

**RULES OF
CENTRAL BASIN WATER RIGHTS PANEL
(As adopted by Resolution No. 2014-1, adopted November 13, 2014.)**

The definitions set forth in the Third Amended Judgment in Los Angeles County Superior Court Civil Action No. 786656, entitled “*Central and West Basin Water Replenishment District v. Charles E. Adams, et al.*” (Judgment herein), are used herein with the same meanings.

1. Consistency with Judgment. These Rules shall be construed consistent with the Judgment. In the event of a conflict between these Rules and the Judgment, the Judgment shall prevail.

2. Scope of Authority. The Panel’s duties and authority shall be limited to that identified in the Judgment. The Panel shall not address matters outside the scope of its duties and authority as identified in the Judgment.

3. Offices and Records. The Panel’s records shall be maintained at its offices, currently located at:

City of Lakewood
5050 Clark Avenue
Lakewood, California 90712

Said records shall be available for inspection by any party to the Judgment during regular business hours. Copies of said records may be had upon payment of the costs of the duplication thereof and of any preparation costs pertaining thereto.

4. Meetings.

 a) Regular Meetings. Regular meetings of the Panel shall be held at 1:30 p.m. on the second Thursday of each and every month in the Board Room at Progress Park,

15500 Downey Avenue, Paramount, California, or at such time and place as otherwise determined by the Panel by resolution.

b) Special Meetings. Special meetings of the Panel may be called at any time by the Chair or by any four (4) members of the Panel, by written notice in compliance with the Judgment. The calling notice shall specify the time and place of the special meeting and the business to be transacted. No other business shall be considered at any such meeting. The notice shall be provided to each Panel member and each Central Basin Water Rights holder who has requested a copy of special meeting notices at least 24 hours before the time set for the commencement of that meeting.

c) Adjournment. Any meeting of the Panel may be adjourned to a time and place specified in the Order of Adjournment. Less than a quorum of the Panel or the Panel's Secretary may so adjourn from time to time. A copy of the Order or Notice of Adjournment shall be conspicuously posted on or near the door of the place where the meeting was held or to be held, within twenty-four (24) hours after the adoption of the Order of Adjournment.

d) All Panel meetings shall be open to all Central Basin Water rights holders.

e) The Agenda for all regular meetings of the Panel shall be posted on the Panel's website upon the completion of that Agenda and a copy thereof together with all then available materials pertaining to agenda items shall be provided to each Panel member and each Central Basin Water rights holder who has requested a copy of regular meeting agendas and provided an email address to the Panel at least 72 hours before the time set for commencement of that meeting. The proposed agenda shall be circulated to all Panel members for review and comment at least three (3) days prior to publication of the final agenda.

5. Terms of Office; Staggered Terms. The initial full term of Panel members City of Lakewood, City of Paramount and City of Signal Hill shall end on June 30, 2016. The initial full term of Panel members City of Downey, Golden State Water Co., and City of Long Beach shall end on June 30, 2018. Terms thereafter shall end on the fourth anniversary of the end of the previous full term. Elections shall be held to fill seats, in the manner specified in the Judgment. As provided therein, the term initially applicable to Montebello Land & Water Co. shall be at the pleasure of the Small Water Producers Group, except as otherwise specified in the Judgment. Elections shall be conducted by mail ballot.

6. Quorum of Panel, Necessary Votes for Action and Roll Call of Votes. Four (4) members of the Panel shall constitute a quorum for the transaction of its affairs. Action by the affirmative vote of a majority of the entire Panel shall constitute action by the Panel.

Any member of the Panel may request a roll call vote on any question or motion considered and the ayes and noes thereon shall be recorded in the minutes of the meeting.

7. Agenda of Panel Meetings. Any party requesting that a matter be considered by the Panel for action thereon shall request the same in writing directed to the Panel's Chair for inclusion on the Agenda of the next scheduled meeting to be held at least ten (10) days after receipt of said request.

8. Rules for Conduct of Meetings. The conduct of Panel meetings shall follow the Rules contained in Appendix "A" hereto and, without consent of the Panel, the priorities of Panel business shall be that stated in the Agenda for a particular meeting.

9. Organization of the Panel.

a) Appointments. At its first meeting of an Administrative Year following the conclusion of the two year term of its officers, the Panel shall elect a Chair, Vice Chair and

Treasurer from its membership. It shall also select a Secretary and may select such assistants as may be appropriate, any of whom may, but need not be, members of the Panel. The Panel also may establish subcommittees as it deems necessary. If a Panel officer is replaced by action of an entity, the Panel shall fill the vacancy in the office at its next regular meeting.

b) Duties. The duties of any officer selected pursuant to subsection (a) are limited to the powers of the Panel pursuant to the Judgment. No Panel member, including any Panel officer, shall sign any document or assert any position on the Panel's behalf unless specifically authorized by the Panel and consistent with the Panel's duties and authority as identified in the Judgment.

10. Minutes. Minutes of all Panel meetings shall be kept by the Secretary, or, in the absence of the Secretary, by any other Panel officer designated by the Chair. The minutes shall reflect all actions taken. Draft copies thereof shall be furnished to any party who files a request therefor in writing with the Panel. Said draft copies of minutes shall constitute notice of any Panel action therein reported and failure of a party herein to request copies thereof shall constitute his waiver of notice. Minutes shall be retained as Panel records for a minimum of two years.

11. List of Designees. The Panel shall utilize the then current list of party designees to receive notices under the Judgment maintained by the Administrative Body. That list shall determine the person to whom and the address at which all notices, determinations, requests, demands, objections, reports and other papers and processes to be served upon that party or delivered to that party are to be so served or delivered by the Panel.

12. Service Upon and Delivery to Parties of Various Papers. Service on the parties to the Judgment directed to their Designees shall be made by first class mail, postage prepaid,

addressed to the designee and at the address designated for that purpose or by mail as provided in accordance with section 4.e of these Rules. A designee may provide an email address in lieu of a mail address by providing that email address to the Panel and requesting to receive all further notices from the Panel by email.

13. Election of Producer Representatives.

a) Notice and Ballots. On or before March 1 of an Administrative Year in which the term of the Panel member which is elected by a vote of holders of Allowed Pumping Allocation will expire, any and all nominations for that Panel member shall be provided to the Panel on a form prescribed therefore. The Panel shall annually give sixty (60) days notice to all parties that an election shall be held at the Panel's regularly scheduled meeting in May of each Administrative Year for the purpose of electing Producer representatives to the Panel whose terms expire on June 30 of that Administrative Year in accordance with section II.B. of the Judgment. A ballot meeting the criteria set forth in 13.b below shall be provided together with the notice.

b) Voting. Election of Panel members shall be by voting in accordance with section II.B of the Judgment from the categories therein prescribed. Those categories are: one member from the Small Water Producers Group (now Montebello Land and Water Co.), one member elected by Parties with Allowed Pumping Allocation of less than 5,000 acre-feet who is not a member of the Small Water Producers Group (now the City of Signal Hill), or two members if the Small Water Producers Group does not then qualify, one member elected by Parties with Allowed Pumping allocation of at least 5,000 acre-feet, but less than 10,000 acre feet (now the City of Lakewood), three members elected by Parties with Allowed Pumping allocation of 10,000 acre-feet or more (now the City of Downey, Golden State Water Company

and the City of Long Beach) and one member elected by all Parties holding Allowed Pumping Allocation (now the City of Paramount). Each submitted ballot form shall list the Producer and designee casting the vote, the Producer's voting category and the names of the nominees for whom the votes have been cast.

c) Conduct of Elections. Prior to the canvassing of votes at the Panel's May meeting, the Chair shall appoint tellers to conduct the election. Such tellers may include any member of the Panel's staff to monitor the canvassing and counting of votes. Ballots may be submitted to the Panel's Secretary at any time prior to the May meeting up to the time when the canvassing of the votes is considered in accordance with the meeting Agenda. The tellers shall collect the ballots from the Secretary, retire to tabulate the votes, and promptly report the results of the election to the parties present at the meeting.

(1) In the event there is a challenge to the declared election results, the Panel shall appoint three (3) Producer parties as election inspectors who shall recount the election ballots and immediately certify the results of such election to the Panel and others present at the election.

(2) In the event of a tie vote, the person elected shall be chosen by lot at the meeting.

d) Court Confirmation. The Panel member election results shall promptly be certified to the Court, which will in ordinary course confirm the same by an appropriate order appointing said members.

14. Vacancy on the Panel and Replacement. In the event of a vacancy on the Panel of a member who is a natural person, a successor shall be elected at a special meeting of the Panel to be called by the Panel within thirty (30) days of the vacancy occurring. The appropriate ballot

shall be distributed to the Producers having voting rights on the vacant position. The election of the successor Panel member shall be conducted in accordance with section 12 of these Rules and Regulations. Any representative of a Panel member which is a public or privately held entity shall be replaced by action of that entity.

15. Panel Action Subject to Court Review. Actions of the Panel shall be subject to review by the Court in accordance with sections II.E. or IV.Q. of the Judgment. The Chair and legal counsel selected by the Panel shall represent the Panel before the Court.

16. Water Measuring Devices and Meter Test Program. Parties producing water pursuant to the Judgment shall, pursuant to these uniform rules, install and maintain in good operating condition, at the cost of each such party, such necessary water measuring devices or meters as may be appropriate. Any such measuring device is subject to such inspection and testing as the Panel may, from time to time, deem necessary. In the event that an appointment is arranged between the Panel's agent for testing meters and a Producer, but the Producer does not appear at the appointment in order to implement the testing, that Producer shall be obligated to reimburse the Panel for any costs charged by the Panel's agent for appearing at the appointed time. Upon testing, the meters shall be sealed by the Panel's agent and remain so sealed. The Panel will conduct a formal meter-testing program to help the parties accurately report their production. The Panel intends to test every meter under its jurisdiction at least once every two (2) years.

a) Wells. Water wells shall be equipped with a positive displacement, velocity impeller, venturi, orifice-type or electromagnetic flow meter with a totalizer. The totalizer on positive displacement, velocity impeller, venturi and orifice-type meters shall be correctable only by changing mechanical gear equipment. Producers using electromagnetic flow

meters shall ensure that electronic access to meter data is user-defined and password-protected to prevent unauthorized resetting of the totalizer. Additionally, all wells equipped with electromagnetic flow meters shall also have a run-hour meter installed to provide verification of production in the event the totalizer is inappropriately or accidentally reset or its accuracy is otherwise disputed. The meter shall be accessible and installed according to good design practices. Panel personnel shall assist any party having any question as to installation requirements.

b) Calibrated Test Equipment. The Panel or its approved meter tester will maintain a complete line of carefully calibrated test equipment. This equipment is the standard with which all water meters must be compared. The tolerance for each meter is plus (+) or minus (-) five percent (5%) of the standard.

c) Repair or Replacement of Inaccurate Meters. Defective or inaccurate meters must be repaired within thirty (30) days of receipt of notice thereof from the Panel by the Producer at the Producer's cost.

d) Interim Meter Tests. Should a Producer discover that the meter which measures the water production from the Producer's well is measuring inaccurately, the Producer shall first notify the Panel thereof, have the meter retested and, if measuring inaccurately, then have the same repaired at the earliest practical and reasonable time. Upon the completion of such repair, such Producer shall immediately have such meter tested and sealed by the Panel's agent and it shall remain so sealed. Such testing and sealing will be accomplished by the Panel's agent upon request therefor by said Producer. Meters may be tested and sealed by any meter tester, authorized by the Panel, as provided in subsection (e) of this Section 16. Results of such

meter tests shall be furnished to the Panel within ten (10) days of testing, on forms provided by the Panel.

e) Panel Approved Meter Testers. Persons, firms or corporations in the business of repairing and/or testing water measuring devices may be approved by the Panel to test and seal meters on behalf of the Panel by submitting their qualifications therefor to the Panel and obtaining the Panel's approval to perform meter tests and seal such meters as agents of the Panel. The name, address and telephone number of all such Panel approved meter testers shall be maintained at and be available from the office of the Panel.

f) Meter Seal by Panel and Notification of Meter Maintenance. At the completion of all meter tests the Panel's seal shall be placed on the meter, if the meter test demonstrates that the meter is within the accuracy standard of five percent (5%).

The Producer shall notify the Panel in writing within seven (7) days if the Panel's seal has been broken or if any of the following events occur: (a) the meter is to be repaired or recalibrated; (b) there is any other interference affecting the meter or the Panel's seal; (c) the meter is to be relocated even if the Panel's seal is still intact; or (d) a new meter is to be installed.

g) Estimation of Production Due to Meter Maintenance. When a Producer must estimate production due to meter maintenance, he shall consult with the Panel for approval of the method of estimation. A copy of the estimate calculations shall be supplied to the Panel with the corresponding Monthly Report.

17. Each Producer shall notify the Water Rights Panel whenever a new well is drilled or a well is destroyed. Water wells scheduled for destruction shall be destroyed in accordance with established regulations.

18. Assessment. The Panel shall have the power, pursuant to the Judgment, to levy and collect an assessment from the parties based on Allowed Pumping Allocation for the purposes and in accordance with the provisions of Section II.B.(2) of the Judgment.

19. Amendment. These rules may be amended from time to time by majority vote of the Panel.

APPENDIX “A”
RULES OF PROCEDURE
FOR THE CENTRAL BASIN WATER RIGHTS PANEL

The Basic Format for an Agenda Item Discussion

Meetings must follow a written agenda. The meeting is governed by the agenda and the agenda constitutes the Panel’s agreed-upon roadmap for the meeting. Each agenda item should be handled by the Chair in the following basic format:

First, the Chair should announce the agenda item number and should state the subject matter of the agenda item.

Second, the Chair should invite the appropriate staff person or persons to report on the item, including any recommendation that they might have.

Third, the Chair should ask members of the Panel if they have questions of clarification. At this point, members of the Panel may ask clarifying questions to the person or persons who reported on the item, and that person or persons should be given time to respond.

Fourth, if the item is required to be considered at a public meeting, the Chair should invite public comments. The Chair may and is encouraged to invite succinct comments from attending Central Basin Water Rights Holders.

Fifth, the Chair should invite general Panel discussion of the item or a motion. The Chair should announce the name of the member of the Panel who makes the motion.

Sixth, the Chair should determine if any member of the Panel wishes to second the motion. The Chair should announce the name of the member of the Panel who seconds the motion.

Seventh, the Chair should now invite discussion of the motion by the Panel. If there is no desired discussion, or after the discussion has ended, the Chair should announce that the Panel will vote on the motion.

Eighth, the Chair takes a vote. Simply asking for the “ayes”, and then asking for the “nays” normally does this. If members of the Panel do not vote, then they “abstain.” Unless the Rules of the Panel provide otherwise, then a majority of all Panel members is required to pass a motion.

Motions in General

Motions are the vehicles for decision-making by the Panel. It is not required but is usually best to have the motion before the Panel prior to commencing discussion of an agenda item. This helps the Panel focus.

Motions are made in a simple two-step process. First, the Chair should recognize the member of the Panel. Second, the member of the Panel makes a motion by preceding the member's desired approach with the words: "I move...." So a typical motion might be: "I move that we give 10-day's notice in the future for all our meetings."

The Chair usually initiates the motion by either (1) inviting the members of the Panel to make a motion. "A motion at this time would be in order." (2) suggesting a motion to the members of the Panel. "A motion would be in order that we give 10-days notice in the future for all our meetings." (3) making the motion. As noted, the Chair has every right as a member of the Panel to make a motion.

The Three Basic Motions

There are three motions that are the most common and recur often at meetings:

The basic motion. The basic motion is the one that puts forward a decision for the Panel's consideration. A basic motion might be: "I move that we create a 5-member committee to plan and put on our annual fundraiser."

The motion to amend. If a member wants to change a basic motion that is before the Panel, they would move to amend it. A motion to amend might be: "I move that we amend the motion to have a 10-member committee." A motion to amend takes the basic motion which is before the Panel and seeks to change it in some way.

The substitute Motion. If a member wants to completely do away with the basic motion that is before the Panel, and put a new motion before the Panel, they would move a substitute motion. A substitute motion might be: "I move a substitute motion that we cancel the annual fundraiser this year."

"Motions to amend" and "substitute motions" are often confused. But they are quite different, and their effect (if passed) is quite different. A motion to amend seeks to retain the basic motion on the floor, but modify it in some way. A substitute motion seeks to discard the basic motion on the floor, and substitute a new and different motion for it. The decision as to whether a motion is really a "motion to amend" or a "substitute motion" is left to the Chair. So that if a member makes what that member calls a "motion to amend", but the Chair determines that it is really a "substitute motion", then the Chair's designation governs.

Multiple Motions Before the Panel

There can only be up to three motions on the floor at the same time.

When there are two or three motions on the floor (after motions and seconds) at the same time, the vote must proceed first on the last motion that is made. So, for example, assume the first motion is a basic "motion to have a 5-member committee to plan and put on our annual fundraiser." During the discussion of this motion, a member might make a second motion to "amend the main motion to have a 10-member committee, not a 5-member committee to plan and put on our annual fundraiser." And perhaps, during that discussion, a member makes yet a

third motion as a “substitute motion that we not have an annual fundraiser this year.” The proper procedure would be as follows:

First, the Chair would deal with the third (the last) motion on the floor, the substitute motion. After discussion and debate, a vote would be taken first on the third motion. If the substitute motion is passed, it would be a substitute for the basic motion and would eliminate it. The first motion would be moot, as would the second motion (which sought to amend the first motion), and the action on the agenda item would be completed on the passage by the Panel of the third motion (the substitute motion). No vote would be taken on the first or second motions.

Second, if the substitute motion failed, the Chair would now deal with the second (now, the last) motion on the floor, the motion to amend. The discussion and debate would focus strictly on the amendment (should the committee be 5 members or 10 members). If the motion to amend passed, the Chair would now move to consider the main motion (the first motion) as amended. If the motion to amend failed, the Chair would now move to consider the main motion (the first motion) in its original format, not amended.

Third, the Chair would now deal with the first motion that was placed on the floor. The original motion would either be in its original format (5-member committee), or, if amended, would be in its amended format (10-member committee). And the question on the floor for discussion and decision would be whether a committee should plan and put on the annual fundraiser.

Majority and Super-Majority Votes

Normally, a simple majority vote of a quorum present determines a question. A tie vote means the motion fails. So in a 5-member body, with all members present, a vote of 3-2 passes the motion. A vote of 2-2 with one abstention means the motion fails. If one member is absent and the vote is 2-2, the motion still fails.

The Motion to Reconsider

There is a special and unique motion that requires a bit of explanation all by itself; the motion to reconsider. A tenet of parliamentary procedure is finality. After vigorous discussion, debate and a vote, there must be some closure to the issue. And so, after a vote is taken, the matter is deemed closed, subject only to reopening if a proper motion is considered and passed.

A motion to reconsider requires a majority vote to pass, but there are two special rules that apply only to the motion to reconsider.

First, is the matter of timing. A motion to reconsider must be made at the meeting where the item was first voted upon. A motion to reconsider made at a later time is untimely.

Second, a motion to reconsider may be made only by certain members of the Panel. That is, a motion to reconsider may be made only by a member who voted in the majority on the original motion. If such a member has a change of heart, he or she may make the motion to reconsider (any other member of the Panel – including a member who votes in the minority on the original motion – may second the motion). If a member who voted in the minority seeks to make the motion to reconsider, it must be ruled out of order. The purpose of this rule is finality. If a

member of the minority could make a motion to reconsider, then the item could be brought back to the Panel again and again, which would defeat the purpose of finality.

If the motion to reconsider passes, then the original matter is back before the Panel, and a new original motion is in order. The matter may be discussed and debated as if it were on the floor for the first time.

Courtesy and Decorum

The rules of order are meant to create an atmosphere where the members of the Panel can attend to business efficiently, fairly and with full participation. At the same time, it is up to the Chair and the members of the Panel to maintain common courtesy and decorum. Unless the setting is very informal, it is always best for only one person at a time to have the floor, and it is always best for every speaker to be first recognized by the Chair before proceeding to speak.

The Chair should always ensure that debate and discussion of an agenda item focuses on the item and the policy in question, not the personalities of the members of the Panel. Debate on policy is healthy, debate on personalities is not. The Chair has the right to cut off discussion that is too personal, is too loud, or is too crude. A recess of the meeting by the Chair may be necessary to do so.

Debate and discussion should be focused, but free and open. In the interest of time, the Chair may, however, limit the time allotted to speakers.

Can a member of the Panel interrupt the speaker? The general rule is “no.” There are, however, exceptions. A speaker may be interrupted for the following reasons:

Privilege. The proper interruption would be “point of privilege.” The Chair would then ask the interrupter to “state your point.” Appropriate points of privilege relate to anything that would interfere with the normal comfort of the meeting. For example, the room may be too hot or too cold, or a blowing fan might interfere with a person’s ability to hear.

Order. The proper interruption would be “point of order.” Again, the Chair would ask the interrupter to “state your point.” Appropriate points of order relate to anything that would not be considered appropriate conduct of the meeting. For example, if the Chair moved to vote on a motion without allowing discussion or debate.

Appeal. If the Chair makes a ruling that a member of the Panel disagrees with, the member may appeal the ruling of the Chair. If the motion is seconded, and after debate, if it passes by a simple majority vote, then the ruling of the Chair is deemed reversed.

Withdraw a motion. During debate and discussion on a motion, the maker of the motion on the floor, at any time, may interrupt a speaker to withdraw his or her motion from the floor. The motion is immediately deemed withdrawn, although the Chair may ask the person who seconded the motion if he or she wishes to make the motion, and any other member may make the motion if properly recognized.