

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, April 16, 2019

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:02 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, 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 Mr. Bob Bowcock

1. Recognitions and Presentations: None.

2. Additions-Deletions to the Agenda: None.

3. Shareholder-Public Testimony: Mr. Bowcock read the following prepared statement in regards to Item 6B on the agenda, "CalMat is a shareholder entitled to all rights and equally shares in all the responsibility of our mutual water company. Annually, SAWCo performs a pro-rata calculation incorporating seasonal use criteria based on shareholder allocation, each share cumulatively represents 1.9 acre feet (AF) of water. CalMat has elected to take its water allocation while paying the full service rate without use of any of the infrastructure, treatment, or distribution systems. This represents a significant savings to other shareholders. CalMat is current and pays all other assessments and fees levied by SAWCo amounting to an additional \$100 per share".

Mr. Bowcock then stated CalMat made its water purchase request more than six months ago and was denied on Friday, March 15th. CalMat again respectfully requested the Board honor this shareholder's rights and cause the transfer to occur immediately for both the 2018 and 2019 water service years.

Director Thomas asked if there was anyone else that wished to address the Board. Seeing none, the shareholder-public testimony portion of the meeting was closed.

4. Consent Calendar Items:

- A. Approval of Board Meeting Minutes
Regular Meeting Minutes of March 19, 2019.
- B. Ratification of Personnel Committee Recommendation Regarding GM Six Month Review
Recommend ratification of Committee's determination that GM Lee has met contractual requirements at his six-month review
- C. Planning, Resources and Operations Committee (PROC) Meeting Minutes
Meeting minutes of November 27, 2018.
- D. Administration and Finance committee (AFC) Meeting Minutes
No meeting minutes to report.
- E. Financial Statement
Income Statement and Balance Sheet for February 28, 2019 and year-to-date.
- F. Investment Activity Report
Monthly Report of Investments Activity
- G. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
- 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. Correspondence of Interest –

Director Filippi requested Items 4A and 4B be removed for discussion and moved approval of Items 4C through 4K. Director Elliott seconded the motion. Motion carried.

Director Filippi requested that his comments under Item 5C in the March 19, 2019 Board Meeting Minutes be corrected to read "Director Filippi noted that Chino Basin Watermaster board members are being mindful of the legal fees relating to the Safe Yield reset issue".

A voice vote was held to approve the March 19, 2019 Board Meeting Minutes with correction. Motion carried.

Director Filippi also requested Item 4B be pulled. He stated he had no issue with Mr. Lee however, he had a fundamental concern with the employment contract.

Director Sanchez moved and Director Cable seconded to ratify the Personnel Committee's recommendation regarding the General Manager's six month review. Motion carried with Director Filippi opposed.

5. Board Committee – Delegate Report:

A. Pomona Valley Protective Association (PVPA) Representative's Report – Director Thomas reported on the April PVPA meeting held on Wednesday, April 10th. Vandalism is being reported on a building below the San Antonio Dam. Rosemary Hoerning has been coordinating repairs on the roof of the building where a person or persons have been breaking in. A small homeless encampment was also discovered and was cleared out.

Mr. Thomas also report that the amount of water being spread in the basin over the last three months is greater than the total amount spread over the two previous years combined.

B. Six Basins Representative Report – Mr. Lee reported that prior to the March 27th Six Basins Watermaster meeting, a workshop was held on how the Six Basins Watermaster functions. During the meeting there was discussion on how to optimize the spreading grounds. The 2018 Annual Report was approved. There was continued discussion on the MS4 Permittees Collaboration and how the MS4 participants can possibly improve the groundwater conditions by using storm water.

C. Chino Basin Representative Report – Ms. Layton reported there was a court hearing held on March 15th and the issues before the court were resolved for now. The parties dropped their appeal and Watermaster is starting to revise all the past Assessment Packages. They are planning to hold an Assessment workshop for the first revision so everyone understands the accounting. They are also waiting until all assessment packages are calculated before collecting for the desalter replenishment obligation. Ms. Layton did state she received an email earlier in the day that might not line up with what was originally reported. Staff has put aside some water in storage and will be calculating future obligation once Watermaster is done with recalculation.

Ms. Layton also advised that the Watermaster released their draft budget on March 26th. Staff has reviewed it and has brought up three questions to Watermaster about it. A \$75,000 budgeted cost was discussed with the remaining appropriators and was agreed to be taken out of the budget.

Director Thomas questioned whether there was an estimate on what the replenishment amount would be. Ms. Layton replied an email with the 2014-2015 replenishment estimate was received earlier which estimates the amount in the 300 AF range.

D. Cucamonga Basin Representative Report – Ms. Layton informed the Board that the working group met on April 2nd regarding shared costs for the projects. The parties were not in agreement with the Memorandum of Understanding. Cucamonga Valley Water District (CVWD) agreed to go back to a simpler form that SAWCo generated and work towards a more detailed one in the future. CVWD committed \$60,000 from their budget this year for the desilting of Basin 6. The remaining

amount owed will hopefully be paid next year. West End Consolidated Water Company (WECWC) was recently billed their costs to date for the Cucamonga Crosswalls project and Basin 6 desilting. SAWCo, CVWD, and WECWC continue to work on a modernized judgment. The completion date is scheduled for August 2019.

The next meeting is scheduled for May 7th 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 – The items discussed at the PROC are covered under the General Manager's Report on Activities.

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

6. General Manager's Report on Activities:

A. Resolutions for Outgoing Board Members – Mr. Lee stated two of SAWCo's Board members retired in 2019; Sue Sundell and John Gerardi. Staff has prepared a resolution for each of them in appreciation for their work while on the Board of Directors for the Company.

Mr. Lee recommended the Board approve the prepared resolutions. He advised a luncheon will be scheduled for the near future in order to present the resolutions to the two of them.

Director Elliott moved and Director Cable seconded to approve the resolutions for retired Board members Sue Sundell and John Gerardi. Motion carried.

B. Article X of Company Bylaws; Right to Service, Classes of Service, Tolls or Charges, and Basic and Extended Area – Mr. Lee reported there are conflicts with the request for water from Calmat Co. and what the Company bylaws state. It was clear that the bylaws do not allow for a transfer of water to a miscellaneous shareholder in the extended area absent a delivery point. Staff discourages making an exception to the Company bylaws as doing so weakens the bylaws.

Director Thomas suggested having the AFC discuss the topic at their next meeting.

Mr. Bowcock inquired about SAWCo's attorney's opinion on the topic. He was advised the packet is available on SAWCo's website. A physical copy of the Board Packet which included the attorney's opinion letter was given to Mr. Bowcock.

There was consensus on the Board to bring the item to the April AFC Meeting for discussion and direction.

C. Workers Compensation Insurance – Director Thomas advised he has been working with workers compensation insurance for over 40 years and advised this plan has a lower premium than it did the previous year and renewing the plan is a wise decision.

Director Elliott moved and Director Cable seconded to approve the Workers Compensation Insurance for 2019. Motion carried.

D. San Antonio Heights Association Request for Donation – This item is annually requested by the San Antonio Heights Association to help fund their Annual Pancake Breakfast.

Director Filippi moved and Director Elliott seconded to approve the request for a \$1,000 donation to the San Antonio Heights Association. Motion carried.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items:

Director Filippi advised he attended the Chino Basin Watermaster 50 year Celebration of the San Antonio River. He stated Congressman Ken Calvert was in attendance and revealed his concerns after hearing what California Governor Gavin Newsome's ideas were for the twin tunnel project reduction. Congressman Calvert assured the attendees that the Federal Government would be lobbying the Governor to return to the original Delta repair project.

Adjournment: Seeing no further business, the meeting was adjourned at 5:20 p.m.

Assistant Secretary
Brian Lee