

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, February 19, 2019

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:00 p.m. on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Will Elliott, John Gerardi, Jose Sanchez, Bob Cable, and Gino Filippi. 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 John Gerardi

1. Recognitions and Presentations: None.

2. Additions-Deletions to the Agenda: None.

3. Shareholder-Public Testimony: Ms. Martha Goss, longtime San Antonio Heights resident, distributed her resume to the Board and advised them of her knowledge of and involvement in the water company's projects and operations over the last several decades. She expressed her willingness and desire to be elected as a Director for SAWCo at the upcoming Annual Shareholder's Meeting.

Director Thomas thanked Ms. Goss and advised that the SAWCo Board does not have any influence over who is chosen for the slate of SAWCo Directors.

Director Cable disagreed and stated that it is his understanding that as a Board they can present a slate of candidates as well, it simply hasn't been done to his recollection.

Director Thomas clarified the Board controls no water shares so though they may present a slate of Directors there are no water shares backing up the recommendation. He commented the original slate brought by the City of Upland Mayor contained no shareholders from the San Antonio Heights however, should the Mayor consider adding a Heights member to the slate for approval, Director Thomas felt Ms. Goss would be a great candidate.

Director Gerardi remarked Ms. Goss has always been interested, knowledgeable and attentive to the happenings of SAWCo.

4. Consent Calendar Items:

- A. Approval of Board Meeting Minutes
Regular Meeting Minutes of January 15, 2019.
- B. Planning, Resources and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report.
- C. Administration and Finance committee (AFC) Meeting Minutes
No meeting minutes to report.
- D. Financial Statement
Income Statement and Balance Sheet for December 31, 2018 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 Elliott moved and Director Gerardi seconded to approve the Consent Calendar Items as presented. Motion carried.

5. Board Committee – Delegate Report:

A. Pomona Valley Protective Association (PVPA) Representative’s Report – Director Thomas reported on the February PVPA meeting. During the City of Pomona’s recent election, Ginna Escobar was not re-elected. As such, Victor Preciado has assumed her role as the PVPA alternate to Six Basins.

The Claremont McKenna College requested use of PVPA land to facilitate their Reserve Officers’ Training Corps (ROTC) program. Further research showed the majority of the location of interest was not owned by PVPA but by a multitude of other agencies.

Director Thomas reported over 8 inches of rain in the month of January and the month of February will far surpass that amount. Due to 7 years of drought, the decent rainfall experienced last year was sucked up by the extremely dry land. This year’s rainfall has allowed for the water to rise and therefore water is able to be spread in the basins.

B. Six Basins Representative Report – Mr. Lee reported on the January 23rd Six Basins meeting. A workshop regarding the Groundwater Model Calibration Results was held immediately following the monthly Six Basins meeting. The Chino Basin Watermaster General Manager, Peter Kavounas, spoke about a possible collaboration with local basins to better manage local water.

Director Thomas advised the Six Basins Board Executive Officers remained the same for the current year.

C. Chino Basin Representative Report – Ms. Layton updated the Board on the progress of the Safe Yield Court and Appeal process. She reported that on January 15, 2019, the six parties (Monte Vista Water District (MVWD), Cucamonga Valley Water District (CVWD), Jurupa Community Services District, City of Chino, City of Ontario, and City of Pomona) filed a motion with the court to approve the Appropriative Pool Pooling Plan and Court-Approved Management Agreements (CAMA). On the same day, Chino Basin Watermaster filed a motion in court which included more than what the six parties agreed to.

On January 31st MVWD filed an Ex Parte application for an order to take Watermaster’s motion off the court’s calendar. On February 1st Non-Agriculture filed an opposition motion in court.

The Ex Parte court hearing on February 1st was continued by the court to February 20th.

On January 24th the Watermaster Board held their regularly scheduled meeting. Mr. Kavounas asked elected officials to participate in the Optimum Basin Management Plan (OBMP) Workshops. Feedback was given that there are concerns for the 2 hour length of the meeting and the lack of details which discourage participation. SAWCo staff attended the January 15th OBMP update but was unable to attend the February 12th update.

D. Cucamonga Basin Representative Report – Mr. Lee reported the member agencies continue to meet to discuss and work through modernizing the judgment. A draft of the revised judgment is expected in late spring, early summer.

Mr. Lee advised CVWD contacted SAWCo staff and was afforded a tour of the Cucamonga Crosswalls.

The next meeting is scheduled for March 5th at 1:30 p.m.

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. General Manager's Report on Activities:

A. Chino Basin Appropriative Pool Pooling Plan and CAMAA Amendment Approval – Ms. Layton informed the Board that the Chino Basin Judgment was ordered in 1978 and with water rights within the basin were adjudicated and the Safe Yield was set at 140,000 acre feet (AF). It was agreed that in 2010 the Safe Yield would be reset however it took until 2013 before it was proposed to be set at 135,000 AF. The item went to court who set the Safe Yield at 135,000 AF along with the procedure for evaluating and implementing it, and determined Land Use Conversion shall take priority of early water transfers. All other items brought to court were dismissed.

CVWD, MVWD, the City of Pomona (collectively Appellants) and Jurupa Community Services District, the City of Chino, the City of Ontario (collectively respondents). The Appealing parties are commonly referred to as the "Six Pack".

On November 27, 2018, the Appropriative Pool conditionally approved the "2018 Agreement to Appropriative Pool Pooling Plan and CAMA Amendments (11/21/18 version)" conditioned upon the subsequent approval of each of the Appropriative Pool member's governing body's intent to sign said agreement.

The agreement: confirms the Judge's Court Order determination of Land Use Conversion water rights priority (Exhibit 'A' – Provision 3); establishes a new accelerated schedule for authorized Controlled Overdraft desalter replenishment (Exhibit 'A' – Provision 4); and establishes a negotiated methodology for allocating desalter production replenishment obligations within the AP parties (Exhibit 'A' – Provision 6).

Legal Counsel and staff have evaluated the content of the negotiated settlement document and are recommending Board Approval of the "2018 Agreement to Appropriative Pool Pooling Plan and CAMA Amendments."

The City of Upland, The City of Ontario, and MVWD have already approved the 2018 Agreement to Appropriative Pool Pooling Plan and CAMA Amendments. However, the Agricultural Pool is not in agreement. They are requesting a methodology be put in place now for future Safe Yield recalculations.

Director Elliott moved and Director Filippi seconded to approve the 2018 Agreement to Appropriative Pooling Plan and CAMA Amendments. Motion carried.

B. Consideration for 9/80 Work Schedule – Mr. Lee reported that at the November 2018 Board meeting he was directed to conduct outreach to shareholders and solicit feedback regarding SAWCo implementing a 9/80 work schedule. To date, staff has provided an article in the SAWCo newsletter requesting feedback and met with the San Antonio Heights Association (SAHA) at their January 2019 Board meeting. Staff received no negative feedback from the newsletter article and feedback received from the SAHA Board was generally positive with only a concern of a "live person" being available by phone in the case of an emergency. Staff assured the SAHA Board that there will always be a "live person" available to handle emergency phone calls and mobilize crews when necessary, 24 hours a day, 7 days a week.

Director Cable expressed his opposition to the alternative work schedule. He felt that if a company is open to the general public it needs to be open five days a week.

Director Gerardi moved and Director Elliott seconded to authorize a 9/80 work schedule taking effect March 1, 2019 including a 6-month review and status update. Motion carried with Director Cable voting in opposition.

- C. Discussion of Upcoming Directorship Elections** – Mr. Lee expressed staff's concern with getting the Annual Report packet to the printers in time for proper mailing to shareholders due to the lack of an approved slate of Directors. He explained that if the City of Upland nominates the remaining two positions at their upcoming Council meeting, SAWCo can include the remaining persons names in their March 2019 Board meeting for approval. This will push preparations for mailing the Annual Report packet by one day.

Mr. Lee explained that if the Board is unable to provide a slate of Directors with the Annual Report packet, a vote will be taken at the Annual Shareholder's Meeting.

Director Cable inquired whether the SAWCo Board had an opportunity to add someone to the slate. Mr. Lee replied his understanding is that the SAWCo Board can submit a slate of candidates regardless of what the City of Upland chooses. Historically, SAWCo has waited for the City of Upland to present their candidates before making a determination.

Director Cable questioned if the Board can make their recommendation at the Annual Shareholder's Meeting. Mr. Lee advised per the Company Bylaws, the Board must submit their candidates with the Annual Report packet; shareholders can make recommendations at the Annual Shareholder's Meeting.

Director Cable stated he would not have a slate of three candidates to nominate but publicly stated his support for Ms. Goss serving on the SAWCo Board of Directors.

- D. Conservation Programs Update** – Mr. Lee advised SAWCo is spearheading their own water conservation program this year for the betterment of the San Antonio Heights shareholders. Staff believes they can custom tailor conservation programs with potential cost savings for their residential shareholders better than a more global program can.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items:

Director Willis updated the Board and attending staff about his eldest daughter's health situation.

Director Thomas informed the Board and attending staff about the Mildura Day 2019; Sister Cities Golden Jubilee. This celebration takes place in Mildura, Australia in late May and marks the 50th Anniversary of the Chaffey Brothers link between Mildura, Australia and Upland, California. Both cities were developed as irrigation colonies by the Chaffey Brothers in the late 1800s. He encouraged all interested parties to attend the event.

Adjournment: Seeing no further business, the meeting was adjourned at 5:28 p.m.

The next Board Meeting will be held on Tuesday, March 19, 2018 at 5:00 p.m.

Assistant Secretary
Brian Lee