u>: Each Pumper shall periodically file, pursuant to Watermaster rules and regulations, a report showing the total production of such Pumper from each well during the preceding report period, and such additional information as the Watermaster may reasonably require.
- (b) Watermaster Report and Accounting: The Watermaster shall prepare an annual report of the preceding year's operations, which shall include an audit of all assessments and Watermaster expenditures.

Replenishment

Supplemental Water may be obtained by the Watermaster from any source. The Watermaster shall seek the best available quality of Supplemental Water at the most reasonable cost for recharge in the Basin. Sources may include, but are not limited to:

- (a) Recycled Water;
- (b) State Water Project Water;

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(c) Other imported water.

Replenishment may be accomplished by any reasonable method including:

- (a) Spreading and percolation, or injection of water in existing or new facilities; and/or
- (b) In-lieu deliveries for direct surface use, in lieu of groundwater extraction.

VII. MISCELLANEOUS PROVISIONS

1. Designation of Address for Notice and Service

Each Party shall designate, in writing to the plaintiff, the name and address to be used for purposes of all subsequent notices and service herein, such designation to be delivered to the plaintiff within 30 days after the Judgment has been entered. The plaintiff shall, within 45 days after judgment has been entered, file the list of designees with the Court and serve the same on the Watermaster and all Parties. Such designation may be changed from time-to-time by filing a written notice of such change with the Watermaster. Any Party desiring to be relieved of receiving notices of Watermaster activity may file a waiver of notice on a form to be provided by the Watermaster. The Watermaster shall maintain, at all times, a current list of Parties to whom notices are to be sent and their addresses for purposes of service. The Watermaster shall also maintain a full current list of names and addresses of all Parties or their successors, as filed herein. Copies of such lists shall be available to any Person. If no designation is made, a Party's designee shall be deemed to be, in order of priority: Party's attorney of record; or (ii) if the Party does not have an

attorney of record, the Party itself at the address on the Watermaster list.

2. Intervention After Judgment

Any Person who is neither a Party to this Judgment nor a successor or assignee of a Party to this Judgment may seek to become a party to this Judgment by filing a petition in intervention.

3. Interference with Pumping

Nothing in this judgment shall be deemed to prevent any party from seeking judicial relief against any other party whose pumping activities constitute an unreasonable interference with the complaining party's ability to extract groundwater.

4. Successors and Assigns

This Judgment and all provisions herein shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto.

5. Severability

The provisions of this Judgment are severable. If any provision of this Judgment is held by the Court to be illegal, invalid or unenforceable, that provision shall be excised from the Judgment. The remainder of the terms of the Judgment shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such excision. This Judgment shall be reformed to add, in lieu of the excised provision, a provision as similar in terms to the excised provision as may be possible and be legal, valid and enforceable.

6. Review Procedures

Any action, decision, rule or procedure of the Watermaster

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pursuant to this Judgment shall be subject to review by the Court on its own motion or on timely motion by any Party, as follows:

- A. Effective Date of Watermaster Action: Any order, decision or action of the Watermaster pursuant to this Judgment on noticed specific agenda items shall be deemed to have occurred on the date of the order, decision or action.
- Notice of Motion: Any Party may, by a regularly-В. noticed motion, petition the Court for review of the Watermaster's action or decision pursuant to this Judgment. The motion shall be deemed to be filed when a copy, conformed as filed with the Court, has been delivered to the Watermaster, together with the service fee established by the Watermaster sufficient to cover the cost to photocopy and mail the motion to each Party. The Watermaster shall prepare copies and mail a copy of the motion to each Party or its designee according to the official service list which shall be maintained by the Watermaster according to Part VII, paragraph 1, above. A Party's obligation to serve the notice of a motion upon the Parties is deemed to be satisfied by filing the motion as provided herein. Unless ordered by the Court, any petition shall not operate to stay the effect of any Watermaster action or decision which is challenged.
- C. <u>Time for Motion</u>: A motion to review any
 Watermaster action or decision shall be filed within 90 days
 after such Watermaster action or decision, except that
 motions to review Watermaster assessments hereunder shall be
 filed within 30 days of mailing of notice of the assessment.

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- De Novo Nature of Proceeding: Upon filing of a petition to review a Watermaster action, the Watermaster shall notify the Parties of a date when the Court will take evidence and hear argument. The Court's review shall be de novo and the Watermaster decision or action shall have no evidentiary weight in such proceeding.
- Decision: The decision of the Court in such proceedings shall be an appealable Supplemental Order in this case. When the same is final, it shall be binding upon the Watermaster and the Parties.

FEB - 4 2004 Dated:

GARY TRANSARGER

JUDGE OF THE SUPERIOR COURT

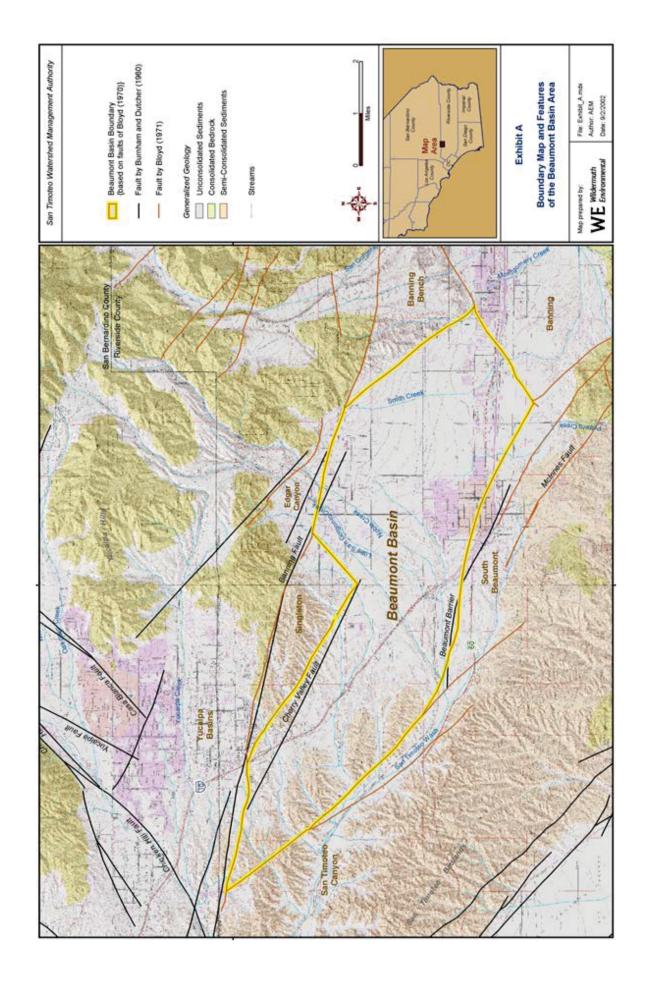


Exhibit B Overlying Producers and Their Rights

(1) Producer	(2) Average Production during 1997- 2001	(3) Exercised Rights ¹	(4) Projected Maximum Production
	(acre-ft/yr)	(acr e-f t/yr)	(acre-ft/yr)
Beckman, Walt	0	0	75
Roman Catholic Bishop of San Bernardino	104	114	154
Rancho Calimesa Mobile Home Park	60	150	150
Merlin Properties, LLC.	540	550	550
Sunny-Cal Egg and Poultry Company ²	1,340	1,340	1,439.5
Sunny-Cal North - Manheim, Manheim & Berman ²			300
Nick Nikodinov ³			20
Ronald L. McAmis ⁴			5
Nicolas and Amalia Aldama ⁵			7
Hector Gutierrez, Luis Gutierrez and Sebastian Monroy ⁶			10
Boris and Miriam Darmont ⁷			2.5
California Oak Valley Golf and Resort LLC	692	950	950
Leonard Stearn	0	0	200
Oak Valley Partners	510	553	1,806
So. California Professional Golf Association	680	1,688	2,200
Sharondale Mesa Owners Association	184	200	200
Plantation on the Lake	271	300	581
Totals	4,381	5,845	8,650

Note 1 -- Maximum Reported Production during 1997-2001

Note 2 — The Exercised Right and Projected Maximum Production were an aggregate right for defendents Sunny-Cal Egg and Poultry, and Manheim, Manheim and Berman(MMB). As requested, Watermaster action designated 300 af of the aggregate right to MMB aka Sunny-Cal North on February 7, 2006.

Note 3 -- The Exercised Right and Projected Maximum Production were an aggregate right for defendents Sunny-Cal Egg and Poultry, and Manheim, Manheim and Berman(MMB). As requested, Watermaster action designated 20 af of aggregate right to Nick Nikodinov on April 17, 2006.

Note 4 -- The Exercised Right and Projected Maximum Production were an aggregate right for defendents Sunny-Cal Egg and Poultry, and Manheim, Manheim and Berman(MMB). As requested, Watermaster action designated 5 af of aggregate right to Ronald L. McAmis on June 13, 2006.

Note 5 -- The Exercised Right and Projected Maximum Production were an aggregate right for defendents Sunny-Cal Egg and Poultry, and Manheim, Manheim and Berman(MMB). As requested, Watermaster action designated 7 af of aggregate right to Nicolas and Amalia Aldama on June 13, 2006.

Note 6 -- The Exercised Right and Projected Maximum Production were an aggregate right for defendents Sunny-Cal Egg and Poultry, and Manheim, Manheim and Berman(MMB). As requested, Watermaster action designated 10 af of aggregate right to Hector Gutierrez, Luis Gutierrez and Sebastian Monroy on June 13, 2006.

Note 7 -- The Exercised Right and Projected Maximum Production were an aggregate right for defendents Sunny-Cal Egg and Poultry, and Manheim, Manheim and Berman(MMB). As requested, Watermaster action designated 2.50 af of aggregate right to Boris and Miriam Dermont on June 13, 2006.

Appropriators and Their Water Rights Exhibit C

(1) Producer	(2) Average Production during 1997-2001	(2) (3) (4) Average Share of Safe Initial Estimate C Production during Yield Allocated to of Appropriate 1997-2001 Appropriators Rights¹	(4) Initial Estimate of Appropriate Rights¹	(4) (5) (6) Initial Estimate Controlled Overdraft Operating Yield of Appropriate and Supplemental Rights¹ Water Recharge Allocation ²	(6) verating Yield
	(acre-ff/yr)		(acre-ft/yr)	(acre-ft/yr)	(acre-ft/yr)
Banning, City of	2,170	31.43%	882	5,029	5,910
City of Beaumont	0	0.00%	0	0	0
Beaumont Cherry Valley Water District	2,936	42.51%	1,193	6,802	7,995
South Mesa Water Company	862	12.48%	350	1,996	2,346
Yucaipa Valley Water District	938	13.58%	381	2,173	2,554

Totals

18,805

16,000

2,805

100.00%

906'9

Note 1 – Based on a 8,650 acre-ft/yr safe yield
Note 2 – Controlled overdraft will not exceed 160,000 acre-ft during for first ten years of operation under the physical solution.

Exhibit D

Overlying Producers and the Parcels Upon Which Their Overlying Rights are Exercised¹

(1) Overlying Producer As	(3) ssessors	(4) Area (Acres)
	Parcel umber(s)	
Beckman, Walt 40	05250004	19.04
Total Area	05250005	19.00 <u>38.04</u>
California Oak Valley Golf and Resort Total Area	06070041	209.71 209.71
Manheim, Manheim & Berman ²	07200009	20.35
	07200011	20.00
	07200012	20.04 45.41
	07210001 07210002	45.41 12.04
	07210004	4.16
Total Area		<u>122.00</u>
Roman Catholic Bishop of San Bernardino 41	3280016	16.78
	3280030	2.06
Total Area	3280036	12.42 <u>31.26</u>
Oak Valley Partners 40	06060010	115.82
-	06060015	4.00
40	06060017	19.03
	06230020	4.26
	11210003	2.40
	11210005	105.41
	11210010 11210016	15.14 9.77
	11210017	9.77 8.94
	13030011	315.30
	13040001	493.40
	13040002	137.00
	13040003	74.48
	13040004	6.50
	13040005 13040006	80.02 75.54
	13040006	76.22

(1)	(3)	(4)
Overlying Producer	Assessors	Area (Acres)
	Parcel	
	Number(s)	
Oak Valley Partners (cont'd)	413040008	144.48
	413040009	10.00
	413040010	78.22
	413060003	1.70
	413160003	80.00
	413160004	106.92
	413160005	53.08
	413160006	64.47
	413160007	15.53
	413170020	40.26
	413170021	27.62
	413170023	12.38
	413170027	14.19
	413170028 413170029	4.11 2.35
	413170029	20.28
	413170030	66.63
	413170031	2.79
	413170035	11.74
	413180017	556.91
	413180019	9.77
	413190001	111.31
	413190003	5.64
	413190005	10.35
	413190008	12.40
	413190011	138.92
	413200002	0.23
	413200003	0.15
	413200010	5.94
	413200014 413200015	10.61 11.36
	413200010	5.00
	413200023	14.47
	413200024	5.00
	413200026	32.86
	413200027	42.90
	413200028 413200029	116.62 6.39
	413200029	19.01
	413200034	2.18
	413200035	10.99
	413200036	10.42
	413200037	4.95
	413270021 413280034	0.31 2.37
	413280034	13.61
	413280040	1.91

(1)	(3)	(4)
Overlying Producer	Assessors Parcel Number(s)	Area (Acres)
Oak Valley Partners (cont'd)	413280041 413280042 413290003 413290004 413290006 413290007 413450020 413450021 413450024 413450025 413450026 413450029 413460036 413460037 413460038 413460039 41409005 414090013 414090017 414090018 414100002 414100002	2.24 6.86 510.57 16.08 8.40 103.68 74.85 169.96 146.99 48.25 50.83 122.59 108.92 199.12 23.51 19.58 45.23 45.23 1.59 1.38 31.60 20.00 4.50 42.13 65.00
Total Area Plantation on the Lake	407230031	<u>5,331.65</u>
Total Area	407230010 406050018 406050002 406050003	1.25 156.85 5.12 1.81 <u>177.39</u>
Rancho Calimesa Mobile Home Park Total Area	413270001	29.66 29.66
Merlin Properties, LLC. Total Area	407230014	48.52 48.52
Sharondale Mesa Owners Association	413330014 413330015 413331022 413331035 413340021 413340022 413340023 413341033	1.55 2.14 0.48 0.22 0.04 0.04 1.53 2.52 0.29

(1)	(3)	(4)
Overlying Producer	Assessors	Area (Acres)
	Parcel Number(s)	
Sharondale Mesa Owners Association (cont'd)	413341034	0.81
	413341036 413342004	0.35 0.35
	413350011	1.04
	413350012	1.44
	413351018	17.08
	413351019	0.16
	413360032 413360033	1.92 2.30
	413360035	0.90
	413361001	0.14
	413361008	0.12
	413361010	0.18
	413370027 413370028	0.39 5.34
	413370030	0.69
	413371018	2.07
	413372019	1.39
Total Area		<u>45.48</u>
So. California Professional Golf Association	406060011	146.59
on camonia i rotessional con Association	406060013	2.83
	406060014	4.58
	406060016	10.35
	413450016 413450022	99.66 95.15
	413450022	2.89
	413450027	91.53
Total Area		<u>453.58</u>
Stearns, Leonard	413221001	0.25
Steams, Leonard	413221001	0.34
	413260018	49.33
	413260025	0.37
	413270007	10.58
	413280010 413280018	1.27 9.37
	413280018	4.26
	413280027	3.80
	413280037	14.32
Total Area		93.89
Sunny-Cal Egg and Poultry Company ²	406080013	0.07
January January January John Pully	407190016	4.95
	407190017	31.32
	407230022	20.03
	407230023	20.03
	407230024	20.03
	407230025	21.99

(1) Overlying Producer	(3) Assessors Parcel	(4) Area (Acres)
	Number(s)	
Sunny-Cal Egg and Poultry Company ² (cont'd)	407230026	25.94
	407230027	21.63
Total Area	407230028	21.56 <u>187.55</u>
Nikodinov, Nick ⁴ Total Area	407180004	9.35 <u>9.35</u>
McAmis, Ronald L. ⁵ Total Area	407190018	0.93 <u>0.93</u>
Aldama, Nicolas and Amalia⁶ Total Area	407190015	1.35 <u>1.35</u>
Hector Gutierrez, Luis Gutierrez and Sebastian Monroy ⁷ Total Area	407190013	2.01 2.01
Darmont, Boris and Miriam ⁸ Total Area	407190014	0.50 <u>0.50</u>

Total Area for All Overlying Producers³

6,782.87

Note 1 -- Parcels as of June 1, 2003; updated to include Nick Nikodinov per April 17, 2006 Watermaster action; updated to include Ronald L. McAmis, Nicolas and Amalia Aldama, Hector Gutierrez, Luis Guiterrez, and Sebastian Monroy, and Boris and Miriam Darmont per June 13, 2006 Watermaster actions.

Note 2 -- Parcels owned by Sunny-Cal Egg & Poultry Company include the overlying water rights of Manheim, Manheim and Berman (MMB) and is aggregated as shown in Column 4 of Exhibit B as attributable to Sunny-Cal Egg & Poultry Company. As requested, Watermaster designated a portion of these aggregated rights to MMB on February 7, 2006.

Note 3 -- The Watermaster shall recognize adjustments in parcel boundaries that result in de minimus changes in water use

Note 4 -- Parcels owned by Sunny-Cal Egg & Poultry Company include the overlying water rights of Manheim, Manheim and Berman (MMB) and is aggregated as shown in Column 4 of Exhibit B as attributable to Sunny-Cal Egg & Poultry Company. As requested, Watermaster designated a portion of these aggregated rights to Nick Nikodinov on Aprin 17, 2006.

Note 5 -- Parcels owned by Sunny-Cal Egg & Poultry Company include the overlying water rights of Manheim, Manheim and Berman (MMB) and is aggregated as shown in Column 4 of Exhibit B as attributable to Sunny-Cal Egg & Poultry Company. As requested, Watermaster designated a portion of these aggregated rights to Ronald L.

McAmis on June 13, 2006.

Note 6 -- Parcels owned by Sunny-Cal Egg & Poultry Company include the overlying water rights of Manheim, Manheim and Berman (MMB) and is aggregated as shown in Column 4 of Exhibit B as attributable to Sunny-Cal Egg & Poultry Company. As requested, Watermaster designated a portion of these aggregated rights to Nicolas and Amalia Aldama on June 13, 2006.

Note 7 -- Parcels owned by Sunny-Cal Egg & Poultry Company include the overlying water rights of Manheim, Manheim and Berman (MMB) and is aggregated as shown in Column 4 of Exhibit B as attributable to Sunny-Cal Egg & Poultry Company. As requested, Watermaster designated a portion of these aggregated rights to Hector Gutierrez, Luis Gutierrez and Sebastian Monroy on June 13, 2006.

Note 8 -- Parcels owned by Sunny-Cal Egg & Poultry Company include the overlying water rights of Manheim, Manheim and Berman (MMB) and is aggregated as shown in Column 4 of Exhibit B as attributable to Sunny-Cal Egg & Poultry Company. As requested, Watermaster designated a portion of these aggregated rights to Boris and Miriam Durmont on June 13, 2006.