



SAN ANTONIO WATER COMPANY MEETING AGENDA

for ADMINISTRATIVE & FINANCE COMMITTEE

September 26, 2023 @ 3pm
At Company Office 139 N. Euclid Ave., Upland, CA 91786 with
option of Virtual/Online or Teleconference

Members of the public may join the meeting by computer, tablet or smartphone.

<https://meet.goto.com/223814653>

You can also dial in using your phone.

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Access Code: 223-814-653

▪ Call to Order

1. Recognitions and Presentations:

2. Additions-Deletions to the Agenda:

3. Public Comments

This is the time for any shareholder or member of the public to address the committee members on any topic under the jurisdiction of the Company, which is on or not on the agenda. Please note, pursuant to the Brown Act the Committee is prohibited from taking actions on items not listed on the agenda. For any testimony, speakers are requested to keep their comments to no more than four (4) minutes, including the use of any visual aids, and to do so in a focused and orderly manner. Anyone wishing to speak is requested to voluntarily fill out and submit a speaker's form to the manager prior to speaking.

4. Approval of Committee Meeting Minutes

Regular Committee Minutes of May 23, 2023.

5. Administrative and Financial Issues:

A. Presentation, Discussion and Possible Action on Company's 401k program

B. Discussion on Field Services moving to a 4/10 work schedule

C. Discussion and Possible Action on Board's Annual End-of-Year Employee Gift

6. Closed Session: None

7. Committee Comments and Future Agenda Items:

- This is the time for committees' comments and consideration on future agenda items relative to the interests and business of the company and its shareholders.

8. Adjournment:

The next regular Administration and Finance Committee meeting will be held on November 28, 2023 at 3:00pm

NOTE: All agenda report items and back-up materials are available for review and/or acquisition from SAWCo's Office (139 N. Euclid Avenue, Upland, CA.) during regular office hours, Monday through Thursday [8:00a – 11:30a and 12:30p – 4:00p] and alternating Fridays [8:00a – 11:30a and 12:30p – 3:00p] and on SAWCo's website www.sawaterco.com. The agenda is also available for review and copying at the Upland Public Library located at 460 N. Euclid Avenue.

POSTING STATEMENT: On September 22, 2023, a true and correct copy of this agenda was posted at the entry of the Water Company's office (139 N. Euclid Avenue), the Upland City Hall at 450 N. Euclid Ave., the Upland Public Library at 460 N. Euclid Ave., and on SAWCo's website.

SAN ANTONIO WATER COMPANY
ADMINISTRATION and FINANCE COMMITTEE (AFC)
MINUTES
May 23, 2023

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was held at the Company office and called to order at 3:00 p.m. on the above date as noticed. Committee Members present were Bob Cable, Bill Velto, and Rudy Zuniga. Also in attendance were SAWCo's General Legal Counsel Derek Hoffman, General Manager Brian Lee, and Senior Administrative Specialist Kelly Mitchell. Director Cable presided.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Director Velto moved and Director Zuniga seconded to approve the meeting minutes of March 28, 2023. Motion carried unanimously.
5. Administrative and Financial Issues:
 - A. ***Investment Advisor Proposal Response*** – Mr. Lee advised SAWCo is currently, and has been for several years, utilizing Equity Services Incorporated with Mark McKeon as their investment advisor. In an effort to determine whether the Company is getting the best value, a Request for Proposal (RFP) was issued to a select number of firms. The proposal results were disappointing as only two were received. As such, staff proposes SAWCo continue to utilize Equity Services Incorporated for the time being but hire Morgan Stanley to provide an analysis of their current program.

There was consensus on the Committee to bring the item to the Board for consideration.

- B. ***Information Technology Proposal Response*** – Mr. Lee stated he spoke directly with all five information technology (IT) companies that were sent an RFP, however, only two of the companies submitted proposals. Of the two received, Inland Productivity Solutions (IPS) provided a proposal more tailored to SAWCo's needs while the other was broader.

Mr. Lee recommended SAWCo continue utilizing IPS as their IT consultant.

There was consensus on the Committee to bring the item to the Board for consideration.

- C. ***Stock Auction – November 2023*** – Mr. Lee advised there are a total of $\frac{3}{4}$ shares meeting the requirements for auction at this time. A timeline for the proposed stock auction was included in the meeting packet. Director Velto requested detailed information on the stock certificates to possibly aid in locating the shareholders.

There was consensus on the Committee to bring the item to the Board for consideration.

- D. ***Update of Fee Schedule*** – Mr. Lee advised the fee schedule for meters has not been updated in several years. Being a nonprofit, SAWCo needs the charges for installing and upgrading meters to match actual costs. Staff provided a detailed list of the current cost to install or upgrade a water meter, verifying they do not match the current fee schedule.

There was consensus on the Committee to bring the item to the Board for consideration.

- E. *Adjust Online Payment Transaction Charges*** – Mr. Lee stated the current charge for online payments is 1% but does not cover the cost SAWCo incurs from the credit card processing company. Staff recommends charging a flat payment processing fee of \$3 per transaction instead of a percentage of the bill being paid. This charge is in addition to the \$1.25 charge incurred by customers from SAWCo’s software company.

There was consensus on the Committee to bring the item to the Board for consideration.

- F. *Adjust Tier 2 Rates for Remainder of Calendar Year*** – Director Cable commented on the fact that SAWCo has extra water to sell this year but may not be in the same situation next year. Therefore, rather than raising the entitlement, adjusting the Tier 2 water rate for the remainder of the year is a better option.

Director Zuniga inquired as to why SAWCo would sell more water this year rather than hold the excess water over until next year in case of a dry year. Mr. Lee responded SAWCo is spreading and storing water everywhere they can, however, there isn’t enough storage space for the amount of water they have. If they don’t sell the water, they will lose it. Mr. Lee pointed out that in order for the adjusted tier rate to work, SAWCo will need to bring current their water agreements with the City of Upland, City of Ontario, and Monte Vista Water District.

Staff and legal counsel are working to fine tune the specifics of this proposal to alter the Tier 2 rate and will have more specifics for the Board should the Committee choose to recommend the item be presented at the next Board meeting.

Mr. Hoffman stressed the importance of making certain any water rate alteration is done within legal parameters. He will be looking into that prior to the release of the final proposal to the Board.

There was consensus on the Committee to bring the item to the Board for consideration.

6. Closed Session: None.
7. Committee Comments and Future Agenda Items: None.
8. Adjournment: Seeing no further business, the meeting was adjourned at 3:19 p.m.

Assistant Secretary
Brian Lee

Agenda Item No. 5A

Item Title: 401k Investment Advisor

Purpose:

Discussion and Possible Action after Receiving a Presentation from Morgan Stanley Wealth Management advisor.

Issue:

To Maximize the Value of Retirement Investments for Company Employees.

Managers Recommendation:

Make Recommendation to Full Board to Switch Financial Advisors

Background:

Earlier this year staff issued a Request for Proposals for Financial Consulting Services concerning the Company's 401k program. Two proposals were received; one from our current financial advisor and one from Morgan Stanley. The Company requested that Morgan Stanley conduct a bench-mark study.

Morgan Stanley has completed their benchmark study. Mr. Ali Rahimi will be presenting the findings at today's meeting.

In a nutshell, the findings showed that remaining with Nationwide for the 401k program was in the employee's best interest. However, switching advisors to Morgan Stanley is recommended. Lowering annual expenses, adding fiduciary responsibilities and eliminating outside Third Party Administrator (TPA) are three primary reasons.

Previous Actions:

In May of 2023 the Committee Recommended to the full Board that the Company keep its current Company Plan and Advisor while Morgan Stanley conducts a benchmark study.

Impact on Budget:

None.

Agenda Item No. 5B

Item Title: Consideration for 4/10 Work Schedule for Operations Department

Purpose:

To consider a change in Operations Department standard operating hours from 9-hour work days Monday thru Friday, working every other Friday, to 10-hour work days Monday thru Thursday.

Issue:

Shifting the Operations Department to a 4/10 work schedule

Manager's Recommendation:

None at this time

Background:

Operations Staff has asked about switching to a 4-10 work schedule. As proposed the Operations Employees would work a full 80-hour two-week work schedule with a 10 hour work day four days a week. Current staff thinking is that the Office would remain on the 9/80 work schedule.

Staff sees no direct financial benefit or detriment to changing the Operations Department operating hours. There will be an efficiency benefit whereby the field crews gain an additional hour each work day to complete tasks and reduce set-up/break-down time over the course of the work week.

Staff is reviewing strengths and weaknesses of the concept and will be bringing back a detailed proposal at a future committee meeting.

The proposed hours of operation are as follows:

<u>Office</u>		<u>Field*</u>	
M through Th	7 a.m. to 5 p.m.	M through Th	6:30 a.m. to 5:00 p.m.
Fri One	7 a.m. to 4 p.m.	Fri	Closed
Fri Two	Closed		

Previous Action:

None

Impact on Budget:

To Be Determined.

Agenda Item No. 5C

Item Title: Board Gift

Purpose:

Consider an annual end-of-year monetary gift for employees in recognition of their services to the Company.

Issue:

In past years the Board has presented a monetary gift to employees at the end of year celebratory luncheon.

Manager's Recommendation:

Discuss this year's Board gift and budgetary figure for 2023.

Background:

In past years the Board has given an end-of-year gift to Company employees as a monetary 'thank-you' for service to the Company. Board gifts from 2007 to 2019 has been \$1,250 for each employee. In 2020 the Board increased the gift to \$1,500 for each employee and prorated for any employee that had not yet completed a year's service and current part time employees.

In the past, it has been the pleasure of the Board to hand out the gifts to its employees at the end of the year luncheon. This year our luncheon will be held at the Tokyo Kitchen on Monday, December 11, 2023 @ 11:30AM.

Previous Action:

On September 20, 2020 the AFC voted to recommend increasing the end of year gift to \$1,500.

Impact on Budget:

Approximately \$15,000