

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, October 20, 2020

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was held virtually and called to order at 5:00 p.m. on the above date. Directors present were Tom Thomas, Will Elliott, Rudy Zuniga, José Sanchez, Gino Filippi, Bob Cable, and Martha Goss. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

1. Recognitions and Presentations: None.

2. Additions-Deletions to the Agenda: Mr. Lee asked for a motion to add the Pomona Valley Protective Association (PVPA) Proxy for the PVPA Annual Meeting taking place November 18th.

Director Goss moved and Director Zuniga seconded to add the PVPA Proxy as Agenda Item 6H. Motion carried unanimously.

3. Shareholder-Public Testimony: None.

4. Consent Calendar Items:

A. Approval of Board Meeting Minutes

Regular Meeting Minutes of September 15, 2020.

B. Organizational Meeting Minutes

Meeting minutes of April 7, 2020.

C. Planning, Production and Operations Committee (PCO) Meeting Minutes
Meeting minutes of August 11, 2020.

D. Administration and Finance committee (AFC) Meeting Minutes

Meeting minutes of July 28, 2020.

E. Financial Statement

Income Statement and Balance Sheet for August 31, 2020.

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. Disposal of Records

Recommend approval of record disposal based on adopted retention schedule

as adopted on September 15, 2020.

Director Goss moved and Director Sanchez 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 Thomas reported PVPA has a new member from the City of Pomona, Councilmember Steve Lustro. The Annual Meeting typically held the second Wednesday in November has been pushed to the third Wednesday in November due to Veteran's Day.

The City of Claremont and PVPA have agreed to a 20 year land lease at the entrance to the Claremont Wilderness Park Loop for a kiosk.

A delay until next year is expected on the National Monument, H.R.116-385 due to Kamala Harris' current bid for Vice President of the United States.

B. Six Basins Representative Report – Ms. Layton reported the most recent Six Basins meeting was held September 23rd. The five year professional services agreement with Wildermuth Environmental, Inc. (WEI) expires at the end of the year. There were no comments made about changing the engineer for the basin and therefore the plan is to bring forth another five year professional services agreement to the October Six Basins meeting for discussion.

The MS4 permittees have decided where the best locations are for recharge basins. A letter of recommendation from the Six Basin parties has been requested. One location was determined not to be prime based on the engineer's work and the letter of recommendation will reflect this

determination. Holliday Rock is also proposing to dig out an area on PVPA land. WEI will draw up a letter response with a proposed recommendation.

Following the regular meeting was a strategic planning workshop where WEI provided an overview of the Strategic Plan and allowed two parties, Three Valleys Municipal Water District and the City of Pomona, to present their planning scenarios.

Director Thomas added that a meeting to discuss Holliday Rock digging out an area of PVPA land that involved himself, Jennifer Stark, John Holliday, John Schatz and a couple of staff members recently took place. There are many factors involved in receiving approval to dig in the area.

- C. Chino Basin Representative Report** – Mr. Lee reported the Optimum Basin Management Program (OBMP) is moving forward with discussions focusing specifically on the storage aspect. There are talks about using a new or modified California Environmental Quality Act (CEQA) service for storage rather than the entire OBMP in order to simplify and increase the amount of storage in the basin.

Regarding the Agricultural Pool's legal costs, the hearing is scheduled for Friday, October 23rd. The Chino Basin Watermaster has filed an Ex Parte application to join the issue. The judge in the case will listen to Chino Basin Watermaster's argument on Thursday, October 22nd to determine whether or not the Agricultural Pool's hearing should be moved to a later date.

SAWCo management had originally determined they would wait for a ruling before paying the special invoices that Watermaster issued out to the members of the Appropriative Pool in August. The General Manager of Chino Basin Watermaster has asked for approval from the Board to file in court against any members that have not paid their invoice. SAWCo decided to pay the invoice to avoid legal proceedings.

- D. Cucamonga Basin Representative Report** – Ms. Layton advised the working group met virtually on October 6th. All parties have agreed on the Terms of Reference document, however, Cucamonga Valley Water District (CVWD) is running the document by their legal counsel prior to signing.

It was agreed upon that the group would wait until January 2021 to go out to bid for a new engineer for the basin.

TKE provided a draft of all the party's comments related to modernizing the Judgment. Not all parties have had the opportunity to review the draft document. SAWCo believes the technical portion would need to be completed first and will wait until the new engineer is vetted.

The next meeting is scheduled for November 3rd.

- E. Administration and Finance Committee (AFC) Chairman's Report** – Director Sanchez advised the Committee met on September 22nd and all of the items discussed at that meeting are included under the General Manager's Report on Activities.

- F. Planning, Resources, and Operations Committee (PROO) 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. Inventory Policy** – Mr. Lee stated the policy has been reviewed and recommended to the Board by the AFC and inquired if the Board had any questions.

Director Sanchez commented the item is a mixture of policy and procedure but establishes good framework.

Director Sanchez moved and Director Goss seconded to approve the Inventory Policy as presented. Motion carried unanimously.

Mr. Lee noted Director Elliott's microphone was not working and it was agreed Director Elliott would utilize hand signs to signal approval or disapproval of an item.

- B. Request for Qualifications (RFQ) for Investment Advisor** – Mr. Lee explained staff has been working on an RFQ for an investment advisor for some time. The RFQ was presented to the AFC and was recommended to the Board for ratification. Mr. Lee advised the RFQ did not go out prior to the Board meeting therefore any suggestions for revision can be made prior to its release.

Director Sanchez pointed out the RFQ does not require SAWCo to engage with an investment advisor it simply informs them of what or who is currently out there and what they can do for the Company.

Director Sanchez then noted some minor wording changes and adjustments that were needed prior to releasing the RFQ.

Director Sanchez moved and Director Goss seconded to approve the release of the Request for Qualifications for an Investment Advisor. Motion carried unanimously.

- C. Rental Agreements** – Mr. Lee stated this is an effort to refine current policy that became more confusing and difficult than anticipated. In order to avoid potential oversight by the public utilities agency SAWCo must provide water service to its shareholders only. This task is made difficult when a property owner in SAWCo's service area leases their property. Previously staff required a copy of the rental agreement. In the case of a leased property, staff now proposes to send a copy of the water bill to both the service address and the shareholder of record. As long as a copy of the bill is sent to the shareholder of record, SAWCo is complying with the law as they are providing water service to their property and billing them for the service.

Director Goss moved and Director Zuniga seconded to approve the changes to the written policy on shareholder rentals as presented. Motion carried unanimously.

- D. Board Gift** – Mr. Lee advised that the Board Gift has remained steady at \$1,250 since SAWCo's 125th Year Anniversary in 2007. This year the AFC has recommended the Board approve a \$1,500 Board Gift to full-time employees of at least one year and a prorated amount for part-time employees.

Director Goss moved and Director Cable seconded to increase the Board Gift from \$1,250 to \$1,500 for current full-time employees of one year or more; prorated for part-time employees. Motion carried unanimously.

- E. 401k Change in Broker-Dealer** – Mr. Lee advised Mark McKeon is in attendance to respond to any questions the Board may have on the topic. Mr. McKeon advised the Board about his relationship with SAWCo. He explained the change being sought is the Broker-Dealer relationship which is really him switching his Broker-Dealer allegiance from Royal Alliance to OneAmerica Securities. He advised it changes nothing for the participants in the 401k program or the investment company Nationwide.

SAWCo has utilized Nationwide as their investment vehicle since 1999. Robert Reeves and Mark McKeon have been serving as co-brokers of the Plan for many years. Royal Alliance has been the broker-dealer for Robert and Mark but have made the decision, along with many other broker-dealers including OneAmerica Securities, that an individual who owns a Third-party Administration (TPA) firm, or is employed by a TPA firm who provides third-party administration to a client who is also a client of the broker (and by extension of the broker-dealer) cannot be compensated for broker services rendered to that client. Since Robert Reeves is our Third Party administrator, he has divested himself of the broker role and Mark is now the sole broker.

Director Goss moved and Director Zuniga seconded to approve Ms. Layton, as Trustee, to sign off on the required forms to approve the change in the 401k Broker-Dealer. Motion carried unanimously.

- F. Financial Reporting** – Mr. Lee stated this item is a place holder for monthly, quarterly, semi-annual, and annual reporting. Staff has some mockups for reporting they like but those have not been distributed. Mr. Lee will forward those to Director Sanchez for review as well as Director Goss. An informal AdHoc Committee will meet to begin collaboration on building new reports.

Director Sanchez commented it will be easier to discuss ideas and changes for the new financial reports once the mockups are available.

- G. Company Response to COVID-19** – Mr. Lee reported no changes have been made to the way the Company is handling the pandemic. Neighboring county of Riverside has moved back to the Purple Tier.

Director Thomas was recently tested for the virus and described the ease of the process and speed of the results.

- H. PVPA Proxy** - Mr. Lee reported a proxy is appointed each year for SAWCo's shares in the Pomona Valley Protective Association (PVPA). Director Thomas has carried the proxy for SAWCo in the past.

Director Goss moved and Director Cable seconded to appoint Director Thomas to carry the PVPA proxy. Motion carried with Director Thomas abstaining.

Director Thomas gave a brief history of his role in PVPA and how SAWCo is affiliated with the organization.

7. Closed Session:

- A. **General Manager's Annual Review, Goals and Objectives** [subdivision 9(b) of Section 54957, CGC]

The Board and Mr. Lee went into closed session at 5:35 p.m.

At 5:53 p.m. The Board of Directors and Mr. Lee reconvened the meeting from the Closed Session. Director Thomas announced there are no changes to the General Managers contract at this time.

8. Director's Comments and Future Agenda Items: None.

Adjournment:

With no further business to discuss, Director Elliott moved and Director Zuniga seconded to adjourn the meeting at 5:54 p.m.



Assistant Secretary
Brian Lee