

SAN ANTONIO WATER COMPANY
ADMINISTRATION and FINANCE COMMITTEE (AFC)
MINUTES

January 28, 2020

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:00 p.m. on the above date at the Company office located at 139 N. Euclid Ave., Upland, California. Committee Members present were Jose Sanchez, Bob Cable, Rudy Zuniga, and Tom Thomas. Also in attendance were Martha Goss and SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: Mr. Lee advised information needed for Item 5D did not meet the deadline for the meeting therefore Item 5D should be deleted from the agenda.

Mr. Lee requested adding the Property and Casualty Insurance Proposal from EPIC Insurance to the agenda as Item 5E. The Committee unanimously agreed to add the item to the agenda as Item 5E.

3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Mr. Cable moved and Mr. Zuniga seconded to approve the meeting minutes of October 22, 2019 and November 13, 2019. Motion carried unanimously.

5. Administrative and Financial Issues:

- A. ***Proposed Financial Policies*** – Mr. Sanchez clarified the first page attached to Agenda Item 5A does not represent a policy or policies, they are suggested targets for some of SAWCo's financial reporting duties. He stated the targets are up for discussion.

The Committee reviewed the proposed investment policy in its entirety and with discussion and suggestions for edits and revisions.

Mr. Zuniga moved and Mr. Cable seconded to approve the Investment Policy as amended. Motion carried unanimously.

The Committee then discussed the proposed reserve policy. As part of the Water Company's reserve accounts they currently utilize a Depreciation and Obsolescence account. The Committee agreed to rename the account the Capital Investment and Depreciation Reserve Fund for better accuracy.

Mr. Cable moved and Mr. Zuniga seconded to approve the Reserve Policy as amended. Motion carried unanimously.

After discussion the Committee decided to table the review of the request for qualifications for investment services to allow for further revisions.

- B. ***SB998 – Policy and Procedure*** – Mr. Lee advised the Committee of the State's mandate that water service cannot be disconnected for non-payment without following strict guidelines. Staff brought forward policy and procedure for following the soon to be implemented legislation.

Mr. Cable stated that as long as the policy and procedure are in compliance with the legislation he suggested moving forward with implementing them.

Mr. Sanchez advised changing verbiage to read SAWCo is changing current policy to comply with the legislation instead of observe it.

Mr. Cable moved and Mr. Zuniga seconded to recommend the Board approve the proposed policy and procedure to comply with SB998. Motion carried unanimously.

- C. ***Employee Recognition Policy Amendment*** – Mr. Lee recommended amending the employee recognition reward program to remove gift cards and include monetary amount in paycheck to affect the necessary tax withholdings.

Mr. Zuniga moved and Mr. Cable seconded to recommend the Board approve amending the employee recognition reward program to remove gift cards and instead include a monetary

amount in the employee's paycheck for purposes of tax withholdings. Motion carried unanimously.

- E. *General Liability Insurance Proposal*** – Mr. Thomas explained SAWCo experienced significant saving by moving to this plan a few years back. He advised he read the proposal from cover to cover, noticed only a few very minor changes, and felt renewal was warranted.

Mr. Cable moved and Mr. Sanchez seconded to approve recommending the Board renew liability insurance under JPRIMA as present by SAWCo's insurance broker EPIC. Motion carried.

6. Closed Session: None.
7. Committee Comments and Future Agenda Items: Mr. Thomas suggested a possible AFC meeting after the February Board Meeting.

Mr. Sanchez commented the Committee will be working on ratios and implementing the policy in upcoming meetings after Board approval of the policies.

8. Adjournment: The committee determined there was no further business and adjourned the meeting at 3:50 p.m.



Assistant Secretary
Brian Lee