

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

September 22, 2020

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was held virtually and called to order at 3:11 p.m. on the above date as noticed. Committee Members present were José Sanchez, Bob Cable, Rudy Zuniga, and Tom Thomas. Also in attendance were 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: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Director Cable moved and Director Zuniga seconded to approve the meeting minutes of July 28, 2020. Motion carried unanimously.
5. Administrative and Financial Issues:
 - A. ***Inventory Policy*** – Director Sanchez inquired as to where SAWCo documents the receiving procedure of its inventory and assets. Ms. Layton explained that staff generates a purchase order when items are ordered for inventory. A packing slip is received with the shipment and the company is invoiced. The items are entered into the inventory system as ordered and received.

Director Sanchez also asked who signs off that materials ordered were used at a particular site. Mr. Lee replied either the Water Utility Superintendent, Tommy Hudspeth, or Water Utility Worker III, Chad Herron. Director Sanchez questioned whether or not both signatures were required. Mr. Lee advised only one signature is needed at this time but stated he would speak to field staff about requiring two signatures in the future.

Director Sanchez moved and Director Cable seconded to recommend the Board approve the presented Inventory Policy. Motion carried unanimously.

- B. ***Disposal of Records*** – Director Sanchez clarified this item is for the Committee to recommend the Board approve the disposal of records according to SAWCo's retention policy. Mr. Lee concurred.

Director Thomas inquired whether or not a truck comes to the office and shreds the documents onsite or if they take the documents back and shred them at their own facility. Ms. Mitchell responded staff has had documents shred onsite as well as offsite. The company hired to shred the documents is licensed and bonded making either option secure. The Committee was satisfied with either route as long as the company used was licensed and reputable.

Director Cable moved and Director Sanchez seconded to recommend the Board approve the disposal of records listed in the attachment per the Company retention policy. Motion carried unanimously.

- C. ***Draft Request for Qualifications (RFQ) for Investment Advisor*** – Mr. Lee explained he has never had to hire an investment advisor in the past. The RFQ is a compilation of other companies RFQ's for investment advisor that closely matched what SAWCo is needing.

Director Thomas inquired if staff has a list of companies they are considering. Mr. Lee advised he has not compiled a list of companies the RFQ will be released to. He offered to research qualified companies and bring a short list back to the Committee for review. Mr. Lee advised he would speak with SAWCo's auditor and bank for references, as well as local companies and would also advertise the RFQ on SAWCo's website. It was also suggested that the RFP be advertised with Cal Mutuals.

Director Sanchez questioned the verbiage about non-interest bearing accounts. Mr. Lee replied the statement about non-interest bearing accounts was added during the discussion of the investment policy as it would not be considered an investment if it was not earning interest.

Director Sanchez also inquired about the dates crossed off in the RFQ. Mr. Lee stated that if the Committee was good with the language in the RFQ he would release it and require (Statement of Qualifications) SOQ's be submitted prior to the next AFC meeting.

Director Thomas advised that the Committee would normally recommend the Board approve the RFQ prior to release. Mr. Lee responded he felt the Committee could approve the release of the RFQ and after reviewing the SOQ's and determining the best fit, it would then be the Board that would approve or deny the recommendation.

Additional discussion occurred regarding the release of the RFQ and review of the submitted SOQ's.

Director Thomas then proposed the AFC approve the release of the RFQ but bring the item to the Board for ratifying. Mr. Lee suggested placing on the Consent Calendar at the next Board meeting for ratification.

Director Cable moved and Director Sanchez seconded to authorize the General Manager to release the draft Request for Qualifications for Investment Advisor. Motion carried unanimously.

- D. Rental Agreements** – Mr. Lee stated this item better positions the Company should they be accused of selling water to a non-shareholder. SAWCo provides water to the property owned by the shareholder but in some instances sends the water bill to a renter. This change in process has SAWCo now sending the bill to both the renter and shareholder of record.

Director Sanchez suggested rearranging the order of the process for efficiency and using consistency when referring to SAWCo in the policy.

Mr. Zuniga moved and Mr. Cable seconded to recommend the Board approve the proposed policy statement for Rental Agreements as amended. Motion carried unanimously.

- E. Board Gift** – Mr. Lee advised that although the item is budgeted for the year it is open for discussion and will need to be recommended to the Board for approval. Previously, the Board discussed whether or not the amount gifted for the past several years was still appropriate. That discussion was deferred to the current year.

There was discussion on how to disperse the Board Gift during the pandemic. The current restrictions still allow for dining at 25% capacity as well as outdoors therefore the plans to have an End of Year Luncheon where the Board Gift will be given is still moving forward. Committee and staff offered some suggestions for outdoor dining in the area.

Director Thomas suggested increasing the amount of the Board Gift this year to \$1,500. Director Cable felt it a great way to say thank you to staff especially during a difficult year.

Director Cable moved and Director Sanchez seconded to recommend the Board approve a \$1,500 Board Gift for current full-time employees of one year or more; prorated for part-time employees. Motion carried unanimously.

- F. Financial Reporting** – Director Sanchez stated the Committee will need to agree on the ratios presented and also whether or not the targets identified are what the Committee wants to adopt for those ratios. After the ratios and their targets are identified the Committee will then need to determine how they would like to report them.

Director Thomas inquired whether or not existing numbers have been used to see where SAWCo stands. Mr. Lee replied that had been done at a previous meeting however he did not currently have access to those figures. He stated staff has responded with ways in which they prefer reporting be handled but he has not had time to review the response. In the future Mr. Lee will present to the AFC for discussion a draft monthly, quarterly, and yearly on how SAWCo would like to report their finances.

Director Sanchez explained the work put forth on financial reporting up to this point. He expressed his desire to have a transparent and easily digestible summary of the financial performance of SAWCo. Current reports do not provide this and are repetitive and obtuse. Director Sanchez would like to provide these types of reports with as little impact to staff as possible. Suggestions on how reports can be prepared were given.

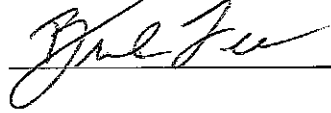
Mr. Lee stated he would like to provide mock-ups to the Committee for discussion and revision if necessary.

It was determined that Mr. Lee, Director Sanchez, Director Martha Goss, and Salena Holley would come up with a recommendation to the Board of Directors on a financial reporting format.

- G. *COVID Response*** – Mr. Lee advised there are no updates on how the Company is operating due to COVID-19.

Committee and Board meetings will continue to take place virtually until further notice.

6. Closed Session: None.
7. Committee Comments and Future Agenda Items: None.
8. Adjournment: Seeing no further business, the meeting was adjourned at 4:00 p.m.



Assistant Secretary
Brian Lee

