

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, November 14, 2023

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 3:00 p.m. on the above date at the City of Upland Council Chambers, 460 N. Euclid Ave., Upland, California. Directors present were Rudy Zuniga, Will Elliott, Bill Velto, Bob Bowcock, Kati Parker, and Bob Cable. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, General Legal Counsel Derek Hoffman, Senior Administrative Specialist Kelly Mitchell, and Administrative Specialist Tiffany Dickinson. President Zuniga presided.

Director Bob Cable led all in attendance in the flag salute.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: None.
3. Shareholder-Public Testimony: Director Parker, representing on behalf of Chino Basin Water Conservation District, stated the district was formed in 1949 to protect the Chino groundwater basin by recharging water into the basin and for water efficiency education. She added that next year will be the district's 75th anniversary. The Board and staff are invited to a celebratory event on Thursday, January 18, 2024 to commemorate 75 years.
4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of September 19, 2023.
 - B. Planning, Resources and Operations Committee (PROC) Meeting Minutes
No meeting minutes to approve.
 - C. Administration and Finance Committee (AFC) Meeting Minutes
Approve Meeting Minutes of September 26, 2023.
 - D. AdHoc Committee for Office Feasibility Study
No meeting minutes to approve.
 - E. Financial Statement
Income Statement and Balance Sheet for August 31, 2023.
 - F. Investment Activity Report
Monthly Report of Investments Activity.
 - G. Water Production and Consumption
Monthly water production and consumption figures.
 - H. Prominent Issues Update
Status summaries on certain on-going active issues.
 - I. Projects and Operations Update
Status summaries on projects and operations matters.
 - J. Groundwater Level Patterns [Quarterly in January, April, July, and October]
Tracking patterns of groundwater elevations relative to ground surface.
 - K. Conservation Program Update [Quarterly in January, April, July, and October]
Update on SAWCo's existing water conservation programs.
 - L. Correspondence of Interest

Director Velto 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** – Director Parker advised PVPA met last week in closed session.

Director Parker stated there is no reportable action.
 - B. **Six Basins Representative Report** – Ms. Layton reported a meeting was held on Wednesday, October 25th. She stated an agreement for auditor services by CJ Brown and Company was approved. She added there was discussion on the operating safe yield, and it was being suggested to increase 500 AF for next year. In addition, the budget and assessment were also discussed. Both items will be voted on at the next Board meeting, which is being held the following day, November 15, 2023.

Ms. Layton added there was a closed session with legal counsel regarding anticipated litigation.
 - C. **Chino Basin Representative Report** – Mr. Lee stated General Manager, Peter Kavounas and Chino Basin Watermaster have parted ways, and he is no longer representing the Watermaster. They have an interim general manager, Edgar Tellez, until a permanent general manager is chosen.
 - D. **Cucamonga Basin Representative Report** – Mr. Lee stated they continue to meet with West End, City of Upland, and Cucamonga Valley Water District and continue to review modeling and

the results. They have currently asked the hydrogeologist consultant to provide a proposal to construct two test wells in the basin.

Mr. Lee added just yesterday, Ms. Layton and himself were able to view the database the consultant has prepared, and how to access and view that data.

- E. **Administration and Finance Committee (AFC) Chairman's Report** –No meeting to report.
- F. **Planning, Resources, and Operations Committee (PROC) Chairman's Report** – Director Elliott stated there is no update to report.
- G. **Office Feasibility Study Ad Hoc Committee** – No meeting to report.

6. Open Director's Seat

- A. **Discussion and possible action regarding appointment of new director** – Director Velto stated he has reviewed the applicants and was keen on keeping a representative from the San Antonio Heights. He was impressed with San Antonio heights resident Becky Miller and her background in the San Antoino Heights Association, the Upland Heritage, and owning an entertainment business. He concluded with nominating Becky Miller to fill the term of board director.

Director Parker commented that we had many qualified applicants and wanted to thank all the applicants but unfortunately there is only one spot to fill.

Director Velto moved and Director Elliott seconded to appoint San Antonio Heights resident Becky Miller, to fill the term of Board director. Motion carried unanimously.

Mr. Lee invited Becky Miller to then join the Board.

Becky Miller thanked the Board for their confidence in her and consideration.

Director Elliott recommended that the executive officer send a letter of thanks to all those that applied for the position.

7. Board Secretary and Chief Financial Officer

- A. **Discussion and possible action regarding appointment of board secretary and chief financial officer-** Mr. Lee stated the Board Secretary and Chief Financial Officer are two different positions and may be held by two different directors.

Director Zuniga recommended Director Velto for Chief Financial Officer.

Director Zuniga moved and Director Elliott seconded to appoint Director Velto for Chief Financial Officer. Motion carried unanimously.

Director Velto recommended Director Miller to fill the position of Board Secretary, stating it is the best way to learn and understand what is going on.

Mr. Lee explained the role of Board Secretary is a figure head, if staff has any issues that it wishes to address with the Board, regarding secretarial issues of the Board or how it functions, the Board Secretary is the point of contact.

Director Miller stated she will be having an upcoming surgical procedure and will need time to recover before taking on such a role.

Director Parker nominated Director Cable for the position of Board Secretary.

Director Parker moved and Director Velto seconded to appoint Director Cable for the position of Board Secretary. Motion carried unanimously.

8. AFC Committee Membership

- A. **Discussion and possible action regarding appointment of Director to fill vacancy on AFC Committee-**Director Zuniga stated the current AFC Committee members are Director Cable and Director Velto and the third vacancy needs to be filled, which was previously held by Martha Goss and thus Director Miller would normally fill.

Director Cable moved and Director Velto seconded to appoint Director Miller to the AFC Committee. Motion carried unanimously.

9. Pomona Valley Protective Association Annual Shareholders Meeting Proxy

- A. **Discussion and possible action regarding Ratification of Assigning Director Parker as Proxy to the PVPA Annual Shareholder's Meeting-**

Director Velto moved and Director Elliott seconded to approve assigning Director Parker as Proxy to the PVPA Annual Shareholder's Meeting. Motion carried unanimously.

10. Annual Review of Employee Health and Welfare Benefits

- A. **Review and Possibly Approve Health and Welfare Benefits Package for 2024-** Mr. Lee stated premiums for calendar year 2024 are not going to increase from calendar year 2023. Staff is recommending adoption of health and welfare benefits for inclusion in the 2024 budget at the 2023 rates.

Director Elliott moved and Director Velto seconded to approve health and welfare benefits package for 2024. Motion carried unanimously.

11. Partnership with San Antonio Canyon Mutual Services Company

- A. **Discussion and Possible Action Regarding Possibly Providing Service to SACMSC-** Mr. Lee stated there has been discussion he has had with a representative from the SACMSC for about a year now. The State has put a requirement in to SACMSC that they install a secondary source as backup to their current water source. SACMSC approached Mr. Lee asking if SAWCo would grant them permission to construct the well as their back up source. Mr. Lee stated he is always looking for an opportunity to partner with residents in the canyon to build a stronger relationship with those residents as a partner. Mr. Lee offered SAWCo will build and own the well and SACMSC will purchase a one-quarter share to be shareholders of the company and in time of need utilize that well to deliver water to the mutual company. The mutual water company will pay for that water as a shareholder, in which they would also pay the monthly fixed shareholder costs.

Mr. Lee stated if there is interest from the Board, SAWCo and legal counsel would develop an agreement to outline all the duties and responsibilities of each party. Also, outlined in the agreement would be cost estimates in terms of outlay for SAWCo to develop the well, what the flow rates would be, and what the State is looking for from that mutual company.

Director Miller questioned if the water is not being used by the canyon will it be accessible to SAWCo for usage.

Mr. Lee responded that the water the canyon communities are currently using is returned to groundwater. SAWCo wants to track and account for that water, and we have had difficulties in the past doing that, a lot of hesitation and mistrust from the canyon community over this company. Mr. Lee hopes to build a relationship with the canyon community, in we are a partner in saving the canyon way of life. He added he wants SAWCo to maintain ownership of that water and wants them to recognize that it is SAWCo water.

Director Parker questioned what area SACMSC services, if each individual resident would need to purchase a one-quarter share, and if there is an idea of where the well would be constructed.

Mr. Lee responded that the mutual company does not encompass all the cabins, it is a smaller subset of cabins around the school. The mutual company is currently thinking a site just north of the school for the location of the well. To answer the last question, the mutual water company would be the shareholder, SAWCo will bill the mutual water company and in turn they will sell the water to their residents.

Legal Counsel Hoffman added he would also be evaluating the cost estimates from a legal perspective and exploring in more detail to bring back to the board.

Director Cable added asking this water would not be for any new development and just for emergency purposes and with only having one-quarter share would they only receive one-quarter share entitlement.

Mr. Lee stated the canyon communities and SAWCo all agree on SAWCo does not want any new development, which would hopefully be enforced in the contract.

Mr. Lee stated it is going to be SAWCo well on SAWCo property, if we had a need to use that well in another capacity, we would have the capacity to do so.

Director Velto recommended for staff to further investigate and evaluate cost estimates on possibly providing service to SACMSC.

12. Review of 2024 SAWCO Calendar

- A. **Review and Possibly Approve Company Calendar for 2024-** Mr. Lee stated this is a proposed calendar for 2024 with all the meetings highlighted. Staff recommends the Board approve for the inclusion in the 2024 calendar and fiscal year.

Director Elliott moved and Director Parker seconded to approve the Company calendar for 2024. Motion moved unanimously.

13. Closed Session:

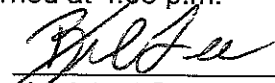
A. Initiation of Litigation (Gov't Code § 54956.9(d)(4)): One Case-

The Board went into closed session at 3:34 PM. Upon return from the closed session at 4:06 PM, Mr. Hoffman stated the Board met in closed session for one item and direction has been given to legal counsel to initiate or intervene in a legal action, in which the particulars will be revealed at a later appropriate time.

14. Director's Comments and Future Agenda Items: Mr. Lee requested the AFC Committee defer the November AFC meeting to the following day, Wednesday, November 29, instead of the original date of Tuesday, November 28. Mr. Lee also stated there will be a special budget meeting in December, as well as a luncheon for SAWCO staff and Board directors.

Adjournment:

With no further business to discuss the meeting was adjourned at 4:08 p.m.



Assistant Secretary
Brian Lee