

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, July 16, 2019**

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 Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Jose Sanchez, Will Elliott, Gino Filippi, Martha Goss, and Rudy Zuniga. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag led by Director Elliott
- 1. Recognitions and Presentations: None.
- 2. Additions-Deletions to the Agenda: None.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
  - A. Approval of Board Meeting Minutes  
Regular Meeting Minutes of June 18, 2019.
  - B. Planning, Resources and Operations Committee (PROC) Meeting Minutes  
No meeting minutes.
  - C. Administration and Finance committee (AFC) Meeting Minutes  
Meeting Minutes of April 23, 2019.
  - D. Financial Statement  
Income Statement and Balance Sheet for May 31, 2019 and year-to-date
  - E. Investment Activity Report  
Monthly Report of Investments Activity
  - F. Water Production  
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
  - G. Prominent Issues Update  
Status summaries on certain on-going active issues.
  - H. Projects and Operations Update  
Status summaries on projects and operations matters.
  - I. Groundwater Level patterns [Quarterly in January, April, July, and October]  
Tracking patterns of groundwater elevations relative to ground surface.
  - J. Correspondence of Interest

Director Filippi asked that Item 4G be pulled for further discussion.

Director Elliott moved and Director Zuniga seconded to approve the Consent Calendar Items sans Item 4G. Motion carried.

Director Filippi inquired about the Administrative Matters listed under letter D of Agenda Item 4G.

Mr. Lee further explained the meeting held on July 3<sup>rd</sup> between himself, Ms. Layton, and Upland Interim City Manager Rosemary Hoerning. Discussions included how operating the treatment plant at maximum operation was a benefit to both entities. Also discussed was the possibility of biological treatment for Chino Basin wells. SAWCo will need shareholders to partner with them in order to make biological nitrate treatment cost effective. The City of Upland does not currently have a strong desire to partner in the purchase of biological treated water from SAWCo's Chino Basin wells.

Ms. Layton informed the Board of the July 8<sup>th</sup> meeting with the General Manager of Chino Basin Watermaster, Peter Kavounas. Discussions included the Desalter Replenishment Obligation and the Storage Agreement with Chino Basin Watermaster (CBWM). Every year CBWM parties have to

complete and submit a form in order to store water. SAWCo applied on June 3<sup>rd</sup> to place 2,500AF in be placed in their water storage starting September 1, 2019. SAWCo received word that CBWM is concerned that excess water may cause material physical injury by pushing a plume in the Basin. In the meantime, a request from Fontana Water Company to add to their water storage account that was submitted after SAWCo's request was approved.

Director Elliott moved and Director Zuniga seconded to receive and file Item 4G. Motion carried.

5. Board Committee – Delegate Report:

**A. Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported on the July 10<sup>th</sup> PVPA meeting. An unfenced PVPA land north of Baseline in Claremont prone to homeless encampments is in the process of having a chain link fence installed.

A PVPA building south of the San Antonio Dam used for monitoring water flow will receive a stronger roof to prevent continued break-ins.

Weed abatement has been completed by the City of Pomona.

The PVPA Board found a consultant they feel might assist them in handling the establishment of the National Recreation Area. Portions of PVPA's land has been grouped in with the proposed area and they would like the boundaries redrawn.

A Budget Committee meeting will take place shortly regarding the PVPA Fiscal Year which runs September 1<sup>st</sup> thru August 31<sup>st</sup>.

**B. Six Basins Representative Report** – Mr. Lee reported Water Utility Superintendent Tommy Hudspeth attended the most recent Six Basins Meeting. SAWCo was encouraged by City of Pomona to keep abreast on information regarding the expansion of the proposed National Recreation Area.

**C. Chino Basin Representative Report** – Ms. Layton reported staff attended and participated in the first Storage Management Plan Workshop by providing comments to the CBWM. SAWCo is concerned about Watermaster's written comment that it has first right to the basin. The parties paid for the basin and staff feels Watermaster should not have first right. Water storage needs are currently being considered.

**D. Cucamonga Basin Representative Report** – Ms. Layton reported the working group met on July 2<sup>nd</sup>. Staff was in agreement with the Term of Reference sheet that Cucamonga Valley Water District (CVWD) proposed, however, CVWD changed some language on the Term of Reference sheet and staff is reviewing that information.

The group is working through the Judgment and providing comments.

The next meeting is scheduled for August 6<sup>th</sup> at 1:30 p.m.

**E. Administration and Finance Committee (AFC) Chairman's Report** – Director Sanchez advised the General Manager's report covers what was discussed at the most recent AFC meeting.

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

**G. Office Feasibility Study Ad Hoc Committee** – Mr. Lee reported on the July 10, 2019 meeting. The Committee reviewed the Request for Qualifications (RFQ) for architectural services. The item will go out to architectural firms by early the following week. The Statements of Qualifications will be reviewed sometime in August.

A letter was received from the City of Upland expressing concerns about the public's perception of SAWCo building a new office/yard facility. Staff will reply with a letter addressing the concerns expressed. The Committee will review the letter response and it will be brought to the Board for approval.

6. General Manager's Report on Activities:

**A. Shareholder Request for Refund and Reimbursement** – Mr. Lee explained that Dr. Fred Gattas and Mary Gattas sold water shares to the City of Upland recently. During the transfer process Dr. Gattas received his and Ms. Gattas' new water stock certificate but did not like the name it was issued in. After his visit to the Company office the new water stock certificate was lost and a lost instrument bond was purchased by Dr. Gattas in order to transfer the stock to a name he approved of.

Dr. Gattas is requesting reimbursement of the \$150 lost instrument bond fee he paid to an insurance company for the bond and a \$90 refund of the three water stock transfer fees he paid to have the stocks transferred. The information provided by Dr. Gattas was presented to the Administration and Finance Committee (AFC) at the June meeting. The Committee determined it not in the best interest of the Company to reimburse or refund the fees.

Dr. Gattas thanked Mr. Lee for accommodating his request. He then advised the Board of his 10 year service on the SAWCo Board of Directors; three of which he chaired the AFC. He advised there has been a slip up and he was attending the meeting to allow the Company a chance to correct it.

Dr. Gattas directed attention to the items he submitted for the Board Agenda packet. He advised the Board to act on suggestions he submitted on how to improve service and avoid future problems. He then referred to a document he presented to the Company on April 23, 2019 which were typed instructions regarding the transfer of his water stock certificates. He felt the instructions were clear and couldn't understand how a mistake could've been made.

Dr. Gattas then explained his actions after receiving the newly issued stock certificate that was not labeled as he wished. He stated he has since received a new certificate labeled as desired but should not be held responsible financially for the previous error and the costs to have it corrected.

Director Thomas inquired with staff if they had any comments.

Mr. Lee replied the Company received conflicting information for the wording on the new water stock certificate and utilized the information provided on the official Company forms when labeling the new certificate. From staff's perspective, the Company did as was instructed on the proper forms.

Director Thomas then inquired with staff what happened to the mislabeled water stock certificate.

Mr. Lee responded that both staff members that assisted Dr. Gattas when he visited the office with the mislabeled certificate advised that he retain the stock until a decision on how to handle an additional transfer was made. Staff did check the office for the certificate just in case and attempted to review video footage but the video feed had expired by the time access was attempted. Staff is confident that they did not retain the certificate and they did not lose the certificate. Therefore, Mr. Lee recommends denying the request for both the refund and reimbursement.

Director Thomas commented he'd been signing stock certificates for 22 years and this is the first time there has ever been any question about the procedure.

Director Sanchez inquired about the costs involved in transferring the certificates. Dr. Gattas submitted two certificates for transfer but was charged \$90.

Ms. Mitchell explained a \$30 fee was charged to transfer the first certificate and \$60 was charged for the second as it was split into two certificates. When two certificates are created from the

cancelling out of one certificate two, \$30 fees are charged for the issuing and mailing of two certificates. Dr. Gattas was not charged to cancel out the new certificate to reissue one in his and his wife's name as trustees.

Director Sanchez stated there was conflicting information provided by Dr. Gattas. The letter provided on April 23, 2019 stated the certificate was to be issued as trustees but the Company forms, which are the Company's formal record, filled out on April 24, 2019 stated something different. Director Sanchez sympathized with the confusion it caused.

Director Sanchez then inquired whether staff retains stock certificates.

Ms. Mitchell explained that unless all properly executed stock transfer paperwork is submitted at one time, she will not retain a stock certificate. As such, staff had Dr. Gattas retain the stock certificate while management discussed the issue and made a determination on how to best handle it.

Director Sanchez stated the AFC reviewed the majority of the information provided by Dr. Gattas with the exception of the cost per share transfer fees. All items considered, he did not see any information that would alter the decision made at the AFC meeting.

Director Sanchez recommended and Director Zuniga seconded the Board accept the General Managers recommendation to deny the request from Dr. Gattas for a refund of the water stock transfer fees and for the reimbursement of the lost instrument bond fee.

Director Elliott questioned whether the issue was the differences in the names listed on document 13989 and the fact trustees was not listed after registered holder.

Director Sanchez clarified that the issue was that the Company's Form A that Dr. Gattas submitted indicates the new shareholder's name is not to be listed as trustees.

Director Elliott replied that information answered his question and with that the Board of Directors voted.

The motion carried unanimously with Director Bob Cable absent.

Dr. Gattas inquired what the Board had decided and was advised they upheld the General Manager's recommendation. He then started to question the Board about the AFC meeting but was informed that the decision had been made considering all of the information he provided to the AFC as well as the additional information he provided the Board of Directors.

Director Sanchez advised Dr. Gattas that what he had requested was done at the appropriate fee. He apologized for the inconveniences Dr. Gattas endured in receiving his certificate and attempted to clarify the typed instructions shown to staff on April 23<sup>rd</sup> did not match the information he completed on the Company forms he submitted on April 24<sup>th</sup>.

Mr. Lee offered to meet with Dr. Gattas at the Company office to explain the transfer process to him and welcomed any Board member that wished to attend.

After being handed a copy of the Form A he had submitted to SAWCo Dr. Gattas exclaimed he had no idea where the form came from and advised he would not stop at this point as he felt he had been wronged. He thanked the Board and exited the meeting.

**B. General Manager's Annual Review** – Mr. Lee advised his one year anniversary with the Company is rapidly approaching. Per contract and good standard practice, his annual performance review will need to be completed and goals and objective for the coming year will need to be set. This was discussed at the AFC meeting and will be discussed at the upcoming PROC meeting. In question was how to conduct the performance review. It was suggested at the AFC that the Personnel Committee for Executive Recruitment be tasked with talking to staff, the remaining Board

members, stakeholders in the Company and with Mr. Lee himself to address the past 12 months as well as setting goals and objectives for the next 12 months. After that information is collected it would be brought back to the Board for recommendation.

Director Thomas explained the committee responsible for hiring the General Manager included himself, Director Elliott, and Director Bob Cable. With Director Cable traveling over the past couple of months he felt it wise to have an alternate fill his place for the General Manager's performance review. Director Thomas recommended Director Sanchez, chair of the AFC, assume Director Cable's place.

Director Sanchez advised he would be out of town off and on through September 10<sup>th</sup>. It was suggested Director Sanchez and Director Cable coordinate who would cover the position at what times.

It was Mr. Lee's understanding that Director Cable would travel through July but return in August.

Director Thomas stated Director Cable then will be included in the Directors responsible for the performance review.

There was consensus on the Board that the committee comprised of Director Thomas, Director Elliott, and Director Cable would conduct the General Manager's performance review.

**C. Memorandum of Understanding Between Company and West Valley Mosquito and Vector Control District (WVMVCD) –**

Mr. Lee reported staff was contacted several months ago regarding vector control at Basin 6A. WVMVCD was attempting to determine what agency was responsible for the water at the basin that was causing a midge fly problem. Since SAWCo is responsible for the water in Basin 6A it is also their responsibility to mitigate the midge fly population per California law.

The Memorandum of Understanding (MOU) presented authorizes the General Manager to approve treatment of Basin 6A to mitigate the midge fly population in the future should it become necessary.

Director Filippi moved and Director Goss seconded to approve authorizing the General Manager to execute the MOU with WVMVCD. Motion carried.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items:

Mr. Lee commented that the 15<sup>th</sup> Annual Watershed Cleanup Day held on Saturday, July 13<sup>th</sup> was successful. He also informed the Board that SAWCo staff received First Aid/CPR/AED training and certification earlier in the week.

Director Thomas stated that earlier in the year two members of the Board of Directors retired from their position or did not seek reelection. Neither expressed interest in a farewell celebration. Alternatively, the Board of Directors wished to hold a company event. An email will be sent out to all Directors and staff to coordinate a date and iron out the particulars.

Adjournment: Seeing no further business, the meeting was adjourned at 5:54 p.m.

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Assistant Secretary  
Brian Lee