SAN ANTONIO WATER COMPANY

MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, August 18, 2026

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:01 p.m. on the above date at the City of Upland Council Chambers, 460 N Euclid Avenue, Upland, California. Directors present were Rudy Zuniga, Bill Velto, Will Elliott, Becky Miller, Bob Cable, and Bob Bowcock. Also in attendance were SAWCo's General Manager Brian Lee, General Legal Counsel Derek Hoffman, and Senior Administrative Specialist Tiffany Dickinson. President Zuniga presided.

Director Velto led all in attendance in the flag salute.

Director Miller moved and Director Velto seconded to excuse the absence of Director Parker from the Board of Directors Meeting. Motion carried unanimously.

1. *Recognitions and Presentations:* None.

2. *Additions-Deletions to the Agenda*: Mr. Hoffman made one minor amendment to the agenda, it is not a special meeting, it is a regular Board meeting.

3. *Shareholder-Public Testimony:* None.

4. *Consent Calendar Items:*
   A. Approval of Board Meeting Minutes
      Special Meeting Minutes of June 30, 2026
   B. Planning, Resources and Operations Committee (PROC) Meeting Minutes
      No meeting minutes to approve.
   C. Administration and Finance Committee (AFC) Meeting Minutes
      No meeting minutes to approve.
   D. AdHoc Committee for Office Feasibility Study
      No Meeting Minutes to approve.
   E. Financial Statement
      Income Statement and Balance Sheet for May 31, 2026 and June 30, 2026.
   F. Investment Activity Report
      Monthly Report of Investments Activity.
   G. Water Production and Consumption
      Monthly water production and consumption figures.
   I. Prominent Issues Update
      Status summaries on certain on-going active issues.
   J. Projects and Operations Update
      Status summaries on projects and operations matters.
   K. Groundwater Level Patterns [Quarterly in January, April, July, and October]
      Tracking patterns of groundwater elevations relative to ground surface.
   L. Conservation Program Update [Quarterly in January, April, July, and October]
      Update on SAWCo's existing water conservation programs.
   M. Correspondence of Interest

   Direct Miller moved and Director Elliott seconded to approve the Consent Calendar as presented. Motion carried unanimously.

5. *Board Committee – Delegate Report:*
   A. Pomona Valley Protective Association (PVPA) Representative's Report – Mr. Lee reported staff is currently in discussions with PVPA regarding future responsibilities for field work and administrative work. In the past, those responsibilities have been handled by the City of Upland, but they are recognizing they do not have the man hours to cover PVPA anymore. A more formal presentation will be provided at the following PROC meeting.

   B. Six Basins Representative Report – Mr. Lee stated there was no update to report.

   C. Chino Basin Representative Report – Mr. Lee reported the Chino Basin Watermaster Board voted to lower the safe yield based on a technical study that underwent a five-year review. There was back and forth discussion between the Appropriative Pool and the

Advisory Committee. The Watermaster Board is scheduling a special meeting for a public hearing on this matter. In the end there was no opposition to lowering the safe yield to 121,500 acre-feet. He added this does not really impact SAWCo shareholders.

D. **Cucamonga Basin Representative Report** – Mr. Lee stated there was no update to report.

E. **Administration and Finance Committee (AFC) Chairman's Report** –No meeting to report.

F. **Planning, Resources, and Operations Committee (PROC) Chairman's Report** – No meeting to report.

G. **Office Feasibility Study Ad Hoc Committee** – No meeting to report.

6. Raise 2026 Entitlement by 1,000 Acre-Feet (AF): Mr. Lee presented an update on the Company's spreadwater, reporting a highly successful year. He noted the total spreadwater reached 6,000 AF, exceeding the original budgeted projection of 4,000 AF. Staff recommended an allocation to split the surplus 2,000 AF difference evenly. The proposal allocates 1,000 AF into storage and distributes the remaining 1,000 AF to the shareholders.

   With the anticipation of an "El Nino" storm, Director Bowcock suggested being proactive by holding more water in areas such as Six Basins or Cucamonga Basin.

   Director Bowcock moved and Director Miller seconded to approve raising the 2026 entitlement by 1,000 AF. Motion carried unanimously.

7. Eliminate Seasonality of Entitlement: At some time in the past SAWCo adopted a seasonality for shareholder entitlement, whereby every 2 months, shareholder entitlement is adjusted to represent the seasons, which is good in theory but hasn't worked well in practice. Seasonality models fail to capture the reality of Southern California. In turn SAWCo transitioned to water service agreements (WSA) with municipal shareholders. Entitlements were waived for those WSA's in exchange for a guarantee the municipal shareholders would not use Tier 2 water without SAWCo approval. Staff is proposing elimination of seasonal entitlement to transition to unified, full-year entitlement allocation. For example, utilizing annual entitlement allocation, when a shareholder exceeds their entitlement halfway through the year, they will pay Tier 2 rate the remainder of the year.

   Directo Cable noted he has heard arguments from both sides from residents of the Heights. Further discussion was held on the upside and downside of eliminating seasonality, dependent on the shareholder and their watering habits.

   With no strong opinion or opposition from the Board, staff will reach out and give opportunity for conversation with shareholders, so they are prepared to raise objections, raise concerns to the Board.

8. Surplus Property: Staff presented a proposal regarding the possible sale of several SAWCo-owned properties. Staff requested Board authorization to engage a real estate agent to generate market interest, establish a formal bid opening process, and to accept initial bids. All received bids would then be brought back to the Board for evaluation and potential approval of sales.

   The Board discussed the possibility of Director Velto acting as the listing real estate agent for the sale of these properties. Legal counsel and staff were directed to review the legal and ethical implications to determine if this arrangement constitutes a conflict of interest.

   The Board directed legal counsel and staff to review any potential conflicts of interest with Directo Velto serving as the real estate agent, explore options for providing shareholders with a possible priority viewing of the properties bidding window and to bring formal findings back to the Board at the next meeting.

9. Closed Session:

A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
(Initiation of Litigation)
[Gov't Code § 54956.9(d)(4)]: One (1) potential matter

B. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
[Government Code § 54956.9(d)(1)]
Name of Case: San Antonio Water Company v. Foothill Irrigation Company, et al., San Bernardino Superior Court Case No. 92645

C. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
[Gov't Code § 54956.9(d)(1)]
Name of Case: Aqueous Film-Forming Foams Product Liability Litigation, Master Docket No. 2:18-mn-2873-RMG

The Board went into closed session at 5:33 PM. Director Zuniga and Director Velto were excused from closed session at 6:35 PM. Upon return from the closed session at 7:15 PM, Mr. Hoffman stated there is no reportable action.

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

Adjournment:
With no further business to discuss the meeting was adjourned at 7:16 PM.

Assistant Secretary
Brian Lee