

**SAN ANTONIO WATER COMPANY**  
**MINUTES OF THE SAN ANTONIO WATER COMPANY**  
**Tuesday, October 17, 2023**

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:03 p.m. on the above date at the City of Upland Council Chambers, 460 N. Euclid Ave., Upland, California. Directors present were Rudy Zuniga, Will Elliott, Bill Velto, Bob Bowcock and Kati Parker. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, General Legal Counsel Derek Hoffman, Senior Administrative Specialist Kelly Mitchell, and Administrative Specialist Tiffany Dickinson. President Zuniga presided.

Kelly Mitchell led all in attendance in the flag salute.

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 September 19, 2023.
  - B. Planning, Resources and Operations Committee (PROC) Meeting Minutes  
No meeting minutes to approve.
  - C. Administration and Finance Committee (AFC) Meeting Minutes  
Approve Meeting Minutes of September 26, 2023.
  - D. AdHoc Committee for Office Feasibility Study  
No meeting minutes to approve.
  - E. Financial Statement  
Income Statement and Balance Sheet for August 31, 2023.
  - F. Investment Activity Report  
Monthly Report of Investments Activity.
  - G. Water Production and Consumption  
Monthly water production and consumption figures.
  - 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. Conservation Program Update [Quarterly in January, April, July, and October]  
Update on SAWCo's existing water conservation programs.
  - L. Correspondence of Interest

Director Velto moved and Director Elliott seconded to approve the Consent Calendar as presented. Motion carried unanimously.

5. Board Committee – Delegate Report:
  - A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Parker advised PVPA meeting was held Wednesday, October 11, 2023.  
  
Director Parker stated there is no update to report.
  - B. **Six Basins Representative Report** – Ms. Layton reported a meeting was held on Wednesday, September 27<sup>th</sup>. She states the City of Claremont is promoting an article about Six Basins Watermaster and what their function is in their newsletter. She mentioned the next meeting being held is on October 25, 2023.
  - C. **Chino Basin Representative Report** – Mr. Lee stated there is no update to report.
  - D. **Cucamonga Basin Representative Report** – Mr. Lee stated there is no update to report.
  - E. **Administration and Finance Committee (AFC) Chairman's Report** – Director Velto stated there is no update 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. Open Director's Seat
  - A. **Discussion and possible action regarding appointment of new director** – Mr. Lee stated he feels it is appropriate for the board to discuss whether to make a decision regarding the

appointment of a new director this evening without a full board or defer until the next meeting.

Director Velto motioned to table item 6 until the full board of directors are present to discuss applicants. He stated he received some inquiries from individuals that were not aware of the process. He then suggested we extend the opening of the application process until a full board is present.

Director Parker questioned how or if there are any recommendations on how to get the word out of this process.

Director Velto responded saying he will post on his social media and throughout the city's social media.

Mr. Lee stated company staff notified San Antonio Heights Association, all major shareholders including municipal shareholders. He suggested extending and broadening the company approach to notify shareholders.

Director Zuniga requested any public comment for this item.

Sandra Rose, Board President of Monte Vista Water District, stated she believes there was a lot of qualified candidates that had applied for the position. She commented that Monte Vista Water District accounts for about 10% of San Antonio Water Company water shares and if she were to be chosen, she would be happy to work for all the shareholders of San Antonio Water Company.

San Antonio Heights resident, Becky Miller, commented on the importance of having a full board to discuss and appoint the new board director and approved to wait until a full board is present.

Director Velto moved and Director Elliott seconded to defer the discussion and possible appointment of the new director until a full board is present. Motion carried unanimously.

7. Board Secretary and Chief Financial Officer

- A. **Discussion and possible action regarding appointment of board secretary and chief financial officer-** Mr. Lee stated it would be appropriate for the board to vote to table item 7 since it is on the agenda.

Director Parker moved and Director Elliott seconded to table item 7 to the next board meeting. Motion carried unanimously.

8. AFC Committee Membership

- A. **Discussion and possible action regarding appointment of Director to fill vacancy on AFC Committee-**Mr. Lee stated it would be appropriate for the board to vote to table item 8 being it is on the agenda.

Director Parker moved and Director Elliott seconded to table item 8 to the next board meeting. Motion carried unanimously.

9. Proposed Change Order #1 for Production Well 19

- A. **Discussion and possible action regarding proposed change order #2-** Mr. Lee stated the board approved the construction contract for Well 19 last month for \$1.6 million. This extends the sound wall for one extra month and rental of pipeline that is delivering water from Upland's fire hydrant near Ford of Upland to the site.

Mr. Lee mentioned a large portion of this change order is for additional airlifting due to the cobby area that is being drilled. This makes wall collapse possible and requires thickening of the drilling mud. He commented that with thick mud comes more airlifting to clear that mud and water after construction.

Director Elliott inquired how much the change order would be in which Mr. Lee responded with \$73,980 adding that this represents a 40% reduction in cost for airlifting that he had requested.

Director Velto moved and Director Parker seconded to approve the proposed change order for production well 19. Motion carried unanimously.

10. Verizon Lease at Reservoir #1 Site

- A. **Discussion and possible action regarding Verizon proposal to change terms of existing lease agreement-** Mr. Lee stated Verizon has reached out requesting a renegotiation on the existing lease agreement. The proposed new lease agreement would be about \$300 less than the current lease agreement. They have done a 10-mile radius study that shows it is an unsustainable site.

Mr. Lee stated staff recommends rejecting Verizon's offer and with an option to counteroffer, given the inflationary pressures, the lease should be more expensive not less expensive.

Director Velto suggested reaching out to other entities such as AT&T, which could pay more for the lease.

Director Parker questioned how much the cost would be to take out the cell tower or construct a tower. It was speculated to add or remove a cell tower would be expensive.

Director Elliott moved and Director Bowcock seconded to reject the offer from Verizon to change the terms of the existing lease agreement. Motion carried unanimously.

**11. Financial Advisor**

- A. **Discussion and possible action to switch financial advisor for Company 401k-** Mr. Lee stated this item was addressed at the September AFC Committee Meeting and recommended to be brought to the full board with the recommendation to move forward to switch financial advisors.

Mr. Lee commented that one of the primary reasons for the recommendation to make the switch to Morgan Stanley is the lower cost for the company managing the 401k. Another reason for the switch is to relieve the burden from staff for being the fiduciary for the current program.

Director Velto commented stating Morgan Stanley is local which is a benefit for staff to meet and cost saving, taking the burden off staff being the fiduciary.

Mr. Lee stated this will be months long process with multiple decisions along the way which might be brought back to the Board.

Director Parker moved and Director Velto seconded to approve to switch financial advisor to Morgan Stanley for Company 401k. Motion carried unanimously.

**12. Employee Year End Gift**

- A. **Discussion and possible action regarding Board's year end gift to employees-** Mr. Lee stated this is a yearly opportunity and tradition for the board to provide a monetary gift to the employees and emphasized it is recognized as a gift. By a unanimous vote, the AFC recommended an end of year gift for 2023 of \$1,500 for each employee and it was recommended to prorate for any employee that has not yet completed a year's service and current part-time employees.

Director Bowcock moved and Director Velto seconded to approve the Board's year end gift to employees. Motion moved unanimously.

**13. November Board meeting**

- A. **Discussion and possible action regarding the date of November's Board Meeting-** Mr. Lee stated the following board meeting is scheduled for Tuesday, November 21, the Tuesday before the holiday. He was approached with inquiries about whether there will be a meeting this date or if it will be postponed. He commented saying that with the decision regarding appointing a new board director, he suggests there should be a meeting in November but it does not have to occur on that original date.

Mr. Lee suggested having an abbreviated meeting during the day or an alternative week.

Mr. Lee added there possibly could be discussion on health insurance premiums, which are normally discussed at the AFC or Board Meeting prior to the budget meeting. He also added there might be a closed session that is necessary for November.

Director Velto requested to send a poll to the board of directors to see which date works best for everyone for the November board meeting.

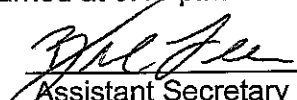
Director Velto moved and Director Elliott seconded to give the general manager discretion to reschedule the November Board meeting. Motion carried unanimously.

**14. Closed Session:**

- A. **Initiation of Litigation (Gov't Code § 54956.9(d)(4)): One Case-**  
The Board went into closed session at 5:27 PM. Upon return from the closed session at 6:19 PM, Mr. Hoffman stated there was no reportable action.

**Adjournment:**

With no further business to discuss the meeting was adjourned at 6:19 p.m.

  
 Assistant Secretary  
 Brian Lee