

EXHIBIT 9

MEMORANDUM

To: Watermaster Board of Directors
From: Director Leo Thibault/Public Water Suppliers
Date: August 10, 2016
Re: Draft Watermaster Rules and Regulations

An important early step for the Watermaster is the adoption of rules and regulations. Section 18.4.2 of the Judgment provides in part, "The Court may adopt appropriate rules and regulations prepared by the Watermaster Engineer and proposed by the Watermaster for conduct pursuant to this Judgment." Although the Watermaster Engineer is designated to prepare the rules and regulations, we believe it will be important to get input from the Parties and their attorneys. We therefore recommend that the Board establish a committee to work on the rules and regulations.

Attached is an initial draft, which could serve as a starting point for the committee's discussions. It generally tracks the judgment. We are not wedded to anything in this draft and intend it only as a working document.

Recommendation: The Board establish a Watermaster Committee for the development of Rules and Regulations of the Antelope Valley Watermaster.

RULES AND REGULATIONS
OF THE
ANTELOPE VALLEY WATERMASTER

Adopted _____, 2016

Antelope Valley Groundwater Cases, Judicial Council Coordination Proceeding No. 4408
Case No. 1-05-CV-049053 -- Santa Clara County Superior Court

(b) If the Watermaster encounters delays in acquiring Imported Water which, due to cost increases, results in collected assessment proceeds being insufficient to purchase all Imported Water for which the Assessments were made, the Watermaster shall purchase as much water as the proceeds will allow when the water becomes available.

(c) If available Imported Water is insufficient to fully meet the Replacement Water obligations under contracts, the Watermaster, shall allocate the Imported Water for delivery to areas on an equitable and practicable basis pursuant to the Watermaster rules and regulations.

7.2.9 Rampdown.

(a) During the first two Years of the Rampdown Period, from January 1, 2016 to December 31, 2017, no Producer will be subject to a Replacement Water Assessment.

(b) Any amount Produced over the required reduction during years three through seven of the Rampdown Period (January 1, 2018 through December 31, 2022) shall be subject to Replacement Water Assessment.

(c) During the Rampdown period, no Production by a Drought Program Participant shall be considered excess Groundwater Production exempt from a Replacement Water Assessment under the Drought Program unless a Drought Program Participant has utilized all water supplies available to it including its Production Right to Native Safe Yield, Return Flow rights, unused Production allocation of the Federal Reserved Water Rights, Imported Water, and Production rights previously transferred from another party

(d) No Production by a Drought Program Participant will be considered excess Groundwater Production exempt from a Replacement Water Assessment under this Drought Program in any Year in which the Drought Program Participant has placed water from such sources described in this section into storage or has transferred such water to another Person or entity.

7.3 Balance Assessment.

7.3.1 The Watermaster may impose a Balance Assessment after Rampdown to ensure that each Party may fully exercise its Production Right.

7.3.2 The Balance Assessment shall be assessed on all Production Rights, excluding the United States' actual Production, but including that portion of the Federal Reserved Right Produced by other Parties, in an amount determined by the Watermaster.

7.3.3 All Production by the State of California shall be subject to the Balance Assessment except in emergency situations as provided by paragraph 5.1.5.4.3 of the Physical Solution.

7.3.4 A Balance Assessment may not be imposed until after the end of the Rampdown.