



**SAN ANTONIO WATER COMPANY**  
**MEETING AGENDA**  
*for*  
**ADMINISTRATIVE & FINANCE COMMITTEE**

July 26, 2022 @ 3pm  
By Virtual/Online or Teleconference Only

Please join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/645293325>

You can also dial in using your phone.

United States: [+1 \(872\) 240-3412](tel:+18722403412)

**Access Code: 645-293-325**

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- 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 24, 2022.

5. Administrative and Financial Issues:

A. Legal Services Proposals

Review Submitted Proposals for General Legal Services.

B. Information Technology Request for Proposals (RFP)

Review and Provide Input on Draft Information Technology RFP.

C. Fuel Credit Card Proposal

Discussion regarding possible fuel credit card for General Manager's commute to the office.

6. Closed Session: None

7. Committee Comments and Future Agenda Items:

- This is the time for committee's 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 September 27, 2022 at 3:00pm*

**NOTE:** All agenda report items and back-up materials are available for review and/or acquisition from the Company Office (139 N. Euclid Avenue, Upland, CA.) during regular office hours, Monday through Thursday [8:00 – 11:30 and 12:30 – 4:00] and alternating Fridays [8:00 – 11:30 and 12:30 – 3:00]. The agenda is also available for review and copying at the City of Upland and Upland Public Library located at 450 N. Euclid Avenue.

**POSTING STATEMENT:** On July 20, 2022, a true and correct copy of this agenda was posted at the entry of the Water Company's office (139 N. Euclid Avenue), 460 N. Euclid Avenue (Upland City Hall), and on the Water Company's website.

SAN ANTONIO WATER COMPANY  
ADMINISTRATION and FINANCE COMMITTEE (AFC)  
MINUTES  
May 24, 2022

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 3:00 p.m. on the above date as noticed. Committee Members present were Martha Goss, Bill Velto, and Rudy Zuniga. 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 Velto moved and Director Zuniga seconded to approve the meeting minutes of March 22, 2022. Motion carried unanimously.
5. Administrative and Financial Issues:
  - A. ***Draft RFP for Legal Services*** – Mr. Lee reported he has spoken to long-time legal counsel, Mr. Tom McPeters, about issuing a Request for Proposals (RFP) for general legal counsel services. Mr. McPeters will be SAWCo's general legal counsel for as long as possible. Mr. Lee would like to have the back-up general legal counsel eventually handle the day-to-day while Nossaman would handle special counsel, or back-up to the general counsel.

Mr. Lee stated he does not have any specific legal firms in mind for the RFP but has received a suggestion and will take others. He is not looking for a large legal firm as he feels a smaller firm would be better suited. Whomever is chosen will be brought up to speed by Mr. Peters.

Director Velto moved and Director Goss seconded to recommend the Board approve the Request for Proposal (RFP) for legal services as presented. Motion carried unanimously.

- B. ***Stock Auction – November 2022*** – Mr. Lee stated there are no updates from the writing of the agenda item. There are  $\frac{3}{4}$  share of water stock, split among three shareholders that have liens against them and have met the requirements for being auctioned. SAWCo has been attempting to locate these shareholders to have them bring their account current, however, if they are unsuccessful staff would like to follow the proposed timeline in order to recoup the lost fees.

Director Velto inquired whether the information was publicly available so that if someone knows the individual, they can reach out to them. Mr. Lee answered the information is considered private. He would need to look into whether there was a compelling need to release the information.

Kelly Mitchell entered the meeting at 3:03 p.m.

Director Velto replied stating a lot of San Antonio Heights residents know each other and he is also familiar with a lot of them and would hate for them to lose their stock in the company. Mr. Lee stated that as Directors of the Company, they are privy to the shareholder

May 24, 2022

information. Director Velto asked that the information be forwarded to him at his City of Upland email address. Director Goss requested being cc'd the same information.

There was consensus on the Committee to recommend the Board approve the Stock Auction timeline as presented.

6. Closed Session: None.
7. Committee Comments and Future Agenda Items: None.
8. Adjournment: Seeing no further business, the meeting was adjourned at 3:06 p.m.

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Assistant Secretary  
Brian Lee

Item Title: Legal Services Proposals

Purpose:

Review Submitted Proposals for General Legal Services.

Issue:

Company would like to bring on a new consulting firm to handle day-to-day legal issues.

Managers Recommendation:

Review and determine which proposing firm is the most responsive to Company needs.

Background:

Thomas McPeters, Esq. has provided exceptional legal service to the Company for many years. His legal acumen is invaluable. It is vital to the Company's well-being that Mr. McPeters have ample opportunity to impart his experience to a new legal firm. To that end, staff has worked with McPeters to develop the attached RFP to hire a new legal consultant for day-to-day legal needs. Staff is anticipating that specialized legal service such as water law will remain the domain of McPeters and Nossaman, our current water rights legal firm.

For the foreseeable future, this new legal consultant will work with McPeters to learn the nuances of San Antonio Water Company. Staff intends to retain McPeters until he chooses to retire. Staff expects a significant increase in monthly legal billings for the next half a year or so while both firms work together on various legal issues. Fees will slowly decline as the new legal firm picks up the daily needs of the company and McPeters provides more specialized legal service.

it is important that we maintain continuity regarding legal support for this company.

At the May AFC meeting staff was authorized to send the attached RFP to legal firms. The following firms were invited to provide proposals: Reeder and Associates, Gaudy Law, Estelle & Kennedy, Fennemore, Rutan & Tucker, and Nossaman.

The following firms provided proposals (attached): Reeder and Associated, Fennemore, Rutan & Tucker and Nossaman.

After review and discussion of the proposals the AFC may wish to recommend a firm to the full Board, may request interviews with one or more of the proposers, or request a different course of action.

Previous Actions:

None

Impact on Budget:

Increase in future legal fees as current legal consultant teaches new consultant the ins-and-outs of a Mutual Water Company.



# San Antonio Water Company

Incorporated October 25, 1882  
Serving the original Ontario Colony lands

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## A REQUEST FOR PROPOSALS

TO PROVIDE CONSULTING SERVICES TO THE SAN ANTONIO WATER COMPANY

TITLE:

GENERAL LEGAL COUNSEL SERVICES

RESPONSE DUE BEFORE 3:00 PM

On JULY 12, 2022

## Introduction

The San Antonio Water Company is soliciting proposals from qualified firms to provide general legal counsel services. The Company's seven-member Board is seeking proposals from qualified firms with a comprehensive understanding of mutual water companies, California business law and California water law. The initial term of the contract is anticipated to be three years.

## General Information

In 1882 Canadians George and William Chaffey purchased 8,000-acres of the Cucamonga Rancho, including the water rights, and established an irrigation colony which they named Ontario, in honor of their homeland. On October 25, 1882 they also established the San Antonio Water Company under the General Corporation Laws of the United States. Ranchero water rights established back in the 1700's were transferred to the Company to support the newly established irrigation colony. The brother's vision was to develop a mutual water company whose members shared equally in the locally available water supply.

The brothers sold irrigation colony land in 10-acre blocks, primarily intended for the booming citrus industry. Along with the land, the brothers sold shares in the Company, one share for each purchased acre. Each shareholder was entitled to a portion of available local water, distributed equally by the company amongst all the shareholders. The Company was responsible for distributing water on a non-profit basis to the shareholders.

Since 1882 the San Antonio Water Company has consistently provided water service to its shareholders. Although the local citrus industry has largely disappeared, the Company maintains delivery to current shareholders utilizing the same successful 'per share' distribution plan established over 135 years ago.

The Company does not import any water. Instead, we are dependent on our local San Antonio Canyon and Cucamonga Canyon watersheds and downstream groundwater basins.

Currently, our shareholders include most residents of the unincorporated area of San Antonio Heights, the Cities of Upland and Ontario, the Monte Vista Water District, local quarries and the proud heritage of remaining grove irrigators.

Annual shareholder water entitlements are established based on projected availability. For 2022 full water entitlement was established at 13,000 Acre Feet (AF).

The Company provides water through two separate systems: domestic and irrigation.

The domestic system receives most of its water through the San Antonio tunnel. The domestic water system provides service to the San Antonio Heights, also known as our Basic Service Area. Consisting primarily of large residential lots, the Heights is an unincorporated area of San Bernardino County approximately 2.6 square miles in size located immediately north of the City of Upland. The Company provides water to individual residential lots through 1,200 domestic meters.

The irrigation system primarily receives water from surface water diversions in the San Antonio Canyon. Additional irrigation water is supplied through seven wells located in three groundwater basins; Cucamonga Basin, Six Basins and Chino Basin.

The irrigation system provides service to the Company's 'extended' service area. Shareholders in the extended service area include municipal and private companies. A majority of the distributed irrigation water is treated by municipal shareholders and then delivered to their customers as domestic water. The remaining irrigation water is used for farming, landscaping and commercial use (quarry).

Currently, the Company utilizes two legal consultants: Thomas McPeters, Esq. is the Company's General Counsel and Nossaman LLP is utilized for specialized water rights issues.

The Company intends to retain the services of both McPeters and Nossaman as special counsels to assist General Counsel in achieving a comprehensive understanding of the Company and its operation. It is expected that special counsels will work with and through General Counsel when providing service to the Company.

## Project Scope of Services

### Task 1 – General Services

Counsel shall provide overall legal contract management including administration and invoicing.

Counsel shall attend all regularly scheduled Board Meetings.

Counsel shall advise the Company regarding conduct of Company meetings, elections, and referendums. Counsel shall interpret laws, legislation, rulings, and regulations for the Company.

Counsel shall represent the Company in administrative and legal proceedings, providing litigation services as needed.

Counsel shall coordinate and manage the services and costs of outside legal counsel as assigned.

### Task 2 – Board Services

Counsel shall advise the Board and General Manager on legal matters including, but not limited to:

- The Brown Act,
- Agenda Preparation,
- Parliamentary Procedures
- Ethics,
- Risk Avoidance,
- Legislative updates and information pertinent to the operation and functions of the Company
- Other Legal Compliance issues

### Task 3 – Staff Services

Counsel shall advise the Board and General Manager on legal matters including, but not limited to:

- Corporate shareholder issues,
- Labor issues and employment law,
- Public Records Requests,
- Consulting Contract Review,
- Contractor Contract Review,
- Assist in revisions to the Company’s Bylaws, policies, and other Company documents.
- Easement, deeds, leases, and property management.

### Task 4 – Specialized Services

Counsel shall assist special counsel in advising the Board and General Manager on legal matters including, but not limited to:

- Mutual Water Company issues,
- Water Rights and Permitting Issues,
- Conjunctive use and Storage Rights.
- Sustainable Groundwater Management Act (SGMA) and subsequent Groundwater Sustainability Agency (GSA),
- Interaction with Government Oversight Agencies (NOAA, Dept. of Water Resources, Fish and Wildlife, CEQA, etc.).
- Interaction with Neighboring agencies (Chino Basin Watermaster, Six Basin Watermaster, Cucamonga Basin Watermaster, Inland Empire Utility Agency, etc.)

## Schedule

The Company anticipates the following timeline and key milestones for award of the project:

Proposal Due Date	July 12, 2022
Administrative and Finance Committee (AFC) Review	July 26, 2022
Interview	TBD – If necessary
Board of Director’s Approval	August 16, 2022
Consultant’s Notification	August 17, 2022



## Proposal Requirements

The proposal shall not exceed 15 pages excluding resumes, cover letter, dividers, front, and back covers. Responses to this RFP shall be in the following order and shall include:

1. Executive Summary (2 pages maximum)

Summarize the contents of your firm's proposal in a clear and concise manner.

2. Firm Description (3 pages maximum)

Describe the nature of your law firm's practice and your qualifications for providing general legal services for the Company.

3. Identification of Prime Counsel (4 pages maximum per individual, excluded from proposal page maximum)

Provide a professional resume of the individual who will be designated to serve as primary legal counsel as well as for others who you anticipate will be involved in providing legal services to the Company. For each person whom you propose to designate as prime, deputy or supporting counsel provide the following:

- Legal training and years of practice (including date of admission to the California Bar)
- Years of mutual, non-profit, municipal or other local law practice as full-time attorney.
- Knowledge of and experience with California mutual water companies, special districts, water law and codes and other non-profit or public sector experience.
- Litigation experience and demonstration of good track record.

4. Identification of General Counsel Expertise (5 pages maximum)

Provide demonstrated legal expertise in the following areas as it relates to mutual water companies or public agencies:

- Laws and regulations governing California mutual water companies, special districts, and operating procedures relative to the conduct of company business.
- Experience and knowledge of Contracting Code, Labor Code and other California statutes governing the bidding, awarding, contracting and construction.
- Environmental law including California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA).
- Contracts, Joint Powers Authorities, Memorandums of Understanding including risk transfer provisions.
- Preparation and review of ordinances and resolutions
- Real estate law, easements, right-of-way and other related agreements and negotiations.

- California Public Records Request Act and Ralph M Brown Act.
- Law pertaining to mutual water company fees and taxes.
- Other relevant areas pertaining to mutual water companies, special districts, water district or municipal law.

5. Experience and Past Performance (3 pages max / 3 firms max)

Include a summary of experience and performance for similar agencies. Include the following information:

- Owner, contact name and phone number
- Agency size and description
- Agency budget
- Total term of relationship with Agency

6. Firm's Local Experience (1 page maximum)

Describe the firm's experience and knowledge with the County of San Bernardino. Include a commitment of availability to attendance at Company meetings.

7. Conflict of Interest / Ethics (1 page maximum)

It is the desire of the Company to hire a law firm that does not frequently have to recuse itself from issues due to conflict of interest or concerns. Please address this issue. Also, provide a statement identifying any potential conflicts of interest with other clients or interests in the firm.

The firm should identify and disclose any business relationship, direct or indirect, with any of the neighboring agencies, cities, or special districts.

Identify any past malpractice complaints or suits, complaints filed with the State Bar or discipline imposed by the State Bar.

8. Proposed Total Professional Fee and Fee Schedules Submitted Under Separate Sealed Cover

Compensation shall be shown as an hourly rate by description/type of service and by person as well as any costs that are chargeable under the terms of agreement.

All billings for legal services will be subject to audit and review at any time.

**Exceptions to this RFP**

The Consultant shall certify that it takes no exceptions to this RFP including, but not limited to, the Professional Service Agreement (attached).

## Selection Process and Schedule

Key senior staff and select Company Directors will independently review and rank each proposal. Based on an aggregate of those reviews, the Company may enter directly into negotiations with the top ranked firm. Alternatively, interviews may be scheduled.

At this time, the Company contemplates the use of a Time-and-Material contract for the services requested. Negotiations will cover scope of work, contract terms and conditions, attendance requirements, and appropriateness of the proposed fee.

After negotiating a proposed agreement that is fair and reasonable the General Manager will present the contract to the Company's Board for authorization to execute a contract with the most responsive firm.

## Related Documents

The following documents are attached for reference:

- Company Bylaws
- 2021 Annual Report and Audit
- 2022 Budget

Interested proposers should immediately contact the Company to register for inclusion on the project distribution list. Revisions or supplemental information to this RFP will be issued through addenda by email and posted on the Company's website. Proposers are responsible for receipt of any and all addenda.

## Submittal Requirements

One (1) executed original marked "ORIGINAL" in red ink and 6 copies of the Proposal shall be delivered, along with one electronic copy in PDF format on thumb drive. One single sealed Proposed Fee Estimate marked "FEE ESTIMATE – 2022 Legal Services" in red ink shall be submitted separate from the proposal. Proposals will not be accepted in any other format. Proposals will not be accepted by email, fax or verbally. The proposal shall be signed by an individual, partner, officer or officers authorized to execute legal documents on behalf of the Firm.

The Response Proposal must be received no later than **3:00 p.m.** local time, on or before **July 12<sup>th</sup>, 2022** at the office of:

PROPOSAL – 2022 Legal Services  
San Antonio Canyon Water Company  
139 North Euclid Avenue  
Upland, CA 91786  
Attn: Brian Lee

Failure to comply with the requirements of this RFP may result in disqualification. Questions regarding this RFP shall be submitted in writing to [blee@sawaterco.com](mailto:blee@sawaterco.com).

**AMENDED AND RESTATED BYLAWS  
OF  
SAN ANTONIO WATER COMPANY**

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**ARTICLE I**

**Purpose and Office**

**Section 1.01 Purpose.** As stated and provided in its Articles of Incorporation, the purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business, or the practice of a profession permitted to be incorporated by the California Corporations Code.

The specific purpose of the corporation is to develop, distribute, supply, and deliver water to its shareholders for irrigation, domestic, and all other useful purposes, in proportion to the number of shares of stock held by them respectively, at actual cost, and is not organized for the private gain of any person.

**Section 1.02 Principal Office.** The Board of Directors shall fix the location of the principal executive office of the Corporation at any place within or outside the State of California. If the principal executive office is located outside this state, and the Corporation has one or more business offices in this state, the Board of Directors shall fix and designate a principal office in the State of California.

**Section 1.03 Other Offices.** The Board of Directors may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to do business.

**ARTICLE II**

**Meetings of Shareholders**

**Section 2.01 Place of Meetings.** Meetings of Shareholders shall be held at any place within or outside the State of California designated by resolution of the Board of Directors. In the absence of any such designation, Shareholders' meetings shall be held at such place as may be designated in the notice of the

meeting, or if no such place is designated, then at the principal executive office of the Corporation.

**Section 2.02 Annual Meetings.** The annual meeting of Shareholders shall be held each year on a date and at a time designated by the Board of Directors. At each annual meeting Directors shall be elected, and any other proper business may be transacted.

**Section 2.03 Special Meetings.** A special meeting of the Shareholders may be called at any time by the Board of Directors, or by the President, or by one or more Shareholders holding shares in the aggregate entitled to cast not less than 20% of the votes at that meeting.

If a special meeting is called by any person or persons other than the Board of Directors, the request shall be in writing, specifying the time of such meeting, the place of such meeting, and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the President, any Vice President, or the Secretary of the Corporation. The Officer receiving the request shall cause notice to be promptly given to the Shareholders entitled to vote, in accordance with the provisions of Sections 2.04 and 2.05, that a meeting will be held at the time requested by the person or persons calling the meeting, not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after receipt of the request, the person or persons requesting the meeting may give the notice. Nothing contained in this paragraph of this Section 2.03 shall be construed as limiting, fixing, or affecting the time when or the place where a meeting of Shareholders called by action of the Board of Directors may be held.

**Section 2.04 Notice of Shareholders' Meetings.** All notices of meetings of Shareholders shall be sent or otherwise given in accordance with Section 2.05 not less than ten (10), or if sent by third class mail thirty (30), nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date, and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted, or (ii) in the case of the annual meeting, those matters which the Board of Directors, at the time of giving the notice, intends to present for action by the Shareholders. The notice of any meeting at which Directors are to be elected shall include the name of any nominee or nominees whom, at the time of the notice, management intends to present for election.

If action is proposed to be taken at any meeting for approval of (i) a contract or transaction in which a Director has a direct or indirect financial interest,

pursuant to Section 310 of the Corporations Code of California, (ii) an amendment of the Articles of Incorporation, pursuant to section 902 of that Code, (iii) a reorganization of the Corporation, pursuant to Section 1201 of that Code, (iv) a voluntary dissolution of the Corporation, pursuant to Section 1900 of that Code, or (v) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, pursuant to Section 2007 of that Code, the notice shall also state the general nature of that proposal.

**Section 2.05 Manner of Giving Notice; Affidavit of Notice.** Notice of any meeting of Shareholders shall be given either personally or by first class mail (or, if the Corporation shall have outstanding shares held of record by 500 or more persons on the record date, notice may be sent by third class mail) or telegraphic or other written communication, charges prepaid, addressed to the Shareholder at the address of that Shareholder appearing on the books of the Corporation or given by the Shareholder to the Corporation for the purpose of notice. If no such address appears on the Corporation's books or is given, notice shall be deemed to have been given if sent to that Shareholder by first class mail or telegraphic or other written communication to the Corporation's principal executive office, or if published at least once in the newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication.

If any notice addressed to a Shareholder at the address of that Shareholder appearing on the books of the Corporation is returned to the Corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice to the Shareholder at that address, all future notices or reports shall be deemed to have been duly given without further mailing if these shall be available to the Shareholder on written demand of the Shareholder at the principal executive office of the Corporation for a period of one year from the date of the giving of the notice.

An affidavit of the mailing or other means of giving any notice of any Shareholder's meeting shall be executed by the Secretary, Assistant Secretary, or any transfer agent of the Corporation giving the notice, and shall be filed and maintained in the minute book of the Corporation.

**Section 2.06 Quorum.** The presence in person or by proxy of the holders of a majority of the shares entitled to vote at any meeting of Shareholders shall constitute a quorum for the transaction of business. The Shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Shareholders to leave less than a quorum, if any action taken, other than

adjournment, is approved by at least a majority of the shares required to constitute a quorum.

**Section 2.07 Adjourned Meeting; Notice.** Any Shareholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the shares represented at that meeting, either in person or by proxy, but in the absence of a quorum, no other business may be transacted at that meeting, except as provided in section 2.06.

When any meeting of Shareholders, either annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at a meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed, or unless the adjournment is for more than forty-five (45) days from the date set for the original meeting, in which case the Board of Directors shall set a new record date. Notice of any such adjourned meeting shall be given to each Shareholder of record entitled to vote at the adjourned meeting in accordance with the provisions of Sections 2.04 and 2.05. At any adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting.

**Section 2.08 Voting.** The Shareholders entitled to vote at any meeting of Shareholders shall be determined in accordance with the provisions of Section 2.11, subject to the Corporations Code of California (relating to voting shares held by a fiduciary, in the name of a Corporation, or in joint ownership). The Shareholder's vote may be by voice vote or by ballot; provided, however, that any election for Directors must be by ballot if demanded by any Shareholder before the voting has begun. Except as provided in Section 2.06, the affirmative vote of a majority of the shares represented and voting at a duly held meeting at which a quorum is present (which shares voting affirmatively also constitute at least a majority of the required quorum) shall be the act of the Shareholders, unless the vote of a greater number or voting by classes is required by the California General Corporation Law, by the Articles of Incorporation, or by the Bylaws.

At a Shareholders' meeting at which Directors are to be elected, Shareholders may vote for one or more directors but shall not be entitled to cumulate votes, i.e. cast for any candidate a number of votes greater than the number of votes which such Shareholder normally is entitled to cast, and cumulative voting shall not be allowed in an election of directors.

**Section 2.09 Waiver of Notice or Consent by Absent Shareholders.** The transactions of any meeting of Shareholders, either annual or special, however



called and noticed, and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting, or an approval of the minutes. Any waiver of notice, consent to the holding of a meeting, or approval of the minutes thereof, need not specify either the business to be transacted at or the purpose of any annual or special meeting of Shareholders, except that if action is taken or proposed to be taken for approval of any of those matters specified in the second paragraph of Section 2.04, the waiver of notice, consent, or approval shall state the general nature of the proposal. All such waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of and presence at such a meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting if that objection is expressly made at the meeting.

**Section 2.10 Shareholder Action by Written Consent Without a Meeting.**

Any action which may be taken at any annual or special meeting of Shareholders may be taken without a meeting and without prior notice, if a consent in writing setting forth the action so taken is signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote on that action were present and voted. In the case of approval of (i) contracts or transactions in which a Director has a direct or indirect financial interest, pursuant to Section 310 of the Corporations Code of California, (ii) indemnifications of agents of the Corporation, pursuant to Section 317 of that Code, (iii) a reorganization of the Corporation, pursuant to Section 1201 of that Code, and (iv) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, pursuant to Section 2007 of that Code, the notice shall be given at least ten (10) days before the consummation of any action authorized by that approval.

**Section 2.11 Record Date for Shareholder Notice, Voting, and Giving Consents.** For purposes of determining the Shareholders entitled to notice of any meeting or to vote or entitled to give consent to corporate action without a meeting, the Board of Directors may fix, in advance, a record date, which shall not be more that sixty (60) days nor less than (10) days before the date of any such meeting nor more than sixty (60) days before any such action without a meeting, and in this event only Shareholders of record at the close of business

on the date so fixed are entitled to notice and to vote or give consents, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the record date, except as otherwise provided in the California General Corporation Law.

If the Board of Directors does not fix a record date:

a) The record date for determining Shareholders entitled to notice of or to vote at a meeting of Shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

b) The record date for determining Shareholders entitled to give consent to corporate action in writing without a meeting, (i) when no prior action by the Board has been taken, shall be the day on which the first written consent is given, or (ii) when prior action of the Board has been taken, shall be at the close of business on the day on which the Board adopts the resolution relating to that action, or the sixtieth (60th) day before the date of such other action, whichever is later.

**Section 2.12 Proxies.** Every person entitled to vote for Directors or on any other matter shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the Secretary of the Corporation. A proxy shall be deemed signed if the Shareholder's name is placed on the proxy, whether by manual signature, typewriting, telegraphic transmission, or otherwise, by the Shareholder or the Shareholder's attorney in fact.

A validly executed proxy which does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the person executing it, before the vote pursuant to that proxy, by a writing delivered to the Corporation stating that the proxy is revoked, or by a subsequent proxy executed by the person executing the prior proxy and presented to the meeting, or as to any meeting by attendance at such meeting and voting in person by the person executing the proxy; or (ii) written notice of the death or incapacity of the maker of that proxy is received by the Corporation before the vote pursuant to that proxy is counted; provided, however, that no proxy shall be valid after the expiration of eleven (11) months from the date of the proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Sections 705(e) and 705(f) of the Corporations Code of California.

**Section 2.13 Inspectors of Election.** Before any meeting of Shareholders, the Board of Directors may appoint any persons other than nominees for office to act as inspectors of election at the meeting or its adjournment. If no inspectors of election are so appointed, the chairman of the meeting may, and on the request of any Shareholder or a Shareholder’s proxy shall, appoint inspectors of election at the meeting. The number of inspectors shall be either one (1) or three (3). If inspectors are appointed at a meeting on the request of one or more Shareholders or proxies, the holders of a majority of shares or their proxies present at the meeting shall determine whether one (1) or three (3) inspectors are to be appointed. If any person appointed as inspector fails to appear or fails or refuses to act, the chairman of the meeting may, and upon the request of any Shareholder or a Shareholder’s proxy shall, appoint a person to fill that vacancy.

These inspectors shall:

- a) Determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies;
- b) Receive votes, ballots, or consents;
- c) Hear and determine all challenges and questions in any way arising in connection with the right to vote;
- d) Count and tabulate all votes or consents;
- e) Determine when the polls shall close;
- f) Determine the result; and
- g) Do any other acts that may be proper to conduct the election or vote with fairness to all Shareholders.

### **ARTICLE III**

#### **Directors**

**Section 3.01 Powers.** Subject to the provisions of the California General Corporation Law and any limitations in the Articles of Incorporation and these Bylaws relating to action required to be approved by the Shareholders or by the outstanding shares, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board of Directors.

Without prejudice to these general powers, and subject to the same limitations, the Directors shall have the power to:

a) Select and remove all Officers, agents, and employees of the Corporation; prescribe any powers and duties for them that are consistent with law, with the Articles of Incorporation, and with these Bylaws; fix their compensation; and require from them security for faithful service.

b) Change the principal executive office or the principal business office in the State of California from one location to another; cause the Corporation to be qualified to do business in any other state, territory, dependency, or country and conduct business within or without the State of California; and designate any place within or without the State of California for the holding of any Shareholders' meeting, or meetings, including annual meetings.

c) Adopt, make, and use a corporate seal; prescribe the forms of certificates of stock; and alter the form of the seal and certificates.

d) Authorize the issuance of shares of stock of the Corporation on any lawful terms, in consideration of money paid, labor done, services actually rendered, debts or securities canceled, or tangible or intangible property actually received.

e) Borrow money and incur indebtedness on behalf of the Corporation, and cause to be executed and delivered for Corporation's purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations, and other evidences of debt and securities.

f) Dismiss any employee (whether regular or temporary) and terminate his employment, regardless of the period of employment, whether express or implied, without liability to the Corporation, other than for compensation for services actually performed to the time of dismissal and prorated, if that be necessary, at the rates provided for in the contract, or otherwise agreed upon or payable; and regardless of whether so stated in the contract or at the time of hiring, the power of the Board of Directors to dismiss an employee as herein provided shall be deemed a part of every employment and every contract of employment, whether such contract of employment be written or oral; and no officer, superintendent, or other representative of the Corporation shall have any authority to employ any person other than upon and subject to the right of the Board to terminate the employment at any time, without liability resulting therefrom; provided, further, the Board shall have power to waive such right of dismissal in any hiring for a period of not in excess of one year when the

contract is in writing and shall have been expressly authorized by resolution of the Board.

g) Delegate to any superintendent or other employee or agent of the Corporation the enforcement of the rules and regulations of the Corporation, and the determination of all matters of a ministerial nature.

h) The board shall have the power to fix, and from time to time change, the charges or tolls payable for water furnished, or other service rendered; and to levy, collect and enforce assessments against the shares of stock.

It shall lie within the power of the board of directors to determine what part of the revenue of the company shall be raised by assessments and what part by tolls or rates, and what amount or items shall be charged to current operating expense and what to permanent additions or betterments.

i) The board shall have power to provide the time when tolls, charges and accounts shall be due and when delinquent, and for the payment of interest on past due tolls, charges and accounts at a rate not exceeding the highest permitted under applicable law.

j) The board may provide for the imposition and enforcement of a penalty for violation of the rules and regulations of the company, not exceeding in any instance the sum of One Hundred Dollars (\$100.00).

k) The board may provide for the suspension of water service and for discontinuance of water delivery for violation of the rules and regulations, or for failure to pay any charges, tolls, assessments, costs, interest, penalties or other sums payable to the Company, and the time when and the conditions upon which such delivery or service shall be resumed.

l) The board may provide for, determine and fix the location and installation of the measuring gates, hydrants, weirs, and meters for turning out or measuring the water to which the respective shareholders may be entitled, and may provide that no gate, hydrant, weir or meter shall be installed or changed without the consent and approval of the board, and that each such gate, hydrant, weir or meter shall be installed and/or maintained at the expense of the shareholder or shareholders using or supplied through the same. Any such appliance shall be under the control of the company, and be deemed a part of the company's distributing system.

No shareholder, by virtue of the ownership of shares, shall be entitled to connect with the distributing system used by the company for delivery of water, or to take water therefrom except with the consent and upon and subject to the rules and regulations of the company pertaining thereto, and the company reserves and shall have full control over all storing, distributing, measuring and diversion appliances, and over all water until it shall have been actually released or delivered to the shareholder.

m) The board shall have the power to provide, determine and fix, at such time or times and in such manner as the board shall determine, and to change, any or all of the following with respect to delivery of water, to-wit:

(1) The amount of water available for distribution to the shareholders, and the amount apportioned for and to be delivered to each share for any season, year or period of time. In making such determination the board shall take into consideration all factors by them deemed relevant, and their determination, in good faith, shall be conclusive upon each and every shareholder;

(2) The time when delivery shall begin and end each season or year;

(3) The times during the season when delivery is to be made, and for delivery in heads upon recurring periods, and the amount delivered at any time, and the minimum and maximum number of shares in respect of which delivery will be made at one place or at one time;

(4) The notice required for and conditions under which delivery is to be made;

(5) That any shareholder not taking the water allotted to his shares at the time provided therefor shall forfeit or lose his right to the delivery of that water.

(n) The board may provide and determine the place or places where, and the points to which, the water distributing system, or any other system, service, or appliances of the company shall be located or extended. The holding of shares of the company shall confer no right upon the shareholder to have any pipe lines, water conduit, or other appliance of the company enlarged or extended without the consent of the board of directors; and the board shall at all times, be the exclusive judge of the necessity and expediency of constructing, enlarging, changing and extending of the water distribution system or other appliances of

the company and such expediency and necessity shall, at all times, be determined by and subject to the sole and uncontrolled discretion of the board.

**Section 3.02 Number and Qualification of Directors.** The authorized number of Directors shall be seven (7) until changed by a duly adopted amendment to the Articles of Incorporation or by an amendment to this Bylaw adopted by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that an amendment reducing the number of Directors to a number less than five (5) cannot be adopted if the votes cast against its adoption at a meeting, or the shares not consenting in the case of action by written consent, are equal to more than 16-2/3% of the outstanding shares entitled to vote.

**Section 3.03 Election and Term of Office of Directors.** Directors shall be divided into two (2) classes. Class 1 shall consist of four (4) Directors, who shall serve an initial term of four (4) years, and thereafter a term of four (4) years. Class 2 Directors shall consist of three (3) Directors, who shall serve an initial term of two (2) years, and thereafter a term of four (4) years. Election of Directors shall be held at the annual meeting occurring every two (2) years, commencing with the annual meeting to be held in 2013. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected. There shall be no limit on the number of terms that a duly elected Director can serve.

**Section 3.04 Vacancies.** Vacancies in the Board of Directors may be filled by a majority of the remaining Directors though less than a quorum, or by a sole remaining Director, except that a vacancy created by the removal of a Director by the vote or written consent of the Shareholders or by court order may be filled by the Shareholders only in a manner specified in the California General Corporation Law. Each Director so elected shall hold office until the next annual meeting of the Shareholders and until a successor has been elected and qualified.

A vacancy or vacancies on the Board of Directors shall be deemed to exist in the event of the death, resignation, or removal of any Director, or if the Board of Directors by resolution declares vacant the office of a Director who has been declared of unsound mind by an order of court or convicted of a felony, or if the authorized number of Directors is increased, or if the Shareholders fail, at any meeting of Shareholder at which any Director or Directors are elected, to elect the number of Directors to be voted for at that meeting.

The Shareholders may elect a Director or Directors at any time to fill any vacancy or vacancies not filled by the Directors in the manner provided for

elsewhere in these Bylaws. Any Director may resign effective on giving written notice to the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for that resignation to become effective. If the resignation of a Director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective.

No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

**Section 3.05 Place of Meetings and Meetings by Telephone.** Regular meetings of the Board of Directors may be held at any place within or outside the State of California that has been designated from time to time by resolution of the Board. In the absence of such a designation, regular meetings shall be held at any place designated in the notice of the meeting, or if there is no notice, at the principal executive office of the Corporation. Special meetings of the Board shall be held at any place within or outside the State of California that has been designated in the notice of the meeting or, if not stated in the notice or there is no notice, at the principal executive office of the Corporation. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Directors participating in the meeting can hear one another and all such Directors shall be deemed to be present in person at the meeting.

**Section 3.06 Annual Meeting.** Immediately following each annual meeting of Shareholders, the Board of Directors shall hold a regular meeting for the purpose of organization, any desired election of Officers, and the transaction of other business. Notice of this meeting shall not be required.

**Section 3.07 Other Regular Meetings.** Other regular meetings of the Board of Directors shall be held without call at such time as shall from time to time be fixed by the Board of Directors. Such regular meetings may be held without notice.

**Section 3.08 Special Meetings.** Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the President or any Vice President or the Secretary or any two Directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each Director or sent by first class mail, mailgram, or telegram, charges prepaid, addressed to each Director at that Director's address as it is shown on the records of the Corporation. In case the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. In case the notice is delivered personally, or by



telephone or mailgram, or telegram it shall be delivered personally or by telephone or to the telegraph company at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the Director or to a person at the office of the Director who the person giving the notice has reason to believe will promptly communicate it to the Director. The notice need not specify the purpose of the meeting nor the place if the meeting is to be held at the principal executive office of the Corporation.

**Section 3.09 Quorum.** A majority of the authorized number of Directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 3.11. Every act or decision done or made by a majority of the Directors present shall be regarded as the act of the Board of Directors, subject to the provisions of Section 310 of the Corporations Code of California as to approval of contracts or transactions in which a Director has a direct or indirect material financial interest, Section 311 of that Code as to appointment of committees, and Section 317(e) of that Code as to indemnification of Directors. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

**Section 3.10 Waiver of Notice.** The transactions of any meeting of the Board of Directors, however called or noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice of consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement, the lack of notice to that Director.

**Section 3.11 Adjournment.** A majority of the Directors present whether or not constituting a quorum may adjourn any meeting to another time and place.

**Section 3.12 Notice of Adjournment.** Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case notice of the time and place shall be given before the time of the adjourned meeting, in the manner specified in Section 3.08, to the Directors who were not present at the time of the adjournment.

**Section 3.13 Action Without a Meeting.** Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

**Section 3.14 Fees and Compensation of Directors.** Directors and members of the committees may receive such compensation, if any, for their services, and such reimbursement of expenses, as may be fixed or determined by resolution of the Board of Directors. This Section 3.14 shall not be construed to preclude any Director from serving the Corporation in any other capacity as an Officer, agent, employee, or otherwise, and receiving compensation for those services.

**Section 3.15 Manifestation of Dissent.** A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation promptly after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

## ARTICLE IV

### Committees

**Section 4.01 Committees of Directors.** The Board of Directors may, by resolution adopted by a majority of the authorized number of Directors, designate one or more committees, each consisting of two or more Directors, to serve at the pleasure of the Board. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. The appointment of members or alternate members of a committee requires the vote of a majority of the authorized number of Directors. Any committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except with respect to:

(a) the approval of any action which, under the General Corporation Law of California, also requires Shareholders' approval or approval of the outstanding shares;

(b) the filling of vacancies on the Board of Directors or in any committee;

(c) the fixing of compensation of the Directors for serving on the Board or any committee;

(d) the amendment or repeal of Bylaws or the adoption of new Bylaws;

(e) the amendment or repeal of any resolution of the Board of Directors which by its express terms is not so amendable or repealable;

(f) a distribution to the Shareholders of the Corporation, except at a rate or in a periodic amount or within a price range determined by the Board of Directors; or

(g) the appointment of any other committees of the Board of Directors or the members of these committees.

**Section 4.02 Meetings and Action of Committees.** Meeting and action of committees shall be governed by, and held and taken in accordance with, the provisions of Article III of these Bylaws, Section 3.05 regarding place of meetings, Section 3.08 regarding special meetings and notice, Section 3.09 regarding quorum, Section 3.10 regarding waiver of notice, Section 3.11 regarding adjournment, Section 3.12 regarding notice of adjournment, and Section 3.13 regarding action without meeting, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members being implied, except that the time of regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board of Directors, and notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board of Directors may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

## ARTICLE V

### Officers

**Section 5.01 Officers.** The Officers of the Corporation shall be a President, a Secretary, and a Chief Financial Officer. The Corporation may also have, at the discretion of the Board of Directors, one or more Vice Presidents, one or more Assistant Secretaries, one or more assistant Financial Officers, and such other Officers as may be appointed in accordance with the provisions of Section 5.03. Any number of offices may be held by the same person.

**Section 5.02 Election of Officers.** The Officers of the Corporation, except such Officers as may be appointed in accordance with the provisions of Section

5.03 or 5.05, shall be chosen by the Board of Directors, and each shall serve at the pleasure of the Board, subject to the right, if any, of an Officer under any written contract of employment.

**Section 5.03 Subordinate Officers.** The Board of Directors may appoint, and may empower the President to appoint, such other Officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in the Bylaws or as the Board of Directors may from time to time determine.

**Section 5.04 Removal and Resignation of Officers.** Subject to the rights, if any, of an Officer under any written contract of employment, any Officer may be removed, either with or without cause, by the Board of Directors, at any regular or special meeting of the Board, or, except in case of an Officer chosen by the Board of Directors, by any Officer upon whom such power of removal may be conferred by the Board of Directors.

Any Officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the Officer is a party.

**Section 5.05 Vacancies in Offices.** A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office.

**Section 5.06 General Manager.** The General Manager shall be the Chief Executive Officer of the Corporation and shall, subject to the control of the Board of Directors, and the general supervision of the President, have general supervision, direction and control of the business.

**Section 5.07 President.** The President shall have general supervision of the Officers of the Corporation. He shall preside at all meetings of the Shareholders and, at all meetings of the Board of Directors. He shall have the general powers and duties of management usually vested in the office of President of a Corporation other than as vested in other Officers, and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws.

**Section 5.08 Vice Presidents.** In the absence or disability of the President, the Vice Presidents, if any, in order of their rank as fixed by the Board of Directors,

or, if not ranked, a Vice President designated by the President, shall perform all duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors, the Bylaws, and the President.

**Section 5.09 Secretary.** The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board of Directors may direct, a book of minutes of all meetings and actions of Directors, committees of Directors, and Shareholders, with the time and place of holding, the notice given, whether regular or special, and, if special, how authorized, the names of those present at Directors' meetings or committee meetings, the number of shares present or represented at Shareholders' meetings, and the proceedings.

The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the Corporation's transfer agent or registrar, as determined by the Board of Directors, a share register, or a duplicate share register, showing the names of all Shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all meetings of the Shareholders and of the Board of Directors required by law or by the Bylaws to be given, and the Secretary shall keep the seal of the Corporation, if one be adopted, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the Bylaws.

**Section 5.10 Chief Financial Officer.** The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any Director.

The Chief Financial Officer shall deposit all monies and other valuables in the name and to the credit of the Corporation with such depositaries as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, and an account of all of his transactions as Chief Financial Officer and of the financial condition of the

Corporation, and shall have other powers and perform such other duties as may be prescribed by the Board of Directors or the Bylaws.

**Section 5.11 Reimbursement of Disallowed Payments.** Any payments made to an Officer, Director, or employee of the Corporation, including without limitation salary payments, commissions, bonuses, interest payments, or reimbursements for business or entertainment expenses incurred by him, that shall be disallowed for federal or state income tax purposes in whole or in part as a deductible expense of the Corporation, shall be reimbursed to the Corporation by such Officer, Director, or employee to the full extent of the disallowance within ninety (90) days after the Corporation has been notified of the disallowed amount. It shall be the duty of the Board of Directors to enforce payment of each amount disallowed. In lieu of payment by the Officer, Director, or employee, the Board of Directors of the Corporation may withhold up to fifty percent (50%) of any future salary payments or other payments due such Officer, Director, or employee until the amount owed the Corporation has been recovered.

## Article VI

### Indemnification of Directors, Officers, Employees, and other Agents

**Section 6.01 Agents, Proceedings, and Expenses.** For the purpose of this Article, “agent” means any person who is or was a Director, Officer, employee, or other agent of this Corporation, or is or was serving at the request of this Corporation as a Director, Officer, employee, or agent of another foreign or domestic Corporation, partnership, joint venture, trust or other enterprise, or was a Director, Officer, employee, or agent of a foreign or domestic Corporation which was a predecessor Corporation of this Corporation or of another enterprise at the request of such predecessor Corporation; “proceeding” means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative, or investigative; and “expenses” included, without limitation, attorneys’ fees and any expenses of establishing a right to indemnification under Section 6.04 or 6.05 (c).

**Section 6.02 Actions Other than by the Corporation.** This Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding, other than an action by or in the right of this Corporation to procure judgment in its favor, by reason of the fact that such person is or was an agent of this Corporation, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if that person acted in good faith and in a manner that person reasonably believed to be in the best interests of this Corporation and, in the case of a criminal proceeding, had no reasonable cause

to believe his conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of this Corporation or that the person had reasonable cause to believe that his conduct was unlawful.

**Section 6.03 Actions by the Corporation.** This Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of this Corporation to procure a judgment in its favor by reason of the fact that person is or was an agent of this Corporation, against expenses actually and reasonably incurred by that person in connection with the defense or settlement of that action if that person acted in good faith, in a manner that person believed to be in the best interests of this Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

No indemnification shall be made under this Section 6.03:

(a) in respect of any claim, issue or matter as to which that person shall have been adjudged to be liable to this Corporation in the performance of that person's duty to this Corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for the expenses which the court shall determine;

(b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

**Section 6.04 Successful Defense by Agent.** To the extent that an agent of this Corporation has been successful on the merits in defense of any proceeding referred to in Sections 6.02 or 6.03, or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

**Section 6.05 Required Approval.** Except as provided in Section 6.04, any indemnification under this Article shall be made by this Corporation only if authorized in the specific case on a determination that indemnification of the

agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 6.02 or 6.03, by:

(a) A majority vote of a quorum consisting of Directors who are not parties to the proceeding;

(b) Approval by the affirmative vote of a majority of the shares of this Corporation entitled to vote represented at a duly held meeting at which a quorum is present or by the written consent of holders of a majority of the outstanding shares entitled to vote. For this purpose, the shares owned by the person to be indemnified shall not be considered outstanding or entitled to vote thereon; or

(c) The court in which the proceeding is or was pending, on application made by this Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by this Corporation.

**Section 6.06 Advance of Expenses.** Expenses incurred in defending any proceeding may be advanced by this Corporation before the final disposition of the proceeding on receipt of any undertaking by or on behalf of the agent to repay the amount of the advance unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

**Section 6.07 Other Contractual Rights.** Nothing contained in this Article shall affect any right to indemnification to which persons other than Directors and Officers of this Corporation or any subsidiary hereof may be entitled by contract or otherwise.

**Section 6.08 Limitations.** No indemnification or advance shall be made under this Article, except as provided in Section 6.04 or 6.05 (c), in any circumstances where it appears:

(a) That it would be inconsistent with a provision of the articles, a resolution of the Shareholders, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.



**Section 6.09 Insurance.** Upon and in the event of a determination by the Board of Directors of this Corporation to purchase such insurance, this Corporation shall purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not this Corporation would have the power to indemnify the agent against that liability under the provisions of this section.

**Section 6.10 Fiduciaries of Corporate Employee Benefit Plan.** Except as provided in this section, this Article does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan or trust in that person's capacity as such, even though that person may also be an agent of the Corporation as defined in Section 6.01 Upon and in the event of a determination by the Board of Directors of this Corporation to so indemnify, this Corporation shall indemnify such a trustee, investment manager, or other fiduciary to the maximum extent permitted by law. Nothing contained in this Article shall limit any right to indemnification to which such a trustee, investment manager, or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by applicable law other than this Article.

Upon and in the event of a determination by the Board of Directors of this Corporation to purchase such insurance, this Corporation shall purchase and maintain insurance on behalf of any trustee, investment manager, or other fiduciary of an employee benefit plan or trust in that person's capacity as such, against any liability asserted against or incurred by the trustee investment manager, or other fiduciary in such capacity or arising out of the trustee, investment advisor, or other fiduciary's status as such, whether or not this Corporation would have the power to indemnify such fiduciary against that liability under the provisions of this section.

## **Article VII**

### **Records and Reports**

**Section 7.01 Maintenance and Inspection of Share Register.** The Corporation shall keep at its principal executive office, or at the office of its transfer agent or registrar, a record of its Shareholders, giving the names and addresses of all Shareholders and the number and class of shares held by each Shareholder.

A Shareholder or Shareholders of the Corporation holding at least five percent (5%) in the aggregate of the outstanding voting shares of the Corporation may (i) inspect and copy the records of Shareholders' names and addresses and shareholdings during usual business hours on five (5) days prior written demand

on the Corporation, and (ii) obtain from the transfer agent of the Corporation, on written demand and on the tender of such transfer agent's usual charges for such list, a list of the names and addresses of Shareholders who are entitled to vote for the election of Directors, and their shareholdings, as of the most recent record date for which that list has been compiled or as of a date specified by the Shareholder after the date of demand. This list shall be made available to any such Shareholder, by the transfer agent on or before the later of five (5) days after the demand is received or the date specified in the demand as the date as of which the list is to be compiled. The record of Shareholders shall also be open to inspection on the written demand of any Shareholder or holder of a voting trust certificate at any time during usual business hours for a purpose reasonably related to the holder's interest as a Shareholder or as the holder of a voting trust certificate. Any inspection and copying under this section 7.01 may be made in person or by an agent or attorney of the Shareholder or holder of a voting trust certificate making the demand.

**Section 7.02 Maintenance and Inspection of Bylaws.** The Corporation shall keep at its principal executive office, or if its principal executive office is not in the State of California, at its principal business office in this state, the original or a copy of the Bylaws, as amended to date, which shall be open to inspection by the Shareholders at all reasonable times during office hours. If the principal executive office of the Corporation is outside the State of California and the Corporation has no principal business office in this state, the Secretary shall, upon the written request of any Shareholder, furnish to that Shareholder a copy of the Bylaws as amended to date.

**Section 7.03 Maintenance and Inspection of other Corporate Records.** The accounting books and records and minutes of proceedings of the Shareholders, the Board of Directors, and any committee or committees of the Board of Directors shall be kept at such place or places designated by the Board of Directors or, in the absence of such designation, at the principal executive office of the Corporation. The minutes shall be kept in written form, and the accounting books and records shall be kept either in written form or in any other form capable of being converted into written form. The minutes and accounting books and records shall be open to inspection upon written demand of any Shareholder or holder of a voting trust certificate at any reasonable time during usual business hours for a purpose reasonably related to the holder's interests as a Shareholder or as the holder of a voting trust certificate. The inspection may be made in person or by an agent or attorney and shall include the right to copy and make extracts. These rights of inspection shall extend to the records of each subsidiary corporation of the Corporation.

**Section 7.04 Inspection by Directors.** Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of

every kind and the physical properties of the Corporation and each of its subsidiary corporations. This inspection by a Director may be made in person, or by an agent or attorney and the right of inspection includes the right to copy and make extracts of documents.

**Section 7.05 Annual Reports to Shareholders.** The annual report to Shareholders referred to in Section 1501 of the Corporations Code of California is expressly dispensed with so long as the Corporation has less than 100 holders of record of its shares, but nothing herein shall be interpreted as prohibiting the Board of Directors from issuing annual or other periodic reports to the Shareholders of the Corporation as they consider appropriate.

If no annual report for the last fiscal year has been sent to Shareholders, the Corporation shall, upon the written request of any Shareholder made more than 120 days after the close of such fiscal year, deliver or mail to the person making the request within 30 days thereafter the financial statements otherwise required by Section 1501 (a) of that Code for such year.

**Section 7.06 Financial Statements.** A copy of any annual financial statement and any income statement of the Corporation for each quarterly period of each fiscal year and any accompanying balance sheet of the Corporation as of the end of each such period that has been prepared by the Corporation shall be kept on file in the principal executive office of the Corporation for twelve (12) months, and each such statement shall be exhibited at all reasonable times to any Shareholder demanding an examination of any such statement or a copy shall be mailed to any such Shareholder.

If a Shareholder or Shareholders holding at least five percent (5%) of the outstanding shares of any class of stock of the Corporation makes a written request to the Corporation for an income statement of the Corporation for the three-month, six-month, or nine-month period of the then current fiscal year ending more than thirty (30) days before the date of the request, and a balance sheet of the Corporation as of the end of that period, the Chief Financial Officer shall cause the statement to be prepared, if not already prepared, and shall deliver personally or mail that statement or statements to the person making the request within thirty (30) days after the receipt of the request. If the Corporation has not sent to the Shareholders an annual report for the last fiscal year, financial statements of the character described in Section 1501(a) of the Corporations Code of California shall likewise be delivered or mailed to the Shareholder or Shareholders within thirty (30) days after the same have been requested.

The quarterly income statements and balance sheets referred to in this section shall be accompanied by the report, if any, of any independent accountants

engaged by the Corporation, or the certificate of an authorized Officer of the Corporation that the financial statements were prepared without audit from the books and records of the Corporation.

**Section 7.07 Annual Statements of General Information.** The Corporation shall, during the applicable filing period specified by statutes file with the Secretary of State of the State of California on the prescribed form a statement setting forth the authorized number of Directors, the names and complete business or residence addresses of all incumbent Directors, the names and complete business or residence addresses of the Chief Executive Officer, Secretary, and Chief Financial Officer, the street address of its principal executive office or principal business office in this state, and the general type of business constituting the principal business activity of the Corporation, together with a designation of the agent of the Corporation for the purpose of service of process, all in compliance with Section 1502 of the Corporations Code of California.

## ARTICLE VIII

### General Corporate Matters

**Section 8.01 Record Date for Purposes other than Notice and Voting.** For purposes of determining the Shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action, other than action by Shareholders by written consent without a meeting, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days before any such action, and in that case only Shareholders of record on the date so fixed are entitled to receive the dividend, distribution, or allotment of rights, or to exercise the right, as the case may be, notwithstanding any transfer of any shares on the books of the Corporation after the record date so fixed, except as otherwise provided in the California General Corporation Law as otherwise provided in the California General Corporation Law.

If the Board of Directors does not so fix a record date, the record date for determining Shareholders for any such purpose shall be at the close of business on the day on which the Board adopts the applicable resolution or the sixtieth (60th) day before the date of that action, whichever is later.

**Section 8.02 Checks, Drafts, Evidences of Indebtedness.** All checks, drafts, or other orders for payment of money, notes, or other evidences of indebtedness issued in the name of or payable to the Corporation shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by resolution of the Board of Directors.

**Section 8.03 Execution of Corporate Contracts and Instruments.** The Board of Directors, except as otherwise provided in these Bylaws, may authorize any Officer or Officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and this authority may be general or confined to specific instances. Unless so authorized or ratified by the Board of Directors, or unless it be within the agency power of an Officer, no Officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement, to pledge its credit, or to render it liable for any purpose or for any amount.

**Section 8.04 Certificates for Shares.** A certificate or certificates for shares of the capital stock of the Corporation shall be issued to each Shareholder when any of these shares are fully paid, and the Board of Directors may authorize the issuance of certificates or shares as partly paid provided that these certificates shall state the amount of the consideration to be paid for them and the amount paid. All certificates shall be signed in the name of the Corporation by the President or Vice President and by the Chief Financial Officer or an assistant treasurer or the Secretary or any Assistant Secretary, certifying the number of shares and the class or series of shares owned by the Shareholder. Any or all of the signatures on the certificate may be facsimile. In case any Officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed on a certificate shall have ceased to be that Officer, transfer agent, or registrar before that certificate is issued, it may be issued by the Corporation with the same effect as if that person were an Officer, transfer agent, or registrar at the date of issue.

**Section 8.05 Lost Certificates.** Except as provided in this section, no new certificate for shares shall be issued to replace an old certificate unless the latter is surrendered to the Corporation and canceled at the same time. The Board of Directors may, in case any share certificate or certificate for any other security is lost, stolen, or destroyed, authorize the issuance of a replacement certificate on such terms and conditions as the Board may require, including provision for indemnification of the Corporation secured by a bond or other adequate security sufficient to protect the Corporation against any claim that may be made against it, including any expense or liability on account of the alleged loss, theft, or destruction of the certificate or the issuance of the replacement certificate.

**Section 8.06 Representation of Shares of other Corporations.** The President, or any Vice President, or any other person authorized by resolution of the Board of Directors or by any of the foregoing designated Officers, is authorized to vote on behalf of the Corporation any and all shares of any other Corporation or corporations, foreign or domestic, standing in the name of the Corporation. The authority granted to these Officers to vote or represent on behalf of the Corporation any and all shares held by the Corporation in any other

Corporation or corporations may be exercised by any of these Officers in person or by any person authorized to do so by a proxy duly executed by these Officers.

**Section 8.07 Construction and Definitions.** Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California General Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, the term “person” includes both a Corporation and natural person and the use of any gender, be it masculine, feminine or neuter, shall include all the genders.

## **ARTICLE IX**

### **Amendments**

**Section 9.01 Amendment by Shareholders.** New Bylaws may be adopted or these Bylaws may be amended or repealed by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that if the Articles of Incorporation of the Corporation set forth the number of authorized Directors of the Corporation, the authorized number of Directors may be changed only by an amendment of the Articles of Incorporation.

**Section 9.02 Amendment by Directors.** Subject to the rights of the Shareholders as provided in Section 9.01, Bylaws, other than a bylaw or an amendment of a bylaw changing the authorized number of Directors, may be adopted, amended, or repealed by the Board of Directors.

## **ARTICLE X**

### **Water Service**

**Section 10.01 Right to Service.** No water shall be supplied by company to any one who is not a shareholder, and all water shall be supplied at cost. Subject to the rules, regulations, bylaws and determinations of the board, each shareholder shall be entitled to receive such part of the entire water of the company that is available for distribution as the number of shares of stock held by him bears to the number of shares outstanding.

**Section 10.02 Classes of Service.** There shall be three classes of service determined by use, to be known respectively as “domestic” (being water treated by the company and directly delivered to shareholders through the company distribution system), “municipal” (being untreated water and delivered to shareholders who in turn treat the water for delivery of domestic, commercial and other users through their delivery systems) and “miscellaneous” (being

untreated water directly delivered to shareholders through the company distribution system for a variety of legally permissible uses, including farm irrigation, golf course watering, and rock company operations). Any share or fractional share receiving one service shall not be entitled to any of the others, except in those instances, and then only to the extent necessary, where limitations of the distribution system require otherwise to efficiently deliver the shareholder's entitlement to water. Tolls or charges may be different in the different classes, and may also differ in the same class where the cost to the company of the service is not uniform.

**Section 10.03 Right-of-Way for Distributing System.** The company shall have a permanent and continuing easement and right-of-way in, over, upon and across all highways and streets contiguous to the lands served for the purpose of constructing, enlarging, inspecting, maintaining, protecting, and operating its water distributing system with all pipes, hydrants, connections and meters, and the right once exercised for one or more of said purposes shall not exclude the right to exercise it at some subsequent time for other, or others, of said purposes.

The company shall also have a like easement and right-of-way upon like conditions, in, over, upon and across the premises of each shareholder for the purpose of operating its water service to such shareholder.

Each shareholder, by applying for or taking service from company confers upon company such right-of-way, and consents that company may enter upon such highways and the premises of the shareholder from time to time and any time for the purpose of exercising such rights, and that cessation of service by or to the shareholder shall not affect or impair said rights.

Each shareholder shall, upon demand of company, either before or during the continuance of service, confirm and assure such right-of-way to and in company by executing, acknowledging and delivering to company a separate instrument in form and provisions prescribed by company.

**Section 10.04 Basic Area and Extended Area.** As used in this Section "Basic Area" means:

- (1) All lands south of 14<sup>th</sup> Street prolonged east and west;
- (2) All lands bounded by Campus Avenue on the East, 24<sup>th</sup> Street prolonged east and west from Euclid Avenue on the North, Mountain Avenue on the West and 14<sup>th</sup> Street on the South; and

(3) All other lands which were supplied with water by the company before the 23<sup>rd</sup> day of February, 1932, and as to which the right of service was established before September 1, 1937, pursuant to the provisions of Section 8 Article XVII of the Bylaws of the company which section was adopted February 26, 1937.

The term "Extended Area" as used herein means all lands not included in the Basic Area.

The water shall be furnished by the company within the Extended Area unless and until

(a) The shareholder proposing to receive such service of water shall have designated in writing to the company the place where delivery of water is to be made and the number and identity of the shares of the company under which such delivery is to be made; and

(b) The board shall have determined that such service will be feasible without adversely affecting service to other shareholders then entitled to receive water; and

(c) The board shall have fixed a "connection charge" and the manner in which it shall be paid; and

(d) Such shareholder shall have paid or provided for the payment of such connection charge, in the manner fixed by the board.

The connection charge shall be determined by, or in a manner fixed from time to time by the board, and shall be based upon and represent as nearly as may be the portion, if any, of the capital investment by the company for service to the extended area which has been or will be occasioned by the service applied for. The connection charge may be based upon capital costs incurred or to be incurred directly or indirectly for or by reason or in anticipation of the service applied for, including investments for pumps and installations, pipe lines, extensions and enlargements, whether within the Extended Area or Basic Area.

Further, in the Extended Area no shareholder shall be entitled to receive water at a different place of delivery than so designated or in a greater quantity than may be furnished under the number of shares that has been so designated except upon an additional designation, determination, fixing of connection charge if any, and payment of provisions for payment thereof as above provided.



**Section 10.5 Fractional Shares.** No share shall hereafter be divided into any fraction other than one-quarter, and no certificate shall hereafter be issued for any fraction of a share other than one-quarter.

**Section 10.06 Charges and Liens on Shares.** Each charge or toll for water delivered to or for the record holder of any shares by virtue of or in respect of ownership of such shares is a lien against said shares from the time when furnished until paid. Such lien may be foreclosed in the manner which is at the time of foreclosure provided by law of the State of California for foreclosure of a pledge. Notice of the time and place appointed for the sale of any shares upon foreclosure of such lien shall be mailed to the record holder as it then appears upon the books of company, and if no address appears, then mailed to said record holder at Upland, California. No demand for payment or other notice of sale to the record holder or to any person appearing by the records of company to have an interest in said shares need be given other than as here in before provided. At any such sale or sales company may bid and purchase.

**Section 10.7 No Transfer While Unpaid Liens.** No transfer of the shares of company can or will be made on the books of company while any assessment, charge or toll there-against remains or is unpaid.

**Section 10.08 Penalties, Interest and Collection Costs.** Each shareholder shall be liable for payment of and shall pay to company, upon demand, all expenses incurred by company in collecting or enforcing payment from such shareholder of any delinquent assessment, charge, toll or other indebtedness. Included in such expenses are attorneys' fees in any proceeding for the enforcement of any lien herein provided for, or the collection of such indebtedness, whether by court action or otherwise, and all expenses of any sale.

All penalties on delinquent assessments, interest on overdue charges, tolls or other indebtedness, and expenses of collection, as above provided for, shall be added to the principal debt, and shall become and be a lien upon and against the shares and be secured thereby and enforced in the same manner and with the same effect as the principal debt.

Wherever elsewhere in these bylaws or in the share certificates the term assessment, charge, or toll shall be used, such term shall be deemed to include, in each and every instance whenever such construction is possible or permissible, all penalties, interest and collection expenses pertaining to such assessment, charge or toll, or attaching, accruing or resulting from the non-payment thereof when due.

**Section 10.09 Record Holder Liable For Tolls and Charges.** The record holder of any shares shall be entitled to the delivery of all water apportioned to such shares, subject to suspension or discontinuance, as herein provided and shall be personally liable for the payment of all tolls, charges, interest, costs and penalties in respect of or on account of such shares during the time the same are registered in his name on the books of company.

## ARTICLE XI

### **Brown Act and Public Records Act**

**Section 11.01 Brown Act.** All meetings and actions of the corporation shall be subject to, and, taken in accordance with, the Ralph M. Brown Act (Government Code, Section 54950, et. seq.)

**Section 11.02 Public Records Act.** Records of the corporation shall be subject to, and, made available for inspection and copying in accordance with the Public Records Act (Government Code Section 6250, et. seq.)

**Section 11.03 Interpretation and Application of Bylaws.** The Bylaws shall be interpreted and applied to comply with the requirements of, and otherwise be consistent with, the Brown Act and the Public Records Act.

**Section 11.04 Repeal and Amendment of Inconsistent Provisions of the Bylaws.** Any provision of the Bylaws that may be inconsistent with the Brown Act or the Public Records Act shall be deemed repealed if wholly inconsistent therewith or deemed amended to be consistent therewith if inconsistent to some degree or in some particular but less than wholly inconsistent therewith.

## FOURTH AMENDED AND RESTATED ARTICLES OF INCORPORATION OF SAN ANTONIO WATER COMPANY

### I

The name of this corporation is SAN ANTONIO WATER COMPANY.

### II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business, or the practice of a profession permitted to be incorporated by the California Corporations Code.

The specific purpose of the corporation is to develop, distribute, supply, and deliver water to its shareholders for irrigation, domestic, and all other useful purposes, in proportion to the number of shares of stock held by them respectively, at actual cost, and is not organized for the private gain of any person.

### III

The corporation is authorized to issue shares of stock, which shall be of one class only, and the total number of shares which may be issued is 15,000.

### IV

Authority is expressly conferred upon the corporation to levy assessments upon and against all of the shares issued by the corporation; and the Board of Directors shall have power, by majority vote of its members, to levy assessments upon all the issued shares of the corporation, at such time or times, and from time to time, and in such amounts, as shall to them appear necessary or expedient; (provided, the assessment levied at any particular time shall be for the same amount against each share then issued and outstanding); and each assessment shall be a lien upon the shares assessed, from the time of the adoption of the resolution levying such assessment until paid, and each shareholder shall be personally liable to the corporation for the amount of each assessment levied against the shares, standing upon the books of the corporation in the name of such shareholder at the time of the adoption of the resolution levying such assessment, which amount may be recovered from the shareholder, by suit or personal action.

In event of non-payment of any assessment, the corporation, may, at its option, either (a) sell and/or forfeit the shares against which the assessment was levied, in the manner now, or as may be hereafter provided by the law of the State of California; or (b) by majority vote of its Board of Directors, collect the assessment by personal action and suit against the shareholder personally liable therefore.

### V

The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

### VI

The corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) for breach of duty to the corporation and shareholders through bylaw provisions or through agreements

with the agents, or both, in excess of the indemnification otherwise permitted by Sections 317 of the California Corporations, subject to the limits on such excess indemnification set forth in Section 204 of the California Corporations Code.

## VII

The corporation elects to be governed by all of the provisions of the California General Corporations Law of 1977 not otherwise applicable to this corporation under Chapter 23 thereof.



Incorporated October 25, 1882  
In The Village of Ontario

# *Annual Report*

## *2021*

Tom Thomas, *President*  
Will Elliott, *Vice President*  
Martha Goss, *Secretary/Chief Financial Officer*  
Bob Cable, *Director*  
Rudy Zuniga, *Director*  
Bill Velto, *Director*  
Kati Parker, *Director*

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## Historical Overview

The San Antonio Water Company's history spans multiple centuries and involves no less than three nations; Spain, Mexico and The United States. We are one of the oldest mutual water companies in the nation and extremely proud of our heritage. The genesis of our story predates the United States of America and the State of California.

In 1771, four years prior to the Declaration of Independence, the Mission San Gabriel was established by Spaniards of the Franciscan order. It was the fourth of twenty-one Spanish missions established in California along the El Camino Real. Given the remote locations of California missions, self-sufficiency was critical to survival. To that end the missionaries established rancheros surrounding Mission San Gabriel to provide food and supplies. Along with dozens of other rancheros, Cucamonga was established for cattle grazing in support of the Mission. The name Cucamonga derives from the native Tongva Indian word kukamonga, interpreted as "sandy place".

Mexico (including the lands of Alta California) gained its independence from Spain in 1821. The Mexican secularization act of 1833 removed most of the mission's property rights, transferring to the Mexican government those lands granted to the Franciscan missions by the Spanish crown.

In 1839 the 13,000-acre Rancho Cucamonga (and its water rights) was granted by the Mexican Governor of California to Tiburcio Tapia, a wealthy Los Angeles merchant (and smuggler). The Rancho extended from San Antonio Creek eastward to present day Hermosa Avenue and from Eighth Street northward to the foothills. As an unencumbered property right, this land grant established Rancho Cucamonga under private ownership. Tapia is also credited with planting the first grape vines in the area and establishing the first winery in California.

In 1841, Antonio Maria Lugo was granted the Rancho Santa Ana del Chino. His son-in-law, Isaac Williams, managed the ranch from its inception and inherited the grant. Isaac's wife, Lugo's daughter María de Jesús, had already passed away in 1842 during childbirth.

In 1845 Governor Pio Pico granted 2,200 acres of land in Temecula Valley from the San Luis Rey Mission to Pablo Apis, a Luiseño Indian. The Indian village of Temecula was included in this land grant.

After traveling to Temecula around 1844 in search of laborers, Williams developed a close relationship to Apis and his family. Apis's two daughters each bore a daughter to Williams in 1846. The Williams and Apis families remained closely connected for years while Williams ranched cattle in Temecula.

Marking the end of the Mexican-American war, the Treaty of Guadalupe Hidalgo, signed in 1848, ensured that previous land grants and associated water rights would be honored by the American government in its newly acquired California territory. California was admitted as the 31<sup>st</sup> State of the Union on September 9, 1850.

In 1854 Williams hired ex-Texas Ranger John Rains to oversee his cattle holdings in Temecula.

Isaac and María de Jesús' 17-year-old daughter, Maria Merced Williams, married Rains in 1856, days after William's death. With this newly married wealth Rains traded Maria Merced's half of Rancho Santa Ana del Chino to her sister (in reality the deal was brokered between the husbands) for \$25,000. He used the proceeds to purchase Rancho Cucamonga from Tapia in 1858. Rains inappropriately, and probably

illegally, kept Merced's name off the Rancho Cucamonga deed. Rains also purchased Warner Ranch in San Diego County from José Pico, a relative of Governor Pio Pico. Rains also continued to keep a working relationship with the Apis family and the Luisaño Indians in Temecula.

For a variety of reasons (the end of the gold rush, civil war, drought, and flood all included) Rains' holdings devolved into severe financial trouble. In 1862 Rains borrowed \$16,000, mortgaging Rancho Cucamonga. Five days after signing the mortgage Rains was murdered in Mud Springs (now San Dimas) while on his way to Los Angeles. Interestingly, he was traveling unarmed because his pistols went missing just prior to the trip. His body was found eleven days later. He had been lassoed, dragged from his wagon, right arm torn from the socket, shot twice in the back, once in the left breast and once in the right side.

There were many suspects to the murder, including his wife, Maria Merced. John and Maria Merced did not see eye-to-eye regarding how he was handling her financial holdings. Soon after Rains body was found a group of vigilantes arrived at Billy Rubottom's Inn with intent to lynch the widowed Rains. Mr. Rubottom disarmed the men, thereby protecting Ms. Rains.

In 1864 Ramon Carillo, the Rains' ranch foreman (and suspected love interest of Maria Merced) was shot in the back while traveling next to her carriage. He died at the Rubottom Inn. It is said that his ghost continues to haunt what is now known as the Sycamore Inn.

After Carillo's death a pregnant Maria Merced and her four children moved in with her sister and brother-in-law, Francisca and Robert Carlisle. She stayed for two weeks before returning to Rancho Cucamonga, along with her children and three Apis half-sisters from Temecula. Two weeks later she married Jose Clemente Carrillo (no relation to Ramon), one of two Los Angeles constables investigating her husband's murder.

Three months later Robert Carlisle browbeat Maria Merced into granting him legal control of her property. Maria Merced recognized her mistake almost immediately and spent the next few years in a legal fight to have Carlisle's power revoked. During that time Carlisle proceeded to strip the property of value while avoiding payment of the \$16,000 mortgage. Eventually a judge removed Carlisle's control and appointed a new Executer, Andrew "Jack" King, a Los Angeles deputy sheriff.

Carlisle blamed King for losing control of Rancho Cucamonga. In 1865 Carlisle confronted King during a wedding celebration in Los Angeles. Carlisle was shot and killed during the ensuing fight.

Apparently, King was unable to stabilize Maria Merced's finances because in 1870 a judge ordered the foreclosure of Rancho California for outstanding debt. Isaias Hellman purchased the 13,000-acre Rancho Cucamonga for about \$50,000 and proceeded to return it to profitability.

In 1882 Canadians George and William Chaffey purchased 8,000-acres of the Cucamonga Rancho, including the water rights, for \$90,000 and established an irrigation colony which they named Ontario, in honor of their homeland. On October 25<sup>th</sup> of that same year they also established the San Antonio Water Company under the General Corporation Laws of the United States. Those rancho water rights established way back in the 1700's, passed down from owner to owner, were transferred to the Company to support the newly established irrigation colony.

The brothers sold irrigation colony land in 10-acre blocks, primarily intended for the booming citrus industry. Along with the land, the brothers sold shares in the Company, one share for each purchased

acre. Each shareholder was entitled to a portion of available local water, distributed equally by the company amongst all the shareholders. The Company was responsible for distributing water on a non-profit basis to the shareholders.

Since 1882 the San Antonio Water Company has consistently provided water service to its shareholders. Although the local citrus industry has largely disappeared, the Company maintains delivery to current shareholders utilizing the same successful ‘per share’ distribution plan established over 139 years ago.

The Company does not import any water. Instead, we are dependent on our local San Antonio Mountain watershed and groundwater basins. Utilizing local water sources dramatically keeps costs down but also increases the risk associated with long term drought. The State of California has been in a prolonged drought for many years. It is important to remember that every year of ‘below average’ rainfall will require at least one equal year of ‘above average’ rainfall to balance. Like all Southern Californians, we remain on a constant water conservation watch.

Currently, our shareholders include most residents of the unincorporated area of San Antonio Heights, the Cities of Upland and Ontario, the Monte Vista Water District, the US Forest Service, the San Bernardino County Flood Control District, local quarries and the proud heritage of remaining grove irrigators.

Annual shareholder water entitlements are established based on projected availability. For 2021, full water entitlement was established at 13,000 Acre Feet (AF). The table below shows how that 13,000 AF was divided among current shareholders, along with actual water delivered in 2021. Due to lack of rainfall and midyear loss of canyon creek flow the Company was unable to provide access to full entitlement for all shareholders.

<b>Shareholders</b>	<b>Shares (owned and leased, rounded)</b>	<b>Annual Entitlement, Acre Feet per Year ( AFY)</b>	<b>2021 Delivery (AFY)</b>
City of Upland	4,515.75	9,186.88	7,524.93
Monte Vista Water District	330.5	670.96	718.17
City of Ontario	295.25	600.76	472.50
Domestic Customers	623.5	1,268.66	1,428.86
Rock Company	132.25	269.10	248.17
Golf Courses	218.25	444.08	374.10
Grove Irrigators	50.25	102.25	50.99
Inactive Shares	210.25	457.31	0
<b>Total shares</b>	<b>6,389</b>	<b>13,000</b>	<b>10,830.31</b>



## CORE VALUES

San Antonio Water Company's core company values create a framework within which individuals within the Company are free to act in a way that enables them to contribute to the long term prosperity of the business.

### As a Company, we value:

- High standards of business ethics and personal integrity - We believe that doing what is right, in accordance with the Company's core values, will enhance the perception of its shareholders and its counterparts.
- Personal growth through continuing education and certification, thereby reinforcing the confidence of our shareholders in our ability to provide excellent water quality.
- Respect for the dignity and importance of all members of staff and their contribution towards achievement of the Company's objectives. We are committed to creating a workplace where employees are encouraged to strive for their personal best.
- Cost effectiveness and efficiency. We encourage our employees to contribute their ideas for improving our business and operational processes.
- Safety. We are committed to ensuring a work environment that is clean, orderly and safe.
- Following through on our commitments as management and employees, we pledge accountability to our shareholders and employees for achieving our commitments, results, and quality.

### Our continued vision is to achieve the following goals:

- Be the place where the best people choose to work - to encourage creative thinking and reward performance in appropriate, measurable ways.
- Embrace change, growth, and diversity.
- Seize every opportunity to serve our shareholders better through expanding services, staff culture, education, and technological development.
- Enable our employees to realize their full potential by encouraging self-development and professional growth.



## Board of Directors 2021



President  
Tom Thomas



Vice President  
Will Elliott



Secretary/CFO  
Martha Goss



Rudy Zuniga



Bob Cable



Kati Parker



Bill Velto

## Advisory Committees 2021

(PROC)  
Planning, Resources & Operations Committee  
Will Elliott - Chairperson  
Rudy Zuniga  
Kati Parker

(AFC)  
Administrative & Finance Committee  
Martha Goss - Chairperson  
Bob Cable  
Bill Velto

## Manager's Message

On behalf of the Board of Directors I am pleased to present the Company's 2021 Annual Report highlighting some of the Water Company's accomplishments and challenges in calendar year 2021.

Like everyone else, SAWCO continues adapting and adjusting to the ever-changing rules regarding COVID-19. Shareholders, Directors, and staff are all to be commended for their patience and resilience as we continue adapting to masks, social distancing, GoToMeetings, closed offices, remote working, et cetera. Despite these new challenges, I am happy to report that your water company achieved a remarkable amount of progress this past year.

Construction highlights for 2021 include completion of the following:

- Holly Drive Reservoir, Phase II (120,000-gallon steel tank)
- Replacement of residential meters with Advanced Metering Technology
- Reservoir 9 Pipeline Replacement
- Frankish Tunnel Outfall Improvements
- Euclid Crescent Pipeline Replacement
- Linda Drive / Lamplighter Pipeline Replacement
- Primrose Lane Pipeline Replacement
- Booster 17 Modernization
- Demolition of abandoned Booster Stations 5 and 15
- Installation of Distribution Box safety covers (Edison and Main Box)
- Installation of gas generators at three key facilities for future Edison shut-offs

All the above projects are intended to improve the Company's existing infrastructure and continue the high-quality water delivery that our shareholders have come to expect.

The company continues our patient efforts to develop a regional consensus regarding watershed protection in the San Antonio Canyon. Ultimately, we want to protect the Company's water rights, establish stronger relationships within the canyon and ensure clean water for all canyon stakeholders.

We continue building relationships with all our shareholders, neighboring agencies, government entities and stakeholders in the protection and enhancement of our beautiful and beloved area.

We remain engaged in the management of all three groundwater basins important to the Company: Chino, Six Basins and Cucamonga. In 2021 Assistant General Manager Teri Layton represented the Company as a Director on Six Basins Water Master Board. I continued serving at the Chino Basin Appropriative Pool. Teri and I are working with staff from Cucamonga Valley Water District and West End Consolidated Water Company to draft an update to the Cucamonga

Basin judgment, replacing outdated terminology and inserting the current understanding of basin hydrology.

As I currently look out my window wondering when the rain will fall, I am reminiscing about the winter rains from early 2019. Remember those? Just like 2020 and 2021, the start of 2022 bluntly reminds us that California is an arid environment. Our annual rainfall average is approximately 17 inches. In 2021 we received slightly above average rainfall thanks to a late series of storms in December. Multiple years of below average rainfall require multiple years of above average rainfall to achieve balance in the force. One year of good storm-fall is not enough. The Company has maintained full yearly entitlement of 13,000 AF for 2022 and increased our water alert to 'Moderate Shortage' stage. While we remain committed to delivering full entitlements, we will be conducting a midyear review, comparing established entitlement to water availability. If 2022 Spring rainfall does not materialize a correction may be necessary. Conservation is a way of life for those of us blessed to live in this beautiful region.

Rainfall Totals for 2021 (inches)												
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
3.31	0.03	1.52	0.88	0.45	0.01	0.19	0.00	0.00	1.21	0.00	11.25	18.85

For the Board and staff of San Antonio Water Company, it remains an honor to continue building on the legacy established by William and George Chaffey 139 years ago - improving regional water security by increasing our ability to utilize local sources.

Sincerely,

Brian C. Lee

General Manager, San Antonio Water Company

February 15, 2022



**SAN ANTONIO WATER COMPANY**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**San Antonio Water Company  
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**San Antonio Water Company  
Organization Data  
December 31, 2021**

**DATE AND STATE OF INCORPORATION:**

Organized October 25, 1882 under the laws of the State of California

**DATE OF ANNUAL MEETING:**

Date and time designated by Board of Directors

**DURATION OF CHARTER**

Perpetual

**OFFICERS:**

Tom Thomas..... President

Will Elliott..... Vice President

**José R. Sánchez**.....Secretary/Chief Financial Officer

**DIRECTORS:**

Tom Thomas  
Bill Velto  
Bob Cable

Will Elliott  
Rudy Zuniga

Martha Goss  
**José R. Sánchez**

**GENERAL MANAGER:**..... Brian Lee

**ASSISTANT GENERAL MANAGER:**.....Teri Layton

JAMES M. GARBO, CPA  
RANDAL L. DOUGLASS, CPA  
CRAIG B. MILLER, CPA



**BOWEN, McBETH, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

10722 ARROW ROUTE, SUITE 110  
RANCHO CUCAMONGA, CALIFORNIA 91730  
TELEPHONE (909) 944 6465 FAX OR MSG (909) 980 4788

## **INDEPENDENT AUDITORS' REPORT**

**Board of Directors  
San Antonio Water Company  
Upland, California**

We have audited the accompanying financial statements of San Antonio Water Company (a non-profit corporation) which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations and retained earnings, and cash flows for the year ended December 31, 2021, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including, the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Antonio Water Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the year ended December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

*Bowen, McBeth, Inc.*

**Bowen, McBeth, Inc.**

March 2, 2022

**San Antonio Water Company**  
**Balance Sheets**  
**December 31, 2021 and 2020**

**ASSETS**

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		
Cash undesignated	\$ 2,410,073	\$ 4,192,741
Cash designated	3,707,315	3,613,540
Certificates of deposits		20,000
Receivables		
Due from domestic customers	153,270	194,204
Due from municipal customers	425,432	244,151
Due from miscellaneous customers	10,504	20,709
Other receivables	688,544	225,324
Prepaid income taxes	2,858	144
Note receivable, current portion	344,000	344,000
Prepaid expenses	9,238	9,238
Inventory - supplies, materials	162,452	91,205
<b>TOTAL CURRENT ASSETS</b>	<u>7,913,686</u>	<u>8,955,256</u>
<b>INVESTMENTS</b>		
Deferred compensation asset	<u>54,019</u>	<u>34,215</u>
<b>TOTAL INVESTMENTS</b>	<u>54,019</u>	<u>34,215</u>
<b>PROPERTY, PLANT, AND EQUIPMENT</b>		
Land, water rights, wells, buildings and equipment	37,347,197	34,087,907
Less: accumulated depreciation	<u>(14,366,295)</u>	<u>(13,473,024)</u>
<b>TOTAL PROPERTY, PLANT, AND EQUIPMENT</b>	<u>22,980,902</u>	<u>20,614,883</u>
<b>OTHER ASSETS</b>		
Pomona Valley Protective Association	1	1
Note receivable, net of current portion	344,000	688,000
Documents and studies	1,151,966	917,489
Less: accumulated amortization	<u>(730,023)</u>	<u>(681,380)</u>
<b>TOTAL OTHER ASSETS</b>	<u>765,944</u>	<u>924,110</u>
<b>TOTAL ASSETS</b>	<u>\$ 31,714,551</u>	<u>\$ 30,528,464</u>

The accompanying notes are an integral part of the financial statements

**San Antonio Water Company  
Balance Sheets (continued)  
December 31, 2021 and 2020**

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	<b>2021</b>	<b>2020</b>
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	\$ 204,392	\$ 13,187
Accrued expenses	660,162	660,162
Deposits	1,700	850
Deferred revenue	14,016	4,824
Current portion of deferred gain	343,060	343,059
	<b>1,223,330</b>	<b>1,022,082</b>
<b>LONG TERM LIABILITIES</b>		
Deferred gain on sale of property, net of current portion	343,060	686,120
Deferred compensation liabilities	54,019	34,215
	<b>397,079</b>	<b>720,335</b>
<b>TOTAL LONG TERM LIABILITIES</b>	<b>397,079</b>	<b>720,335</b>
<b>TOTAL LIABILITIES</b>	<b>1,620,409</b>	<b>1,742,417</b>
<b>STOCKHOLDERS' EQUITY</b>		
Capital stock, par value \$100; authorized 15,000 shares; issued and outstanding 6,389 shares	638,900	638,900
Paid-in capital in excess of par value	447,258	447,258
Contributed property, plant and equipment	2,432,257	2,432,257
Retained earnings:		
Undesignated cumulative retained earnings	22,868,412	21,654,092
Designated by Board of Directors:		
Depreciation/Obsolescence reserve	3,707,315	3,613,540
Total retained earnings	26,575,727	25,267,632
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>30,094,142</b>	<b>28,786,047</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 31,714,551</b>	<b>\$ 30,528,464</b>

The accompanying notes are an integral part of the financial statements

**San Antonio Water Company**  
**Statement of Operations and Retained Earnings**  
**For the Year Ended December 31, 2021**

<b>REVENUE</b>	
Domestic water income - stockholders	
Base rate - Includes availability charges	\$ 531,992
Supplemental usage - Includes Tier 2 and 3 charges	573,462
Municipal water income - stockholders	
Base rate - Includes availability charges	3,135,598
Miscellaneous water income - stockholders	
Base rate - Includes availability charges	246,206
Supplemental usage - Includes Tier 2 and 3 charges	9,063
Dormant water availability charge	52,094
Sale of stored ground water	430,000
Net gain on sale of assets	343,060
Miscellaneous	15,376
<b>TOTAL REVENUE</b>	<u>5,336,851</u>
<b>EXPENSES</b>	
Administrative services	389,547
Field labor	307,386
Payroll taxes & benefits	484,624
Repairs	236,709
Power-gas & electric (Utilities)	791,556
Office supplies/expenses	88,446
Directors fees & expenses	31,655
Insurance	51,661
Depreciation & amortization	947,867
Communication	41,227
Outside services	12,017
Human resources expense	71,245
Property taxes	222,112
Accounting & legal expense	260,345
Water resource management	127,753
Conservation	12,842
Staff development & training	6,017
All other	41,062
<b>TOTAL EXPENSES</b>	<u>4,124,071</u>
<b>INCOME FROM OPERATIONS</b>	<u>1,212,780</u>
<b>OTHER INCOME</b>	
Ground lease	69,514
Interest (net of fees)	34,943
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	<u>1,317,237</u>
<b>PROVISION FOR INCOME TAXES</b>	<u>9,142</u>
<b>NET INCOME</b>	<u>1,308,095</u>
<b>RETAINED EARNINGS, JANUARY 1</b>	<u>25,267,632</u>
<b>RETAINED EARNINGS, DECEMBER 31</b>	<u>\$ 26,575,727</u>

The accompanying notes are an integral part of the financial statements

**San Antonio Water Company  
Statement of Cash Flows  
For the Year Ended December 31, 2021**

<b>NET INCOME</b>	<b>\$ 1,308,095</b>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>	
Depreciation and amortization	947,867
Gain on sale of property as part of the installment sale	(343,060)
<b>Changes in assets and liabilities related to operations:</b>	
(Increase) decrease in receivables	(130,141)
(Increase) decrease in other receivables	(463,219)
(Increase) decrease in prepaid income taxes	(2,714)
(Increase) decrease in inventories	(71,248)
(Increase) decrease in deferred compensation asset	(19,804)
Increase (decrease) in payables	191,205
Increase (decrease) in deposits	850
Increase (decrease) in deferred compensation liability	19,804
Increase (decrease) in deferred revenue	9,192
	<u>1,446,827</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,446,827</b>
<b>Cash flows from investing activities:</b>	
Proceeds from sale of certificate of deposit	20,000
Proceeds from sale of property as part of the installment sale	344,000
Purchases of property, plant and equipment	(3,297,871)
Purchases of documents and studies	(201,849)
	<u>(3,135,720)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(3,135,720)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,688,893)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>7,806,281</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 6,117,388</b>
<b>SUPPLEMENTAL INFORMATION:</b>	
Cash paid for income taxes	\$ 9,142
Installment Sale	
Deferred gain	\$ 687,200
Cash received	363,402
Interest received	19,402

The accompanying notes are an integral part of the financial statements

**San Antonio Water Company**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The San Antonio Water Company (Company) is a mutual water company and, in accordance with Internal Revenue Code Section 501 (c) (12), is exempt from federal income taxes. To qualify for the exemption, at least 85% of the Company's revenue must be from shareholders. The Company does pay California income taxes on other income unrelated to the water operations.

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Company in its federal exempt and state organization tax return are more likely than not to be sustained upon examination. The Company's tax returns are subject to examination by Federal taxing authorities for a period of three years from the date they are filed and for a period of four years for California taxing authorities.

Changes in fair value of investments that occur during the year are recognized as investment earnings reported for that year. Investment income includes interest earnings, dividends, unrealized gains and losses and any gains or losses realized upon the liquidation or sale of investments.

The Company uses the straight-line method of depreciation over the useful lives of 4 years to 50 years depending on the asset for its plant and equipment. Property and equipment are carried at historical cost, which is purchase or construction cost, less accumulated depreciation and any recognized impairment loss. Work in progress includes all direct and certain indirect costs of construction, in accordance with our accounting policy. Depreciation of constructed assets commences when the assets are ready for their intended use.

The Company assesses potential impairment to its long-lived assets when there is evidence that events or changes in circumstances have made full recovery of the asset's carrying value unlikely. An impairment loss would be recognized when the sum of the expected future undiscounted net cash flows is less than the carrying amount of the asset. Should impairment exist, the impairment loss would be measured based on the excess of the carrying amount of the asset over the asset's fair value. No impairment charges were recognized on long-lived assets during the years ending December 31, 2021 and 2020.

Documents and studies are carried at historical cost less accumulated amortization and any recognized impairment loss. The Company amortizes the documents and studies with finite lives on a straight-line basis over their estimated useful lives. Documents and studies include maps and research documents that are being amortized over 5-15 years.

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Also, the Company considers all short term highly liquid investments that are readily convertible to known amounts of cash and so near to maturity that they present insignificant risk of changes in value.



**San Antonio Water Company**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Inventories are valued at lower of cost or market using the first-in, first-out method.

Accounts receivable are considered to be fully collectible; accordingly, no allowance for doubtful accounts is normally required. The Company reviews any accounts receivable other than trade receivables that are over a year old for collectability. When collectability is in question then the process is started to force a sale of the shares to cover the receivable.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reported periods. Actual results could differ from those estimates.

The Company evaluated events subsequent to December 31, 2021 and through March 2, 2022, the audit report date and the issue date of the financial statements.

The Company's financial instruments are cash, certificate of deposit, accounts receivable, and accounts payable. The recorded values of cash, certificate of deposit, accounts receivable and accounts payable approximate their fair values based on their short-term nature.

Revenue Recognition: San Antonio Water delivers water to its shareholders. Each shareholder must have at least a quarter share of stock in the company in order to receive water. This is considered the shareholders entitlement. Water is delivered to each shareholder at the base rate up to their entitlement and any water delivered after that is delivered at the excess, or tier 2 or tier 3 rate. Revenue is recognized every other month at a single point in time when the shareholders water meter is read.

**NOTE 2. WATER RIGHTS AND ASSESSMENTS**

Chino Basin

The Company holds water rights within the Chino groundwater basin based on a 1978 adjudication. Annual production rights may be adjusted by the Courts. The cost of administering the judgment provisions is assessed annually to the parties and water producers under the terms of the judgment.

**San Antonio Water Company**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 2. WATER RIGHTS AND ASSESSMENTS (continued)**

Cucamonga Basin

The Company holds water rights within the Cucamonga groundwater basin based on a 1958 Decree. Although the decree defines responsibilities there is no provision for assessments. Parties to this basin include the San Antonio Water Company, Cucamonga Valley Water District and the West End Consolidated Water Company.

Six Basins

The Company holds water rights within the Six Basins groundwater basin based on a 1998 adjudication. Operating safe yield is adjusted annually. The cost of administering the judgment provisions is assessed annually to the parties and water producers under the terms of the Judgment.

Pomona Valley Protective Association

The Company holds stock in the Pomona Valley Protective Association (PVPA), nonprofit entity that spreads San Antonio Canyon flow waters for the benefit of its shareholders. The water is spread over approximately 760 acres of land owned by PVPA. Under the recent Six Basins Judgment of 1998, PVPA conducts water spreading at the direction of the Six Basins Watermaster.

Stream Diversions

The Company holds water rights in the San Antonio Canyon. Company stream diversions were established pre-1914 and are shared by the Company and the City of Pomona. The two parties have shared expenses to date based on percentage of water rights. There is no assessment mechanism in place.

The Company initiated a water rights investigation of the San Antonio Canyon Watershed in 2009. The investigation confirmed that the Company stripped most riparian, appropriative and overlying rights to property previously sold within the canyon. Those stripped rights remain with the Company. Most of the cabins in the Mt. Baldy area are currently permitted under a US Forest Service special-use permit with no apparent provision of water rights conveyed with said permits.

In 2009, the Company developed a License Agreement for the purpose of allowing certain private and special-use lots to continue using water from the San Antonio Creek, provided that the lots limit and pay for their water usage as an ongoing claim and not as a commodity rate.

**San Antonio Water Company**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 3. INVESTMENTS**

Investments are recorded at fair value. The historical cost and fair value at December 31, 2021 is as follows:

	2021		2020	
	Historical Cost	Reinvested Gains	Book Value	Fair Value
Mutual funds	<u>\$ 40,578</u>	<u>\$ 13,441</u>	<u>\$ 54,019</u>	<u>\$ 54,019</u>
Mutual funds	<u>\$ 29,757</u>	<u>\$ 4,458</u>	<u>\$ 34,215</u>	<u>\$ 34,215</u>

Investments in the amount of \$54,019 have been restricted by the Board for the payments of a non-qualified deferred compensation plan established for the general manager (See Note 12).

**NOTE 4. FAIR VALUE MEASUREMENTS**

Under the Fair Value Measurements statement, which prioritizes the inputs to valuation techniques used to measure fair value, the three levels of the fair value hierarchy are as follows:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at measurement date.
- Level 2 – inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.
- Level 3 – inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

All of the Company’s investments at December 31, 2021 and 2020 are measured within the Level 1 of the fair value hierarchy with the LAIF being measured within the Level 2 (See Note 10).

**San Antonio Water Company**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 5. PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment are shown at 1929 appraised values plus subsequent additions at cost. Actual values may be higher.

	2021	2020
Land and water rights	\$ 920,161	\$ 920,161
Tunnels and forebay	1,587,111	1,587,111
Wells, shafts, building	4,910,919	4,887,027
Pipelines	18,532,025	16,435,127
Boosters	2,500,593	2,448,690
Reservoirs	3,081,787	3,081,787
Work in progress	2,211,330	1,133,239
All other	3,603,271	3,594,765
	<u>37,347,197</u>	<u>34,087,907</u>
Less: Accumulated depreciation	(14,366,295)	(13,473,024)
<b>TOTALS</b>	<u><u>\$ 22,980,902</u></u>	<u><u>\$ 20,614,883</u></u>

A detailed listing of changes to property, plant, and equipment is as follows:

	Balance 01/01/21	Additions	Disposals/ Retirements	Work in Progress Transfers	Balance 12/31/21
Land and water rights	\$ 920,161	\$	\$	\$	\$ 920,161
Tunnels and forebay	1,587,111				1,587,111
Wells, shafts, building	4,887,027	23,892			4,910,919
Pipelines	16,435,128		(6,080)	2,090,817	18,532,025
Boosters	2,448,690			51,903	2,500,593
Reservoirs	3,081,787				3,081,787
Work in progress	1,133,239	3,265,472	44,661	(2,142,720)	2,211,330
All other	3,594,764	8,507			3,603,271
	<u><u>\$34,087,907</u></u>	<u><u>\$3,297,871</u></u>	<u><u>\$ 38,581</u></u>	<u><u>\$</u></u>	<u><u>\$37,347,197</u></u>

Depreciation of \$893,271 was charged to operations in 2021.

**San Antonio Water Company**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 6. OTHER ASSETS**

**Documents and Studies**

	2021	2020
Master Plan Update 2017	\$ 278,870	\$ 278,870
Facilities Mapping	135,534	135,534
Water Rights Study	112,798	112,798
Hydrogeologic Study	48,000	48,000
Urban Water Management Plan (UWMP) 2016	33,292	33,292
Work in Progress	244,586	49,711
All other	298,886	259,284
	1,151,966	917,489
Less: Accumulated amortization	(730,023)	(681,380)
<b>TOTALS</b>	<b>\$ 421,943</b>	<b>\$ 236,109</b>

Amortization of \$54,595 was charged to operations in 2021.

Estimated future amortization expense for the document and studies as December 31, 2021.

December 31,		
	2022	\$ 47,031
	2023	40,819
	2024	39,838
	2025	16,599
	2026	-
	Thereafter	277,656
		\$ 421,943

Master Plan Update

A 2017 Master Plan Update was adopted by the Board on December 6, 2017 and placed in service in January 2018. The Company is currently working towards completing a new update and expects it to be finished in 2022.

Facilities Mapping

The Company started in 2019 and began amortizing in 2021, a Geographic Information System (GIS). The intent of the GIS database is to aggregate pertinent information of Company facilities into a database that can be readily queried. Water Systems Consulting is currently maintaining the database and will implement any updates or changes.

**San Antonio Water Company**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 6. OTHER ASSETS (continued)**

Water Rights Study

A legal opinion of the Company's water rights was completed in 1993.

Hydrogeologic Study

This study evaluated the hydrogeologic characteristics of the local ground water basins. Its purpose was to evaluate the feasibility of rehabilitating some existing well casings and identify possible sites for new water wells. The study was completed in 1997.

Urban Water Management Plan

Urban Water Management Plan's (UWMP) are prepared by water suppliers to support long-term resource planning and ensure adequate water supplies are available to meet existing and future water demands. The State of California requires all urban water suppliers to create an UWMP once every five years.

The company completed its first UWMP in 2005. In 2010 the Company shifted its UWMP from 'retailer' to 'wholesaler', impacting Best Management Practices (BMP's) identified in the 2005 UWMP and the 2010 requirements of a State mandated 20% water reduction by 2020.

The most recent UWMP will be completed for the 2022 year.

All Other

These assets include well site evaluations, San Antonio Creek Watershed Sanitary Survey, Cucamonga Basin groundwater study, alternative spread in Cucamonga wash, study to expand spreading grounds, Edison Ponds, alternative energy feasibility study and photo history documentation.

Pomona Valley Protective Association

The Company is a member and owns a small interest (1.5%) in the Pomona Valley Protective Association (PVPA), a nonprofit entity that owns approximately 760 acres of land dedicated to water conservation.

Due to the nature of the PVPA as a membership organization, the Company's investment is stated at \$1 on the Company's records.

**NOTE 7. DEFERRED REVENUE**

The San Bernardino County Transportation Authority has paid for a ground lease at East 6<sup>th</sup> Street, Ontario to use while they work on the I-10 Freeway Corridor Contract 1 Project. They paid the full amount of \$8,040 for the five year term of the lease. San Antonio Water recorded the \$1,608 lease income for the year and the remaining amount of \$3,216 is recorded as deferred revenue. The Company also was paid the full amount of \$21,000 for an 18 month lease starting in April 2021. The deferred amount is \$10,800. Total deferred revenue is \$4,824 and \$14,016 for 2020 and 2021, respectively.

**San Antonio Water Company**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 8. MAJOR CUSTOMERS**

The Company's principal operation consists of providing domestic and irrigation water to its stockholders. Revenue from its major shareholder is as follows:

GOVERNMENTAL AGENCY	2021	2020
City of Upland (see note 9)	\$ 2,722,953	\$ 3,356,125
% of Total Revenue	50.0%	57.8%
Accounts Receivable from Major Customer	\$ 367,573	\$ 189,746

**NOTE 9. LICENSE AGREEMENTS**

City of Upland Water Service Agreement:

The City of Upland's Water Service Agreement started on January 1, 2017 and expired on December 31, 2021. The agreement provides the City full yearly entitlement at the base rate with no seasonal restrictions. In exchange the City has no guarantee of full entitlement delivery and is prohibited from exceeding its annual entitlement unless agreed to by Company.

The Company is working to renew the agreement for another five-year term.

City of Ontario Water Service Agreement:

The City of Ontario's Water Service Agreement started on January 1, 2017 and expired on December 31, 2021. The agreement provides the City a full yearly entitlement at the base rate with no seasonal restrictions. In exchange the City has no guarantee of full entitlement delivery and is prohibited from exceeding its annual entitlement unless agreed to by Company.

The Company is working to renew the agreement for another five-year term.

Monte Vista Water District (MVWD) Water Service Agreement:

The Monte Vista Water District Water Service Agreement started on January 1, 2017 and expired on December 31, 2021. The agreement provides the District a full yearly entitlement at the base rate with no seasonal restrictions. In exchange the District has no guarantee of full entitlement delivery and is prohibited from exceeding its annual entitlement unless agreed to by Company.

The Company is working to renew the agreement for another five-year term.

**San Antonio Water Company**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 10. CONCENTRATION OF CREDIT RISK**

The Company maintains its cash and certificates of deposit balances in two financial institutions. The balance at Citizens Business Bank is collateralized up to \$2,000,000. The remaining balance is insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At December 31, 2021, the Company maintained deposits of \$2,761,648 leaving an uninsured balance of \$511,648 at this institution. Also, at December 31, 2021 the Company had a balance of \$3,408,807 deposited with the Local Agency Investment Fund (LAIF). This is a highly liquid account that is managed by the State of California. The fund is fully secured and is at no cost to the Company. We have included this amount in the cash and cash equivalents due to the amounts being readily convertible to cash. Based on the investments of the LAIF it is considered to fall into the Level 2 of the fair value hierarchy at December 31, 2021. (See Note 4).

Net earnings on LAIF was comprised of interest in the amount of \$15,311 at December 31, 2021.

**NOTE 11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Company's financial assets as of December 31, 2021, reduced by amounts not available for general use because of board designated reserves that have been created to fund the Depreciation/Obsolescence reserves or due to contractual requirements.

Financial assets at December 31, 2021:

Cash	\$ 6,117,388
Receivables	589,206
Other receivables	688,544
Note receivable, current portion	<u>344,000</u>
Total financial assets	7,739,138
Less: Unavailable for general expenditures within one year due to:	
Board designated reserves	<u>3,707,315</u>
Total unavailable financial assets	3,707,315
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 4,031,823</u></u>

As part of its liquidity management, excess cash is invested in the Local Agency Investment Funds which is a highly liquid account that is managed by the State of California. The fund pays interest and is very liquid. The fund is fully secured and is at no cost to the Company.



**San Antonio Water Company**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 12. PENSION PLAN**

On May 15, 2018, the Board approved changing the current employee Nationwide 401(k) plan to the Nationwide Flexible Advantage Program. This changed the current plan from an annuity that provides some protection for principle investments and beneficiaries but carries associated fees which reduce the interest gained relative to current investments in the market.

The Nationwide Flexible Advantage Program provides more investment flexibility for the employee, in person and online education and tools, lowers overall cost and provides a higher return on investments. The transfer of assets and contributions to the new investment platform started in May of 2019. The Company expense for the pension plan was \$59,946 and \$68,971 for 2020 and 2021, respectively.

On February 5, 2019 the company established a non-qualified deferred compensation plan for the General Manager. The plan pays 7.5% of the General Manager salary to the deferred compensation and also pays for a \$100,000 whole life insurance policy. At December 31, 2021 the plan had a total liability of \$54,019 which is comprised of mutual funds investments (See Note 3). Total cost for the deferred compensation plan and life insurance policy in was \$19,912 and \$15,677 for 2020 and 2021, respectively.

**NOTE 13. PAYROLL AND RELATED EXPENSES**

The San Antonio Water Company tracks all expenses based on a specific activity and desires to expand the understanding of our shareholders by presenting a clear picture of labor expenses. For 2021 the Company's payroll expense was \$1,035,488 which includes base pay and time off compensation (i.e. vacation, sick leave, holidays, etc.). Benefit costs (i.e. health insurance, retirement, etc.) were \$250,488 and the cost of employment (i.e. payroll taxes and worker's compensation insurance) was \$89,365. This is a total of \$1,375,341 for labor and related expenses.

**NOTE 14. SALE OF STORED GROUND WATER**

In February of 2021, the Water Company leased the pumping rights of 600 acre-feet of water for \$300 per acre foot for \$150,000 and in December of 2021, the Water Company leased the pumping rights of 300 acre feet of water for \$500 per acre foot for \$180,000 out of its Six Basin storage account to the Three Valleys Municipal Water District total of \$330,000. Also, in December of 2021, the Water Company leased the pumping rights of 200 acre-feet of water for \$500 per acre foot for \$100,000 out of its Six Basin storage account to the City of La Verne. Total sale of stored ground water was \$430,000 in 2021.

**San Antonio Water Company  
Notes to Financial Statements  
December 31, 2021**

**NOTE 15. CASH ACCUMULATION DESIGNATED BY BOARD OF DIRECTORS FOR DEPRECIATION AND OBSOLESCENCE RESERVES**

On February 18, 2020, the Board approved the following reserve policies:

- Operating reserve – 90-180 days budgeted operating expense
- Capital Investment and Depreciation Reserve Funds (D&O Reserve) – 5%-20% of Company’s total property & equipment from auditor’s statement
- Debt Service Reserves – Minimum as set forth in borrowing documents

On February 16, 2021, the Board approved a Facility Modernization Fund for the purpose of funding rehabilitation of abandoned property and a new office and yard facility in the future. This reserve is called Modernization Fund.

Given the above reserve policies, at year end the Company’s status is as follows:

<b>Reserve</b>	<b>Desired Amount based on policy</b>	<b>Actual Amount</b>
Operating Reserve	\$794,200 - \$1,588,400	\$4.2 million
D&O Reserve	\$1.0 million - \$4.0 million	\$3.6 million
Debt Service Reserve	\$0	\$0
Modernization Fund	\$0	\$0.7 million

The Company currently does not have any debt and does not require any reserves in the Debt Service Reserves Fund.

The Company is currently updating their master plan. The last update of the master plan in 2017 summarized recommended Capital Improvement projects and cost estimates for the domestic and irrigation system totaling \$18,787,626.

Development of the D&O reserves will fund depreciation of assets and all capital improvements, Master Plan and non-master plan improvements. In the past, the Company funded this reserve with monies received from the sale of any stored water in the groundwater basins where company rights exist, and any positive balance of operations resulting from the annual service operations of the Company. New policies in 2020 changed this methodology and amounts in reserves are determined by the policy and not the source of revenue.

During 2021, a total of \$1,729,729 was spent on projects in the Capital Facilities Improvement Plan [Master Plan] and \$1,614,336 was spent on capital improvement projects or other asset not identified in the master plan.

**San Antonio Water Company**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 15. CASH ACCUMULATION DESIGNATED BY BOARD OF DIRECTORS FOR DEPRECIATION AND OBSOLESCENCE RESERVES (continued)**

The following details the amount required to fund the reserves as established by the board of directors.

Board of Directors Established Reserves Amounts	(in thousands)
Depreciation and Obsolescence Reserve	\$ 16,387.5
Cash Available for Reserves at Year End	<u>2,994.9</u>
Additional funds required to fund the reserves	<u><u>\$ 13,392.6</u></u>

**NOTE 16. CONTINGENCIES**

The Company is periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations. The ultimate resolution of these actions is not expected to have a material adverse effect on the Company's financial position.

**NOTE 17. SALE OF PROPERTY**

The Company, in 2019, sold a portion of property to the City of Upland for them to construct a replacement reservoir. The sale price was \$1,720,000 payable in installments of \$344,000 plus interest. The gain is being recognized over the term of the installment period as the payments are made. The total gain will be \$1,715,297 with \$343,059 being recognized each year as payment is made. At December 31, 2020 and December 31, 2019 the balances were as follows:

	2021	2020
Note receivable on installment sale	\$ 688,000	\$ 1,032,000
Deferred gain on sale of property	686,120	1,029,179

**NOTE 18. STOCK AUCTION**

The Company implemented a procedure to collect debt on past water usage bills from shareholders who were no longer receiving services through the process of a stock auction. The most recent auction was held on August 4, 2020. There were no stock auction held in 2021. Upon collecting the delinquent fees and calculated related expenses associated with the auction, the remaining funds are distributed to the delinquent shareholder or turned over to the State of California in accordance with State law.

**San Antonio Water Company**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 18. STOCK AUCTION (continued)**

In 2021, the Company was unable to locate and distribute any of unclaimed money to the past shareholders. At this point in time, the financial statements includes under accrued expenses amounts owed to respective shareholders for recent and prior year's stock auctions, a total of \$614,939 and \$614,939 for 2020 and 2021, respectively,

**NOTE 19. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT**

Government Entities

San Antonio Water Company received assets from government entities from the construction of the SR 30/210 freeway by Caltrans, the United States Forest Service requested construction of certain water services related assets for their purposes of which the Company was reimbursed and received title, and the Company received monies from FEMA for the repair of company assets that had been damaged by prior year storm events.

Developers

San Antonio Water Company received assets from developers of housing projects after completion. The developers installed waterlines, equipment, and other assets, which are then quitclaimed to the Company.

	2021	2020
Total Contributed Property, Plant and Equipment	\$ 2,432,257	\$ 2,432,257

**NOTE 20. GROUND LEASES**

The Company has ground leases with cell phone service companies and a transportation authority in order for them to set up cell phone towers and for the transportation authority to store their equipment on land owned by the Company. There are a total of 5 leases with varying payments. The following is the future lease income:

December 31,		
2022	\$	60,550
2023		61,991
2024		64,704
2025		64,704
2026		65,378
Thereafter		558,372
	\$	875,699

**San Antonio Water Company**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 21. FUNCTIONAL CLASSIFICATION OF EXPENSES**

The costs of providing the operations and maintenance and general and administrative activities has been summarized on a functional basis in the following schedule. Accordingly, the costs have been recorded to the operations or administrative services benefited. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Company.

	Operations & Maintenance	General & Administrative	Total
Facility related field labor	\$ 232,989	\$	\$ 232,989
Repairs to facilities and equipment	236,709		236,709
Power-gas & electric	791,556		791,556
Customer service	82,812		82,812
Conservation	12,842		12,842
Non-facility related labor	74,397		74,397
Supplies	17,514		17,514
Depreciation/amortization	947,867		947,867
Property taxes	222,112		222,112
Water resource management	127,753		127,753
Administrative services		312,752	312,752
Payroll taxes		73,214	73,214
Worker's compensation insurance		16,151	16,151
Benefits pay (vacation, sick, etc.)		250,278	250,278
Benefits insurance		161,133	161,133
Office/IT support		54,866	54,866
Directors fees & expense		31,655	31,655
Liability insurance		35,510	35,510
Communication		41,227	41,227
Dues & publications		2,653	2,653
Outside services		12,017	12,017
Income tax expense		9,142	9,142
Accounting		73,202	73,202
Legal		187,142	187,142
Human resource expense		71,245	71,245
All other		54,475	54,475
TOTAL	<u>\$ 2,746,551</u>	<u>\$ 1,386,662</u>	<u>\$ 4,133,213</u>



**San Antonio Water Company**  
**Annual Operating & Capital Improvement Budget**

**Fiscal Year Ending December 31, 2022**

Adopted December 1, 2021

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# General Manager's Message

**Dear Board of Directors and Shareholders,**

I am pleased to present you with the recommended budget for Fiscal Year 2022 (FY2022). We begin the year in a healthy financial position with the fiscal resources available to continue providing high quality service, continue advancing infrastructure replacement, while maintaining emergency reserves. Given the current financial health of the Company, no rate increases are projected for the foreseeable future.

As presented for FY2022, budget revenue is projected to be \$5.37M and expenditures are projected to be \$5.61M. Expenditures include all expected operating, non-operating and capital costs for the next year.

The Company's anticipated operating (non-capital) expenses total \$3.14M, an 2% decrease over the previous year's budget. The reduction is primarily a result of scaling back legal expenses directly related to Chino Basin Watermaster activity.

Staff recommends keeping Company entitlement at 13,000 acre-feet. Operating revenue is expected to decrease slightly from prior year, for a total of \$5.37M. This decrease acknowledges municipal water sales will miss entitlement due to low canyon surface water flow. Setting the entitlement at 13,000 acre-feet assumes that rainfall will not be impacted by the projected La Niña atmospheric condition again projected for the 2022 winter. La Niña conditions can reduce local rainfall. The Company currently has about 10,000 acre-feet in groundwater storage, which will help offset any reduction in rainfall in 2022.

Water sales account for 92% of the company's revenue; funding operations and a large chunk of capital projects (pipes, pumps and tanks). Remaining revenue comes from the sale of surplus property, lease income and interest income.

The Company's anticipated capital expenses total \$2.47M. Projects scheduled for 2022 include a pipeline replacement, construction of a potable water reservoir, design and preliminary work on a new well and a feasibility study for a 1.0 MGD treatment plant and financial contribution in a cloud seeding feasibility study.

In addition to replacement of capital facilities the Company is continuing a multi-year review of Company administration and operation facilities, identifying Company facility needs and how to efficiently meet those needs. Money for the facility review is expected to come from the sale of surplus property, not rates. Any construction as a result of the facility assessment is not anticipated to begin any earlier than 2023.

Our year-end review shows an approximately \$6.1M balance in the Company's capital and operating reserves. As mentioned earlier, the Company is proposing to accelerate the replacement of pipes, pumps and tanks above expected water sales revenue over the next few years. To that end, our 2022 budget relies on the use of approximately \$240k of our reserve funds for infrastructure replacement. At the end of 2022 remaining reserves available for emergency use should total about \$5.8M.

I would like to thank every staff member of SAWCo for their hard work and dedication over the last year. They are truly this company's most important asset. I remain thankful to the community for their input, both Committees for their efforts, and the full Board for providing both the vision and guidance necessary as we respond to the ever-changing challenges facing this Company.



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# 2022 Quick Data

- Annual Entitlement..... 13,000 acre-feet  
(No change from 2021)
- Total Company Shares as of January 1, 2022 ..... 6,389 shares
- Active Shares as of January 1, 2022 ..... 6,178 shares  
(inactive shares are those shares currently not taking entitlement water)
- Yearly 2022 entitlement per share ..... 2.035 acre-feet
- Total 2022 active share entitlement ..... 12,570 acre-feet
  
- Estimated 2022 Water Production, by source:
  - Surface Water ..... 4,425 acre-feet
  - Chino Groundwater Basin ..... 1,232 acre-feet
  - Cucamonga Groundwater Basin ..... 5,981 acre-feet
  - Six Basins Groundwater Basin ..... 932 acre-feet
  - TOTAL ..... 12,570 acre-feet
  
- Projected 2022 Revenue:
  - Shareholder ..... \$4,931,000
  - Non-shareholder ..... \$441,000
  - TOTAL ..... \$5,372,000
  
- Projected 2022 Expenses:
  - Operations and Maintenance ..... (\$1,774,000)
  - General Administrative ..... (\$1,370,000)
  - TOTAL ..... (\$3,144,000)
  
- Projected 2022 Capital Expenses ..... (\$2,468,000)
  
- Projected 2022 Revenue minus Expenses ..... (-\$240,000)
  
- Reserves:
  - Cash on Deposit as of September 2021 ..... \$6,046,000
  - Projected CoD as of December 2021 ..... \$6,100,000
  - Projected CoD as of December 2022 ..... \$5,845,000



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# Company at a Glance

## ORGANIZATIONAL

San Antonio Water Company (SAWCo) is a California mutual water company organized under California Corporations Code 14300, regulated under the United States Environmental Protection Agency (USEPA) Safe Drinking Water Act, monitored by the State of California through the Water Code & Health and Safety Code. We also report to the San Bernardino Local Agency Formation Commission (LAFCo).

The Company does not import any water. Instead we are dependent on our local San Antonio Canyon watershed and groundwater basins. Utilizing local water sources dramatically keeps costs down but also increases the risk associated with long term drought. Currently, our shareholders include most residents of the unincorporated area of San Antonio Heights, the Cities of Upland and Ontario, the Monte Vista Water District, the US Forest Service, the San Bernardino County Flood Control District, local quarries and the proud heritage of remaining local grove irrigators.

## HEADCOUNT

The Company's vision is to be an organization that defines excellence in delivering high quality water in a cost-effective manner by meeting shareholder needs and entitlements. We will lead the way for water agencies in the region by developing key strategic partnerships, making maximum use of water capture and delivery facilities and technologies, and attracting high caliber employees by being a recognized employer of choice in the field.

None of this vision would be possible without an innovative, self-managed staff that has pride of ownership for their work product while providing exceptional service. This is all done currently with 9 full-time and 1 part-time employees.

### Changes in 2022

- Office: One employee left the company. The job duties of that position are being evaluated for possible reclassification.
- Field: Three employees left the company. Three employees were hired. At the end of the year there was no change in head-count.

## STRATEGIC PLAN

In 2015, the Company went through a strategic planning process and out of this process, the following goals were developed:

- Evaluate and Prioritize Projects for Supply Maximization
- Develop Strategic Partnerships Initiate and Further Joint Projects
- Invest in Technology
- Define SAWCo's Assets & Needs
- Develop the Workforce of the Future
- Improve Internal Relationships

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In 2022 the Company plans to continue reaching towards our goals by the following actions:

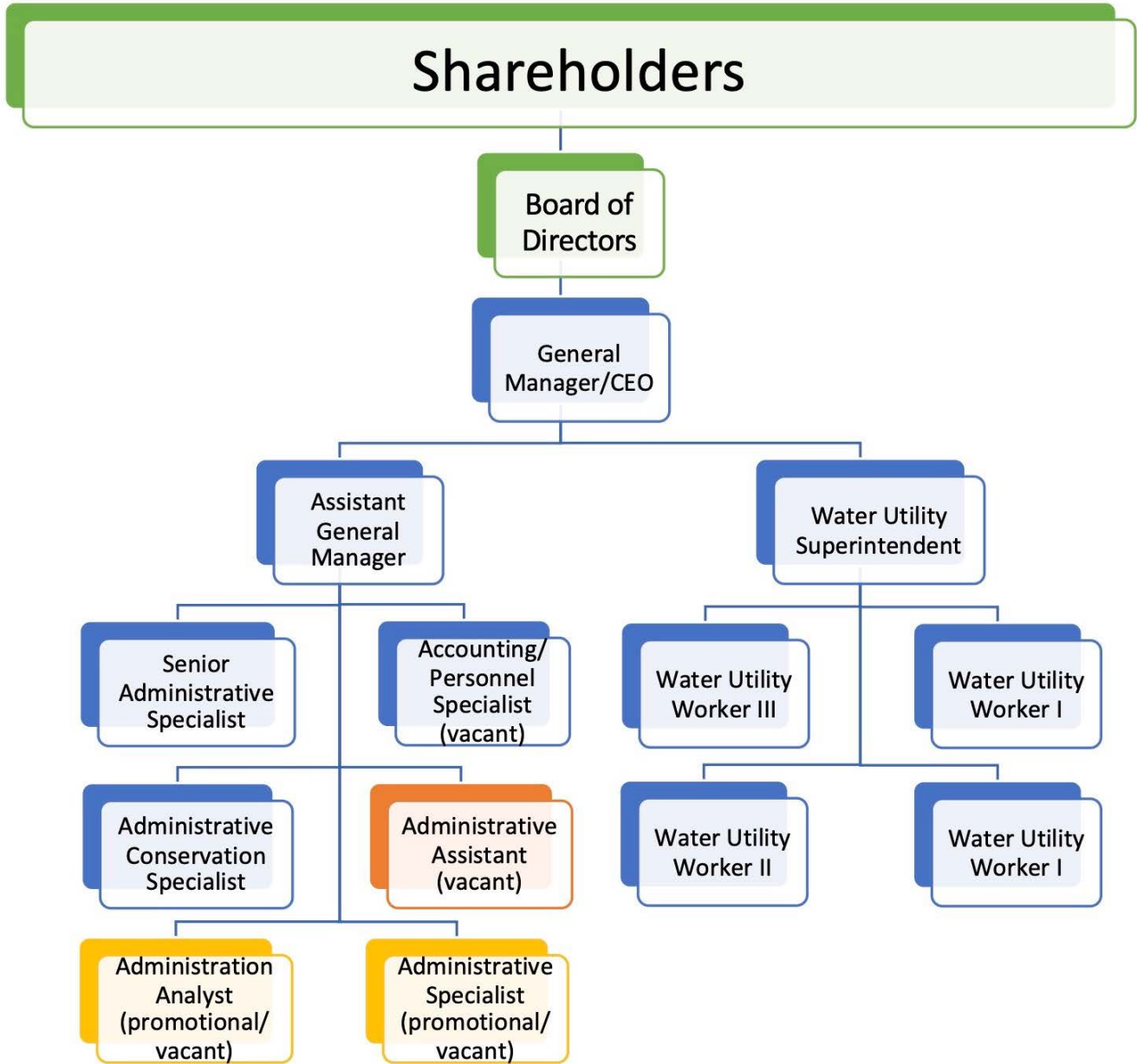
**Evaluate and Prioritize Projects for Supply Maximization** – Staff is completing a 2020 Water Master Plan Update. This update will evaluate and prioritize projects for supply maximization. The process will include public participation and we strongly encourage our shareholders to participate.

**Develop Strategic Partnerships to Initiate and Further Joint Projects** – Staff continues to reach-out and build relationships with the different shareholders. We will continue to discuss joint projects that may be beneficial to our shareholders. The Master Plan update may uncover future possibilities.

**Define SAWCo's Assets & Needs** – The company continues to take on additional responsibilities with limited staff and space. In order to meet these needs, staff is utilizing outside consultants and adjusting priorities. The office is currently not up to seismic code nor is it ADA compliant. To correct these deficiencies would be costly for a building that is over 90 years old. In 2015, the Board formed a committee to start the process of relocating the office and yard into one facility at a property the Company already owns. In 2022, the Company is continuing to address the limited space, safety for its employees, and functionality for its shareholders and staff.

**Develop the Workforce of the Future** – Management continues to provide ongoing training for current employees and assess the needs of the company. Limited advancement opportunities due to our small staff and a perceived lower benefits package compared to local public water companies continue to hinder the recruitment process. The Company is currently attempting to obtain an eligibility letter from the Federal Government which would allow us to engage CalPERS [Public Employees Retirement System] to compare actual costs and benefits. In 2020, we hired a consultant to perform a benefit and comp study to keep us competitive with the current market.

**Improve Relationships** – Recent public conversations have exposed a need to improve the distribution of information to our shareholders and employees. It is apparent that misinformation needs to be curtailed and corrected. The Company will conduct a public outreach campaign intended to inform and solicit feedback from our shareholders and employees. Strong leadership will help to carry the company in one direction.



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# San Antonio Water Company

## **2021 ACCOMPLISHMENTS:**

- Holly Drive Reservoir, Phase II
- Replaced all residential meters with advanced metering technology, allowing rapid notification of leaks and water consumption
- Reservoir 9 pipeline replacement project
- Frankish Tunnel Outfall Improvements
- Euclid Crescent Pipeline Replacement
- Linda Drive / Lamplighter Pipeline Replacement
- Primerose Lane Pipeline Replacement
- Booster 17 Modernization
- Installation of Domestic AMI Meters
- American Water Infrastructure Act (AWIA) Resiliency and Risk Assessment
- Demolition of abandoned Booster Stations 5 and 15
- Installation of Distribution Box safety covers (Edison and Main boxes)

## **2022 GOALS & OBJECTIVES:**

- Revise and improve standard financial reports and reporting policy
- Holly Drive Reservoir, Phase III
- Pre-design of new 1 MGD water treatment facility
- Well 19 pilot hole and full well design
- Well 31 pipeline replacement
- Pre-design of new office/yard facilities

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# FINANCIALS

## 2022 OPERATING BUDGET OVERVIEW

		2022	2021	2021	2021	2020	2019
		<u>Budget</u>	<u>Budget</u>	<u>Actual thru June</u>	<u>Projected</u>	<u>Actual</u>	<u>Actual</u>
<b>SHAREHOLDER REVENUE</b>							
1185	1	Domestic Water Income (Base)	\$ 300,000	\$ 301,000	\$ 115,570	\$ 290,000	\$ 224,897
1215	3	Domestic Water Income (Supplemental)	\$ 150,000	\$ 148,000	\$ 108,340	\$ 171,000	\$ 173,314
1220	4	Domestic Water Income (Tier 3)	\$ 200,000	\$ 104,000	\$ 156,212	\$ 249,000	\$ 203,813
1230	2	Domestic Water Income (Readi/Chrg)	\$ 200,000	\$ 200,000	\$ 100,620	\$ 201,000	\$ 200,337
1235	5	Domestic Water Availability Charge (WAC)	\$ 61,000	\$ 60,000	\$ 30,597	\$ 61,000	\$ 61,112
1245	6	Municipal Water Income (Base)	\$ 3,100,000	\$ 3,100,000	\$ 1,319,409	\$ 2,639,000	\$ 2,846,680
1260	8	Municipal Water Income (Supplemental)	\$ -	\$ -	\$ -	\$ -	\$ -
1268	7	Municipal Water Income (Readi/Chrg)	\$ 80,000	\$ 80,000	\$ 38,900	\$ 78,000	\$ 82,050
1274	10	Municipal Water Availability Charge (WAC)	\$ 477,000	\$ 477,000	\$ 238,432	\$ 477,000	\$ 476,686
1275	12	Misc Water Income (Base)	\$ 200,000	\$ 220,000	\$ 85,677	\$ 200,000	\$ 185,750
1276	9	Misc Water Income (Supplemental)	\$ 50,000	\$ 126,000	\$ 3,626	\$ 7,000	\$ 141,262
1280	13	Misc Water Income (Tier 3)	\$ 5,000	\$ 15,000	\$ 48	\$ -	\$ 52,194
1288	11	Misc Water Income (Readi/Chrg)	\$ 23,000	\$ 23,000	\$ 11,560	\$ 23,000	\$ 23,070
1290	14	Misc Water Availability Charge (WAC)	\$ 23,000	\$ 24,000	\$ 11,532	\$ 23,000	\$ 23,064
1295	15	Dormant Water Availability Charge (WAC)	\$ 53,000	\$ 54,000	\$ 26,096	\$ 52,000	\$ 52,347
1302	16	Meter Service Fees (Connections)	\$ -	\$ -	\$ -	\$ -	\$ 3,881
1400	35	Stock Transfer	\$ 5,000	\$ 5,000	\$ 2,610	\$ 4,000	\$ 3,510
1405	38	Capital Facilities Connection Fee	\$ -	\$ -	\$ -	\$ -	\$ 10,725
1410	26	Late/Re-establishment Fee	\$ 4,000	\$ 4,000	\$ 305	\$ 1,000	\$ 6,235
1415	27	Drought Ordinance Violation Fee	\$ -	\$ -	\$ -	\$ -	\$ -
1420	33	Return Check Fee	\$ -	\$ -	\$ 25	\$ -	\$ 325
1425	28	Broken/Missing Lock Fee	\$ -	\$ -	\$ -	\$ -	\$ -
1430	30	Stock Certificate Storage & Handling Fee	\$ -	\$ -	\$ 120	\$ -	\$ 180
<b>TOTAL</b>			\$ 4,931,000	\$ 4,941,000	\$ 2,249,678	\$ 4,476,000	\$ 5,212,798
<b>NON-SHAREHOLDER REVENUE</b>							
1635	21	Development Plan Check Fee	\$ -	\$ -	\$ -	\$ -	\$ -
1725	23	Miscellaneous Income	\$ 2,000	\$ 2,000	\$ 6,269	\$ 6,000	\$ 1,684
1728	31	Plans & Spec Fee	\$ -	\$ -	\$ -	\$ 25	\$ -
1730	24	Construction Permit & Inspection	\$ -	\$ -	\$ -	\$ -	\$ -
1750	32	Service/Litigation Agreements	\$ -	\$ -	\$ 374	\$ 1,000	\$ 565
1753	18	Ground Lease Income	\$ 75,000	\$ 54,000	\$ 33,455	\$ 70,000	\$ 57,684
1755	17	Interest Income	\$ 20,000	\$ 90,000	\$ 10,149	\$ 16,000	\$ 79,848
1786		Unrealized Gain on 457B Investment	\$ -	\$ -	\$ -	\$ -	\$ 557
1875	22	Overhead Income	\$ -	\$ -	\$ -	\$ 852	\$ 1,322
37		Gain on Sale of Assets	\$ 344,000	\$ 344,000	\$ -	\$ 344,000	\$ 345,759
<b>Subtotal:</b>			\$ 441,000	\$ 490,000	\$ 50,247	\$ 437,000	\$ 487,419
<b>DEPRECIATION &amp; OBSOLESCENCE REVENUE</b>							
1300	36	Water Sales from Stored G. W. [D&O Reserves]	\$ -	\$ -	\$ 180,000	\$ 180,000	\$ -
<b>Subtotal:</b>			\$ -	\$ -	\$ 180,000	\$ 180,000	\$ -
<b>Revenue Total:</b>			\$ 5,372,000	\$ 5,431,000	\$ 2,479,925	\$ 5,093,000	\$ 5,803,654

	2022	2021	2021	2021	2020	2019
	Budget	Budget	Actual thru June	Projected	Actual	Actual

**FACILITIES & O&M EXPENSES**

**Operating Facilities**

2175 20	Facility Related Field Labor	\$ 260,000	\$ 225,000	\$ 110,871	\$ 218,000	\$ 232,704	\$ 208,615
2235 21	Repairs to Facilities and Equipment	\$ 300,000	\$ 300,000	\$ 158,986	\$ 323,000	\$ 374,939	\$ 39,929
2265 22	Power-Gas & Electric (utilities)	\$ 650,000	\$ 600,000	\$ 262,199	\$ 630,000	\$ 627,010	\$ 611,563
Operating Facilities Total:		\$ 1,210,000	\$ 1,125,000	\$ 532,057	\$ 1,171,000	\$ 1,234,653	\$ 860,106

**Operating Activities**

2475 18	Customer Services/Billing	\$ 84,000	\$ 85,000	\$ 47,219	\$ 82,000	\$ 81,500	\$ 70,007
2498 19	Conservation Activities	\$ 16,000	\$ 20,000	\$ 8,870	\$ 16,000	\$ 7,587	\$ 21,565
Operating Activities Total:		\$ 100,000	\$ 105,000	\$ 56,089	\$ 98,000	\$ 89,087	\$ 91,572

**Other Operating Expense**

2205 24	Non-Facility Related Labor	\$ 70,000	\$ 75,000	\$ 28,177	\$ 56,000	\$ 69,173	\$ 76,155
2210 25	O&M - All Other	\$ 4,000	\$ 3,800	\$ 4,530	\$ 5,000	\$ 2,835	\$ 7,402
2280 26	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2295 23	Supplies (Inventory & Tools Expense)	\$ 10,000	\$ 10,000	\$ 6,166	\$ 15,000	\$ 9,068	\$ 7,316
2715 28	Property Taxes	\$ 210,000	\$ 220,000	\$ 103,791	\$ 206,000	\$ 206,135	\$ 216,650
2805 27	Wtr. Resource Mgmt. (Basin Assm'ts)	\$ 170,000	\$ 200,000	\$ 32,255	\$ 168,000	\$ 167,200	\$ 127,134
2830	Loss on Disposal of Asset	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,899
2850 30	Inventory Shrinkage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Operating Expense Total:		\$ 464,000	\$ 508,800	\$ 174,919	\$ 450,000	\$ 454,410	\$ 434,656
<b>O &amp; M Expense Total:</b>		\$ 1,774,000	\$ 1,738,800	\$ 763,065	\$ 1,719,000	\$ 1,778,150	\$ 1,386,334

**GENERAL ADMINISTRATIVE EXPENSES**

**Personnel**

2115 2	Administrative Services	\$ 300,000	\$ 290,000	\$ 143,615	\$ 279,000	\$ 283,521	\$ 293,365
2130 3	Development/Water Svc App	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ 240	\$ 502
2325 13	Taxes - Payroll (office and field)	\$ 80,000	\$ 80,000	\$ 39,713	\$ 79,000	\$ 70,908	\$ 68,841
2355 4	Worker's Compensation Insurance	\$ 15,000	\$ 15,000	\$ 4,484	\$ 15,000	\$ 15,053	\$ 15,798
2385 5	Benefit Pay (Vac., Sick, Etc.)	\$ 195,000	\$ 185,000	\$ 74,923	\$ 184,000	\$ 179,330	\$ 158,122
2415 6	Benefit Insurance (Pension, Life, Medical, Dental, Vision)	\$ 263,000	\$ 250,000	\$ 123,762	\$ 247,000	\$ 230,995	\$ 221,478
2430 7	Benefit Administrative Services	\$ 2,000	\$ 3,000	\$ 1,000	\$ 1,000	\$ 1,185	\$ 1,197
Personnel Total:		\$ 856,000	\$ 824,000	\$ 387,497	\$ 805,000	\$ 781,232	\$ 759,303

**Other**

2445 9	Office/ IT Support	\$ 70,000	\$ 63,000	\$ 21,087	\$ 42,000	\$ 62,552	\$ 72,064
2505 1	Directors Fees & Expenses	\$ 34,000	\$ 34,000	\$ 18,211	\$ 39,000	\$ 32,008	\$ 33,568
2535 11	Liability Insurance (Non-empl. benft.)	\$ 30,000	\$ 30,000	\$ 35,510	\$ 36,000	\$ 29,894	\$ 29,928
2595 14	Communications	\$ 40,000	\$ 40,000	\$ 27,140	\$ 63,000	\$ 46,688	\$ 66,245
2625 15	Dues & Subscriptions	\$ 3,000	\$ 3,000	\$ 1,278	\$ 2,000	\$ 2,758	\$ 3,396
2655 10	Outside Services	\$ 30,000	\$ 30,000	\$ 10,631	\$ 39,000	\$ 4,378	\$ 18,340
2745 12	Taxes - Income	\$ 12,000	\$ 14,000	\$ 11,856	\$ 12,000	\$ 12,000	\$ 11,905
2775 8	Accounting Expense	\$ 75,000	\$ 70,000	\$ 46,119	\$ 70,000	\$ 72,366	\$ 61,650
2276 8	Legal Expense	\$ 150,000	\$ 250,000	\$ 115,559	\$ 231,000	\$ 242,013	\$ 196,184
2790 16	Human Resource Expense	\$ 40,000	\$ 45,000	\$ 21,649	\$ 33,000	\$ 58,604	\$ 44,381
2865 17	All Other	\$ 30,000	\$ 35,000	\$ 6,540	\$ 13,000	\$ 27,512	\$ 31,636
Other Total:		\$ 514,000	\$ 614,000	\$ 315,580	\$ 580,000	\$ 590,771	\$ 569,297
<b>G. &amp; A. Expense Total:</b>		\$ 1,370,000	\$ 1,438,000	\$ 703,076	\$ 1,385,000	\$ 1,372,003	\$ 1,328,600

**Capital Expenditure**

Facilities	\$ 2,258,000	\$ 3,156,000	\$ 2,860,649	\$ 3,190,000	\$ 1,079,637	\$ 1,769,544
Equipment/Studies/Reports	\$ 210,000	\$ 255,000	\$ 80,000	\$ 120,000	\$ -	\$ -
CIP Total:	\$ 2,468,000	\$ 3,411,000	\$ 2,940,649	\$ 3,310,000	\$ 1,079,637	\$ 1,769,544

<b>Total Revenue:</b>	\$ 5,372,000	\$ 5,431,000	\$ 2,479,925	\$ 5,093,000	\$ 5,803,654	\$ 5,258,851
<b>Total Expenses excluding CIP:</b>	\$ 3,144,000	\$ 3,176,800	\$ 1,466,142	\$ 3,104,000	\$ 3,150,154	\$ 2,714,935
<b>Total Expenses including CIP:</b>	\$ 5,612,000	\$ 6,587,800	\$ 4,406,791	\$ 6,414,000	\$ 4,229,790	\$ 4,484,478
<b>Net Income without D&amp;O funds:</b>	\$ 2,228,000	\$ 2,254,200	\$ 833,784	\$ 1,809,000	\$ 2,545,021	\$ 2,543,916
<b>Net Income with D&amp;O funds:</b>	\$ 2,228,000	\$ 2,254,200	\$ 1,013,784	\$ 1,989,000	\$ 2,653,501	\$ 2,543,916

2565 29	Depreciation	\$ 950,000	\$ 901,000	\$ 459,714	\$ 911,000	\$ 917,344	\$ 881,254
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<b>Net income excluding Capital Expenditures less Depreciation</b>	\$ 1,278,000	\$ 1,353,200	\$ 554,070	\$ 1,078,000	\$ 1,736,156	\$ 1,662,662
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	2022 <u>Budget</u>	2021 <u>Budget</u>	2021 <u>Actual thru June</u>	2021 <u>Projected</u>	2020 <u>Actual</u>	2019 <u>Actual</u>
Net income including Capital Expenditures less Depreciation	\$ (1,190,000)	\$ (2,057,800)	\$ (2,386,579)	\$ (2,232,000)	\$ 656,520	\$ (106,881)
Net income including Capital Expenditures	\$ (240,000)	\$ (1,156,800)	\$ (2,106,865)	\$ (1,501,000)	\$ 1,465,384	\$ 774,373
Net income including Capital Expenditures less NSR	\$ (681,000)	\$ (1,646,800)	\$ (2,157,112)	\$ (1,938,000)	\$ 983,007	\$ 286,954



2022 MONTHLY REVENUE VS EXPENSES

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Projected Revenue	\$ 308,099	\$ 313,549	\$ 278,499	\$ 283,749	\$ 435,299	\$ 600,549	\$ 606,599	\$ 553,249	\$ 506,599	\$ 414,949	\$ 371,999	\$ 695,049	\$ 5,368,188
Projected Operating Expenses	\$ (221,097)	\$ (203,592)	\$ (341,119)	\$ (243,592)	\$ (218,732)	\$ (233,522)	\$ (233,592)	\$ (248,892)	\$ (258,432)	\$ (255,452)	\$ (315,864)	\$ (370,117)	\$ (3,144,000)
Projected CIP Expenses	\$ (30,000)	\$ (73,000)	\$ (302,500)	\$ (200,500)	\$ (110,000)	\$ (233,500)	\$ (180,000)	\$ (326,500)	\$ (313,000)	\$ (309,000)	\$ (180,000)	\$ -	\$ (2,258,000)
Projected Delta	\$ 57,002	\$ 36,957	\$ (365,120)	\$ (160,343)	\$ 106,567	\$ 133,527	\$ 193,007	\$ (22,143)	\$ (64,833)	\$ (149,503)	\$ (123,865)	\$ 324,932	
Water Sales Revenue	\$ 295,932	\$ 301,382	\$ 266,332	\$ 271,582	\$ 423,132	\$ 588,382	\$ 594,432	\$ 541,082	\$ 494,432	\$ 402,782	\$ 359,832	\$ 338,882	\$ 4,878,184
Non-Water Sales Revenue	\$ 12,167	\$ 12,167	\$ 12,167	\$ 12,167	\$ 12,167	\$ 12,167	\$ 12,167	\$ 12,167	\$ 12,167	\$ 12,167	\$ 12,167	\$ 356,167	\$ 490,004
Personel Expenses	\$ (84,167)	\$ (67,592)	\$ (67,592)	\$ (67,592)	\$ (67,732)	\$ (67,592)	\$ (67,592)	\$ (67,592)	\$ (67,592)	\$ (69,452)	\$ (67,592)	\$ (93,917)	\$ (856,000)
Other Expenses	\$ (37,203)	\$ (36,273)	\$ (68,800)	\$ (66,273)	\$ (36,273)	\$ (41,203)	\$ (36,273)	\$ (36,573)	\$ (41,113)	\$ (36,273)	\$ (36,273)	\$ (41,473)	\$ (514,000)
Operating Expenses	\$ (99,727)	\$ (99,727)	\$ (204,727)	\$ (109,727)	\$ (114,727)	\$ (124,727)	\$ (129,727)	\$ (144,727)	\$ (149,727)	\$ (149,727)	\$ (212,000)	\$ (234,727)	\$ (1,774,000)
Capital Expenses	\$ (30,000)	\$ (73,000)	\$ (302,500)	\$ (200,500)	\$ (110,000)	\$ (233,500)	\$ (180,000)	\$ (326,500)	\$ (313,000)	\$ (309,000)	\$ (180,000)	\$ -	\$ (2,258,000)
	\$ 57,002	\$ 36,957	\$ (365,120)	\$ (160,343)	\$ 106,567	\$ 133,527	\$ 193,007	\$ (22,143)	\$ (64,833)	\$ (149,503)	\$ (123,865)	\$ 324,932	\$ (33,812)

2022 OPERATING BUDGET REVENUE

		2021												TOTAL
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>SHAREHOLDER REVENUE</b>														
1185	1 Domestic Water Income (Base)	\$ 14,200	\$ 15,400	\$ 14,200	\$ 14,700	\$ 26,500	\$ 33,200	\$ 35,500	\$ 37,900	\$ 37,900	\$ 28,400	\$ 23,700	\$ 19,000	\$ 300,600
1215	3 Domestic Water Income (Supplemental)	\$ 7,000	\$ 7,600	\$ 7,000	\$ 7,200	\$ 13,000	\$ 16,300	\$ 17,400	\$ 18,600	\$ 18,600	\$ 14,000	\$ 11,600	\$ 9,300	\$ 147,600
1220	4 Domestic Water Income (Tier 3)	\$ 4,900	\$ 5,400	\$ 4,900	\$ 5,100	\$ 9,200	\$ 11,500	\$ 12,300	\$ 13,200	\$ 13,200	\$ 9,900	\$ 8,200	\$ 6,600	\$ 104,400
1230	2 Domestic Water Income (Readi/Chrg)	\$ 16,700	\$ 16,700	\$ 16,700	\$ 16,700	\$ 16,700	\$ 16,700	\$ 16,700	\$ 16,700	\$ 16,700	\$ 16,700	\$ 16,700	\$ 16,700	\$ 200,400
1235	5 Domestic Water Availability Charge (WAC)	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 60,000
1245	6 Municipal Water Income (Base)	\$ 173,600	\$ 173,600	\$ 144,000	\$ 144,000	\$ 264,800	\$ 412,900	\$ 412,900	\$ 353,700	\$ 309,200	\$ 238,700	\$ 209,100	\$ 202,000	\$ 3,038,500
1260	8 Municipal Water Income (Supplemental)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1268	7 Municipal Water Income (Readi/Chrg)	\$ 6,650	\$ 6,650	\$ 6,650	\$ 6,650	\$ 6,650	\$ 6,650	\$ 6,650	\$ 6,650	\$ 6,650	\$ 6,650	\$ 6,650	\$ 6,650	\$ 79,800
1276	9 Municipal Water Availability Charge (WAC)	\$ 39,732	\$ 39,732	\$ 39,732	\$ 39,732	\$ 39,732	\$ 39,732	\$ 39,732	\$ 39,732	\$ 39,732	\$ 39,732	\$ 39,732	\$ 39,732	\$ 476,784
1274	10 Misc Water Income (Base)	\$ 7,700	\$ 10,100	\$ 7,700	\$ 11,300	\$ 21,100	\$ 25,200	\$ 27,800	\$ 28,400	\$ 27,000	\$ 22,500	\$ 18,700	\$ 12,700	\$ 220,200
1275	12 Misc Water Income (Supplemental)	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 10,500	\$ 126,000
1280	13 Misc Water Income (Tier 3)	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,250	\$ 15,000
1288	11 Misc Water Income (Readi/Chrg)	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 22,800
1290	14 Misc Water Availability Charge (WAC)	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 24,000
1295	15 Dormant Water Availability Charge (WAC)	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 54,000
1302	16 Meter Service Fees (Connections)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1400	35 Stock Transfer	\$ -	\$ 750	\$ -	\$ 750	\$ -	\$ 750	\$ -	\$ 750	\$ -	\$ 750	\$ -	\$ 750	\$ 4,500
1405	38 Capital Facilities Connection Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1410	26 Late/Re-establishment Fee	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 3,600
1415	27 Drought Ordinance Violation Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1420	33 Return Check Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1425	28 Broken/Missing Lock Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1430	30 Stock Certificate Storage & Handling Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Subtotal:</b>	\$ 295,932	\$ 301,382	\$ 266,332	\$ 271,582	\$ 423,132	\$ 588,382	\$ 594,432	\$ 541,082	\$ 494,432	\$ 402,782	\$ 359,832	\$ 338,882	\$ 4,878,184
<b>NON-SHAREHOLDER REVENUE</b>														
1635	21 Development Plan Check Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1725	23 Miscellaneous Income	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 167	\$ 2,004.00
1728	31 Plans & Spec Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1730	24 Construction Permit & Inspection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1750	32 Service/Litigation Agreements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1753	18 Ground Lease Income	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 54,000.00
1755	17 Interest Income	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 90,000.00
1875	22 Overhead Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37	Gain on Sale of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 344,000	\$ 344,000.00
	<b>Subtotal:</b>	\$ 12,167.00	\$ 12,167.00	\$ 12,167.00	\$ 12,167.00	\$ 12,167.00	\$ 12,167.00	\$ 12,167.00	\$ 12,167.00	\$ 12,167.00	\$ 12,167.00	\$ 12,167.00	\$ 356,167.00	\$ 490,004.00
<b>DEPRECIATION &amp; OBSOLESCENCE REVENUE</b>														
1300	36 Water Sales from Stored G. W. [D&O Reserves]	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Subtotal:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<b>Revenue Total:</b>	\$ 308,099	\$ 313,549	\$ 278,499	\$ 283,749	\$ 435,299	\$ 600,549	\$ 606,599	\$ 553,249	\$ 506,599	\$ 414,949	\$ 371,999	\$ 695,049	\$ 5,368,188

2022 OPERATING BUDGET EXPENSES

		2020											TOTAL	
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov		Dec
<b>FACILITIES &amp; O&amp;M EXPENSES</b>														
<b>Operating Facilities</b>														
2175	20	\$ 21,666.67	\$ 21,666.67	\$ 21,666.67	\$ 21,666.67	\$ 21,666.67	\$ 21,666.67	\$ 21,666.67	\$ 21,666.67	\$ 21,666.67	\$ 21,666.67	\$ 21,666.67	\$ 21,666.67	\$ 260,000.00
2235	21	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 300,000.00
2265	22	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 40,000.00	\$ 45,000.00	\$ 55,000.00	\$ 60,000.00	\$ 75,000.00	\$ 80,000.00	\$ 80,000.00	\$ 85,000.00	\$ 60,000.00	\$ 650,000.00
<b>Operating Facilities Total:</b>		\$ 76,666.67	\$ 76,666.67	\$ 76,666.67	\$ 86,666.67	\$ 91,666.67	\$ 101,666.67	\$ 106,666.67	\$ 121,666.67	\$ 126,666.67	\$ 126,666.67	\$ 111,666.67	\$ 106,666.67	\$ 1,210,000.00
<b>Operating Activities</b>														
2475	18	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 7,000.00	\$ 84,000.00
2498	19	\$ 1,333.33	\$ 1,333.33	\$ 1,333.33	\$ 1,333.33	\$ 1,333.33	\$ 1,333.33	\$ 1,333.33	\$ 1,333.33	\$ 1,333.33	\$ 1,333.33	\$ 1,333.33	\$ 1,333.33	\$ 16,000.00
<b>Operating Activities Total:</b>		\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 8,333.33	\$ 100,000.00
<b>Other Operating Expense</b>														
2205	24	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 70,000.00
2210	25	\$ 333.33	\$ 333.33	\$ 333.33	\$ 333.33	\$ 333.33	\$ 333.33	\$ 333.33	\$ 333.33	\$ 333.33	\$ 333.33	\$ 333.33	\$ 333.33	\$ 4,000.00
2280	26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2295	23	\$ 833.33	\$ 833.33	\$ 833.33	\$ 833.33	\$ 833.33	\$ 833.33	\$ 833.33	\$ 833.33	\$ 833.33	\$ 833.33	\$ 833.33	\$ 833.33	\$ 10,000.00
2715	28	\$ -	\$ -	\$ 105,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,000.00
2805	27	\$ 7,727.27	\$ 7,727.27	\$ 7,727.27	\$ 7,727.27	\$ 7,727.27	\$ 7,727.27	\$ 7,727.27	\$ 7,727.27	\$ 7,727.27	\$ 7,727.27	\$ 85,000.00	\$ 7,727.27	\$ 170,000.00
2850	30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other Operating Expense Total:</b>		\$ 14,727.27	\$ 14,727.27	\$ 119,727.27	\$ 14,727.27	\$ 14,727.27	\$ 14,727.27	\$ 14,727.27	\$ 14,727.27	\$ 14,727.27	\$ 14,727.27	\$ 92,000.00	\$ 119,727.27	\$ 464,000.00
<b>O &amp; M Expense Total:</b>		\$ 99,727.27	\$ 99,727.27	\$ 204,727.27	\$ 109,727.27	\$ 114,727.27	\$ 124,727.27	\$ 129,727.27	\$ 144,727.27	\$ 149,727.27	\$ 149,727.27	\$ 212,000.00	\$ 234,727.27	\$ 1,774,000.00
<b>GENERAL ADMINISTRATIVE EXPENSES</b>														
<b>Personnel</b>														
2115	2	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 300,000.00
2130	3	\$ 83.33	\$ 83.33	\$ 83.33	\$ 83.33	\$ 83.33	\$ 83.33	\$ 83.33	\$ 83.33	\$ 83.33	\$ 83.33	\$ 83.33	\$ 83.33	\$ 1,000.00
2325	13	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 6,666.67	\$ 80,000.00
2355	4	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 15,000.00
2385	5	\$ 29,250.00	\$ 12,675.00	\$ 12,675.00	\$ 12,675.00	\$ 12,675.00	\$ 12,675.00	\$ 12,675.00	\$ 12,675.00	\$ 12,675.00	\$ 12,675.00	\$ 12,675.00	\$ 39,000.00	\$ 195,000.00
2415	6	\$ 21,916.67	\$ 21,916.67	\$ 21,916.67	\$ 21,916.67	\$ 21,916.67	\$ 21,916.67	\$ 21,916.67	\$ 21,916.67	\$ 21,916.67	\$ 21,916.67	\$ 21,916.67	\$ 21,916.67	\$ 263,000.00
2430	7	\$ -	\$ -	\$ -	\$ -	\$ 140.00	\$ -	\$ -	\$ -	\$ -	\$ 1,860.00	\$ -	\$ -	\$ 2,000.00
<b>Personnel Total:</b>		\$ 84,166.67	\$ 67,591.67	\$ 67,591.67	\$ 67,591.67	\$ 67,731.67	\$ 67,591.67	\$ 67,591.67	\$ 67,591.67	\$ 67,591.67	\$ 69,451.67	\$ 67,591.67	\$ 93,916.67	\$ 856,000.00
<b>Other</b>														
2445	9	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 5,833.33	\$ 70,000.00
2505	1	\$ 2,833.33	\$ 2,833.33	\$ 2,833.33	\$ 2,833.33	\$ 2,833.33	\$ 2,833.33	\$ 2,833.33	\$ 2,833.33	\$ 2,833.33	\$ 2,833.33	\$ 2,833.33	\$ 2,833.33	\$ 34,000.00
2535	11	\$ -	\$ -	\$ -	\$ 30,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000.00
2595	14	\$ 2,000.00	\$ 2,000.00	\$ 6,000.00	\$ 2,000.00	\$ 2,000.00	\$ 6,000.00	\$ 2,000.00	\$ 2,000.00	\$ 6,000.00	\$ 2,000.00	\$ 2,000.00	\$ 6,000.00	\$ 40,000.00
2625	15	\$ 930.00	\$ -	\$ -	\$ -	\$ -	\$ 930.00	\$ -	\$ 300.00	\$ 840.00	\$ -	\$ -	\$ -	\$ 3,000.00
2655	10	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 30,000.00
2745	12	\$ -	\$ -	\$ 10,800.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200.00
2775	8	\$ 4,772.73	\$ 4,772.73	\$ 22,500.00	\$ 4,772.73	\$ 4,772.73	\$ 4,772.73	\$ 4,772.73	\$ 4,772.73	\$ 4,772.73	\$ 4,772.73	\$ 4,772.73	\$ 4,772.73	\$ 75,000.00
2276	8	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 150,000.00
2790	16	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 3,333.33	\$ 40,000.00
2865	17	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 30,000.00
<b>Other Total:</b>		\$ 37,202.73	\$ 36,272.73	\$ 68,800.00	\$ 66,272.73	\$ 36,272.73	\$ 41,202.73	\$ 36,272.73	\$ 36,572.73	\$ 41,112.73	\$ 36,272.73	\$ 36,272.73	\$ 41,472.73	\$ 514,000.00
<b>G. &amp; A. Expense Total:</b>		\$ 121,369.39	\$ 103,864.39	\$ 136,391.67	\$ 133,864.39	\$ 104,004.39	\$ 108,794.39	\$ 103,864.39	\$ 104,164.39	\$ 108,704.39	\$ 105,724.39	\$ 103,864.39	\$ 135,389.39	\$ 1,370,000.00
<b>Total Expenses:</b>		\$ 221,096.67	\$ 203,591.67	\$ 341,118.94	\$ 243,591.67	\$ 218,731.67	\$ 233,521.67	\$ 233,591.67	\$ 248,891.67	\$ 258,431.67	\$ 255,451.67	\$ 315,864.39	\$ 370,116.67	\$ 3,144,000.00

2022 OPERATING BUDGET CAPITAL IMPROVEMENTS

	DRAFT 2022 CIP												TOTAL
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>Domestic Water System</b>													
Holly Drive Tank, Phase III		\$ 30,000	\$ 30,000	\$ 30,000		\$ 130,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 130,000	\$ 130,000		\$ 900,000
SCADA PLC Controller Replacement			\$ 40,000	\$ 40,000	\$ 40,000								\$ 120,000
Cucamonga Crosswall Enviro Mitigation				\$ 50,000				\$ 23,000					\$ 73,000
Site 19 Well test hole	\$ 30,000	\$ 30,000		\$ 60,000	\$ 60,000	\$ 60,000							\$ 240,000
1.0 MGD Treatment Plant		\$ 12,500	\$ 12,500						\$ 50,000	\$ 50,000	\$ 50,000		\$ 175,000
<b>Total</b>	\$ 30,000	\$ 72,500	\$ 82,500	\$ 180,000	\$ 100,000	\$ 190,000	\$ 140,000	\$ 163,000	\$ 190,000	\$ 180,000	\$ 180,000	\$ -	\$ 1,508,000
<b>Irrigation System</b>													
SCADA PLC Controller Replacement						\$ 40,000	\$ 40,000	\$ 40,000					\$ 120,000
Well 31 Pipeline Relocation/Replacement			\$ 20,000	\$ 20,000	\$ 10,000			\$ 123,000	\$ 123,000	\$ 124,000			\$ 420,000
<b>Total</b>	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ 10,000	\$ 40,000	\$ 40,000	\$ 163,000	\$ 123,000	\$ 124,000	\$ -	\$ -	\$ 540,000
<b>Total CIP + Equipment + Reports</b>	\$ 30,000	\$ 73,000	\$ 302,500	\$ 200,500	\$ 110,000	\$ 233,500	\$ 180,000	\$ 326,500	\$ 313,000	\$ 309,000	\$ 180,000	\$ -	\$ 2,258,000

Design/Engineering
Construction

2022 OPERATING BUDGET EQUIPMENT/STUDIES/REPORTS

		DRAFT 2022 EQUIPMENT												TOTAL
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
#	<b>Equipment Purchases</b>													
1	Computers						\$ 3,000							\$ 3,000
2	Misc. Hand Tools for Trucks		\$ 500		\$ 500		\$ 500		\$ 500					\$ 2,000
3	Operations Trucks (F150 and F350)			\$ 200,000										\$ 200,000
	Total	\$ -	\$ 500	\$ 200,000	\$ 500	\$ -	\$ 3,500	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ 205,000

		DRAFT 2021 STUDIES AND REPORTS												TOTAL
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
#	<b>Studies and Reports</b>													
	SAWPA Cloud Seeding Feasibility Study										\$ 5,000			\$ 5,000
	Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 5,000

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# CAPITAL IMPROVEMENTS

Project Title: **Holly Drive Tank, Phase III**

Total Budget: **\$900,000**

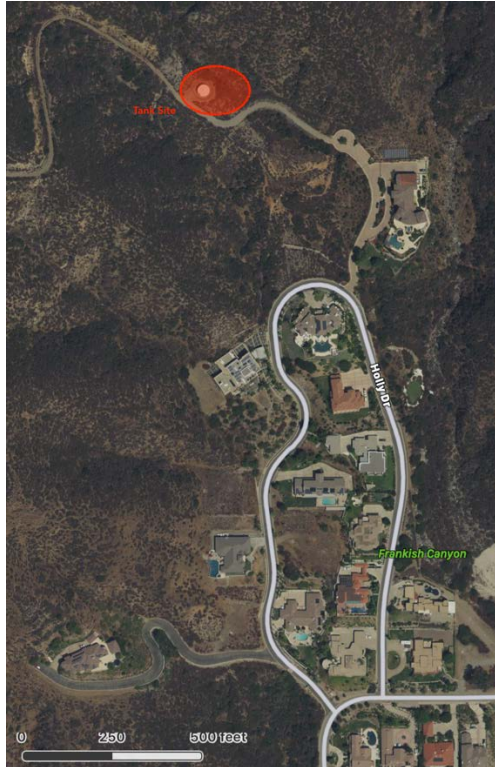
**Engineering:** \$90,000

**Tank Construction:** \$810,000

**Schedule:**

Construction: June 2022 - November 2022

**Location:**



**Justification:** Provide an additional 120,000-gallon storage capacity to meet operational storage, emergency storage and fire flow requirements. This will complete the Holly Drive Tank Site Improvements with a final storage amount of 240,000 gallons. Phase I was construction of a new tank pad site and retaining wall, Phase II was construction of a 120,000-gallon steel tank and abandonment of the existing 60,000-gallon steel tank.

Project Title: **SCADA PLC Controller Replacement**

Total Budget: **\$40,000**

**Engineering:** \$0

**Construction:** \$120,000

**Schedule:**

Installation: March - May 2022

**Location:** System Wide

**Justification:** A water system is controlled in-part through the System Control and Data Acquisition (SCADA) computer network. Communications occur between the central control server and Programmable Logic Controllers (PLCs) located at each facility. PLCs contain instructions on site specific activities ranging from reservoir water levels, chlorination levels and site security alarms. The Company's current PLC inventory contains almost 40 PLCs of differing electronics from different companies programmed by different people, without the benefit of standardization or documentation retained by the Company.

Staff is proposing the modernization of Company PLCs on a multi-year basis, replacing two to four per year. Replacement will include standardization of instruction sets and documentation of each PLC's programming, input and output.



Project Title: **Cucamonga Crosswall Environmental Mitigation, Year 4 of 5**  
Total Budget: **\$73,000**  
**Maintenance:** \$73,000

**Schedule:**

Maintenance: April & August 2022

**Location:**



**Justification:** As a condition of the Cucamonga Crosswalls repair project, the Company committed to conduct mitigation and associated environmental monitoring for a period of no less than five years. This commitment was a condition of the California Department of Fish and Wildlife Streambed Alteration Agreement.

The mitigation includes yearly removal of invasive plant species and seeding of native plant species. Mitigation will occur in the late winter-early spring months. The intent is to provide enough time for native and invasive seed to germinate but not establish strong roots or go to seed.

Project Title: **Well Site 19**

Total Budget: **\$2,500,000**

**Engineering:** \$500,000 (\$330k reserved in 2021) (\$25,000 in 2022)

**Construction:** \$2,000,000 (\$150,000 in 2022)

**Schedule:**

Engineering: ~~June 2021~~ January 2022 – ~~March~~ November 2022

Bidding: ~~June~~ July early 2023

Construction: ~~October 2022 – February 2023~~ mid to late 2023

**Location:**



**Justification:** The 2008 Master Plan recommended a new well to meet supply requirements. Construct a new well at Site 19 was identified in the 2017 Master Plan as a high priority project.

Staff is proposing the design and construction of a pilot hole and full well design in 2022. The pilot hole is intended to provide hydrogeologic information regarding material and estimated yield of proposed production well.

Project Title: **1.0 MGD Treatment Plant**

Total Budget: **\$1,500,000**

**Engineering:** \$225,000 (\$175,000 study and design proposed for 2022)

**Construction:** \$1,275,000 (proposed for 2023)

**Schedule:**

Engineering: 2022

Construction: 2023

**Likely Location:** Retired MIOX Building at Forebay



**Justification:**

The Company's main irrigation system primarily receives water from surface diversions in the San Antonio Canyon. Most of the irrigation water is provided to the City of Upland's treatment plant located just below the San Antonio Canyon dam. The city's treatment plant has a minimum operating limit of 1.0 MGD. This restriction makes it difficult for the City to receive their full entitlement of SAWCO water when canyon flows seasonally dip and in extended periods of drought.

The proposed 1.0 MGD treatment plant would be able to continue producing drinking water when the City's plant shuts down due to low flow. Estimates are that in 2021 this treatment plant could have produced an additional 260 acre-feet or about \$77,000 worth of water sales.

Project Title: **Irrigation SCADA PLC Controller Replacement**

Total Budget: **\$120,000**

**Installation:** \$120,000

**Schedule:**

Installation: June - August 2022

**Location:** System Wide

**Justification:** A water system is controlled in-part through the System Control and Data Acquisition (SCADA) computer network. Communications occur between the central control server and Programmable Logic Controllers (PLCs) located at each facility. PLCs contain instructions on site specific activities ranging from reservoir water levels, chlorination levels and site security alarms. The Company's current PLC inventory contains 12 PLCs, with differing electronics from different companies programmed by different people, without the benefit of standardization or documentation retained by the Company.

Staff is proposing the modernization of Company PLCs on a multi-year basis, replacing two to four per year. Replacement will include standardization of instruction sets and documentation of each PLC's programming, input and output.

**Project Title: Well 31 Pipeline Relocation/Replacement**

Total Budget: **\$420,000 (1,400 LF x \$300/LF)**

**Soft Costs** (Engineering, Permitting, Easements, Inspection, Testing): \$63,000 (15% of project cost)

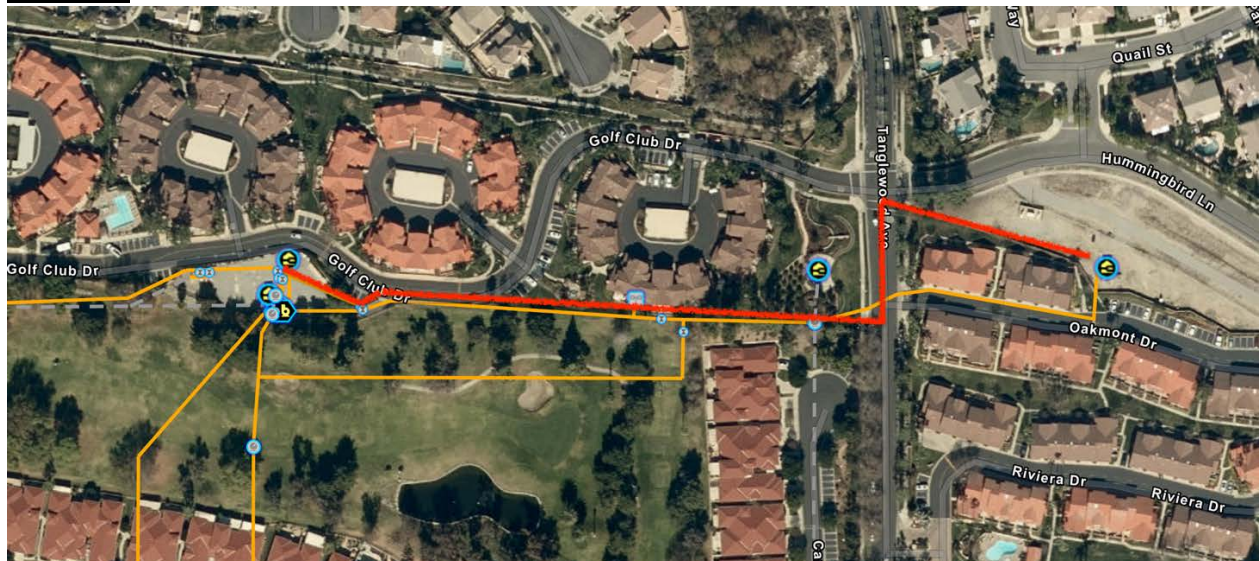
**Construction:** \$357,000 (85% of project cost)

**Schedule:**

Design: March 2022 – May 2022

Construction: August 2022 – October 2022

**Location:**



**Justification:**

Replace approximately 1,400 linear feet of 14" pipeline from Well 31 delivering water to facilities at Golf Club Drive along backside of homes and within Upland Hills Country Club waterline easement. Abandon aged pipeline. The current steel pipeline was installed before 1976 and has exceeded its useful life. Identified by staff as a high maintenance pipeline.

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# ENTITLEMENT PROJECTIONS

		2022 Projections												Entitlement
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	
<b>San Antonio Heights</b>	Projected Monthly Delivery	60	65	60	62	112	140	150	160	160	120	100	80	
	Projected Cumulative Delivery	60	125	185	247	359	499	649	809	969	1,089	1,189	1,269	= 1,269
<b>City of Upland</b>	Projected Monthly Delivery	500	500	400	400	800	1,300	1,300	1,100	950	720	620	596	
	Projected Cumulative Delivery	500	1,000	1,400	1,800	2,600	3,900	5,200	6,300	7,250	7,970	8,590	9,186	= 9,186
<b>Monte Vista Water District</b>	Projected Monthly Delivery	48	48	48	48	52	52	52	52	52	48	48	48	
	Projected Cumulative Delivery	48	96	144	192	244	296	348	400	452	500	548	596	= 672
<b>City of Ontario</b>	Projected Monthly Delivery	38	38	38	38	42	42	42	42	42	38	38	38	
	Projected Cumulative Delivery	38	76	114	152	194	236	278	320	362	400	438	476	= 601
<b>Holiday Rock Company</b>	Projected Monthly Delivery	20	20	20	20	24	25	30	30	30	20	20	10	
	Projected Cumulative Delivery	20	40	60	80	104	129	159	189	219	239	259	269	= 269
<b>Red Hills Golf Course</b>	Projected Monthly Delivery	8	15	8	20	45	55	60	60	55	50	40	30	
	Projected Cumulative Delivery	8	23	31	51	96	151	211	271	326	376	416	446	= 444
<b>Red Hills HOA</b>	Projected Monthly Delivery	1	1	1	1	1	2	2	2	2	2	1	1	
	Projected Cumulative Delivery	1	2	3	4	5	7	9	11	13	15	16	17	= 20
<b>Minor Irrigators</b>	Projected Monthly Delivery	1	2	1	1	6	8	8	10	10	8	6	4	
	Projected Cumulative Delivery	1	3	4	5	11	19	27	37	47	55	61	65	= 102
<b>COMPANY TOTAL (EX. INACTIVE)</b>	Projected Monthly Delivery	676	689	576	590	1,082	1,624	1,644	1,456	1,301	1,006	873	807	
	<b>Projected Cumulative Consumption</b>	<b>676</b>	<b>1,365</b>	<b>1,941</b>	<b>2,531</b>	<b>3,613</b>	<b>5,237</b>	<b>6,881</b>	<b>8,337</b>	<b>9,638</b>	<b>10,644</b>	<b>11,517</b>	<b>12,324</b>	
	Straight Line Mnthly Ent	1,047.56	1,047.56	1,047.56	1,047.56	1,047.56	1,047.56	1,047.56	1,047.56	1,047.56	1,047.56	1,047.56	1,047.56	
	Cumulative Mnthly Ent	1,048	2,095	3,143	4,190	5,238	6,285	7,333	8,380	9,428	10,476	11,523	12,571	
	Active Share Ent	12,571	12,571	12,571	12,571	12,571	12,571	12,571	12,571	12,571	12,571	12,571	12,571	

		Projected Production												Entitlement
<b>Gravity</b>		300	600	600	600	600	400	300	200	100	100	100	100	
	<b>Gravity Cumulative</b>	300	900	1500	2100	2700	3100	3400	3600	3700	3800	3900	4000	= 4,425
<b>Chino</b>							100	100	100	100	100	100	100	
	<b>Chino Cumulative</b>	0	0	0	0	0	100	200	300	400	500	600	700	= 1,232
<b>Cucamonga</b>		200	200	300	600	600	700	700	700	600	600	400	400	
	<b>Cucamonga Cumulative</b>	200	400	700	1300	1900	2600	3300	4000	4600	5200	5600	6000	= 5,981
<b>Six Basins</b>		80	80	80	80	80	80	90	100	100	90	80	80	
	<b>Six Basins Cumulative</b>	80	160	240	320	400	480	570	670	770	860	940	1020	= 932



# **San Antonio Water Company General Legal Counsel Services**

July 12, 2022

**ORIGINAL**



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# About Fennemore





# EXECUTIVE SUMMARY

## 1. EXECUTIVE SUMMARY

Fennemore is pleased to provide this response to the San Antonio Water Company Request for Proposal for Legal Services. We appreciate the opportunity to provide information on the firm. As one of the region's largest and oldest law firms, Fennemore serves clients with effective and efficient legal counsel on a wide range of matters. Overall service, quality and delivering value are rightfully expected by clients, and Fennemore makes these a priority.

Fennemore, founded in 1885, is an innovative law firm leader helping clients meet the challenges of an ever-changing business environment. Fennemore has nearly 250 lawyers with offices in San Bernardino, San Diego, Sacramento, Oakland, Fresno, Modesto, Bakersfield, Walnut Creek in addition to offices in Arizona, Colorado and Nevada. With a heritage of more than 135 years of service to clients, we pledge to treat every client relationship with integrity and respect.

We believe we offer our clients an excellent value proposition: delivering top quality legal counsel on a regional platform at extremely competitive rates, particularly in contrast to national firms. 83 of our lawyers are listed in Best Lawyers in America® and 74 of our lawyers have the AV® Preeminent™ Peer Review Rating, the highest available from Martindale-Hubbell. And most important, in a client service survey conducted by Altman Weil, a national legal industry consulting firm, Fennemore received one of the three highest rankings in the country.

Our attorneys take a team approach in our services and will always look for cost-effective winning strategies. We rely on our years of experience, historical costs and data to develop a game plan to meet your goals. We are committed to building a candid relationship and keeping an open line of communication. Our goals are your goals and we will do our part in maintaining and building upon Company's long-term success.

Derek Hoffman will be the main contact for the Company, and all of his contact information is included within the response. He will take direction from the Company's Board of Directors, focusing on delivering the results sought by the Board and General Manager. The firm will support the Board, Officers, General Manager and executive staff to accomplish its strategic plans within the confines of the law and will advise regarding liability issues. Derek will also be responsible for most of the day to day assignments received or authorized by the Board President or General Manager.

Fennemore, and Mr. Hoffman in particular, has considerable experience working with mutual water companies and is familiar with the issues and concerns that occur serving as general counsel. The dynamic team available to support the Company possesses significant experience serving as general counsel and in each of the specific areas described in the Request for Proposal. We very much appreciate the opportunity to provide you with information about Fennemore and look forward to the chance to work with you in the future.



# Firm Description

## 2. FIRM DESCRIPTION

California's water resources have always been, and always will be, vital to the State's growth and sustainability. Conducting business in California requires compliance with a complex and ever-changing array of federal and state water laws and regulations. Our attorneys are equipped to assist the Company in complying with these regulations and in acquiring, maintaining, and protecting valuable water rights and water supplies.

### **Water Law**

Our water attorneys offer clients decades of experience in surface water, groundwater, water rights, water supply, and all types of water-related litigation. We also provide assistance with water resource planning and the interplay between utilization of water resources and the impact of various environmental laws. Our signature strength – in depth understanding of water rights and supplies and increasingly critical environmental restrictions affecting those rights and supplies – positions us to assist in addressing and resolving the most complex water issues facing the business world.

### **Water Permitting and Compliance**

We assist clients in formulating strategies to protect and utilize water rights. Our water rights attorneys negotiate and document numerous water rights conveyances, water service agreements and water infrastructure instruments. We frequently conduct due diligence in connection with transactions involving the acquisition of real property and water rights. We advise clients on compliance with regulatory and permitting matters involving federal, state and local laws, rules and policies, including groundwater extraction and surface water diversion reporting, State Water Board and California Department of Fish and Game requirements, compliance with groundwater adjudication judgments and local watermaster requirements, and environmental implications of exercising water rights.

### **Water Legislation and Regulation**

We have a long history of representing clients in drafting and negotiating water legislation. We represent clients in rule-making and regulatory matters before state and federal agencies.

### **Water Litigation**

Our water rights attorneys have represented clients in some of the largest and most complex groundwater basin adjudications in California, including the Antelope Valley, Mojave Basin

Area, Beaumont Basin, and the Indian Wells Valley. In addition to serving as trial counsel, we are involved in settlement negotiations for these and other water controversies. In addition, Fennemore represents clients in interstate stream litigation and related negotiations. We also have experience representing state governments in interstate water banking negotiations.

### **Water Rights and Supply**

We assist clients in developing and implementing effective strategies to obtain, maintain, protect and transfer water rights and supplies. Our practice includes guiding clients through the implementation of California's Sustainable Groundwater Management Act (SGMA), and other state and federal natural resources laws. Where water supplies are limited, we represent clients in water rights adjudications, including in some of the largest and most complex groundwater basins in California and Arizona.

Our water rights attorneys represent clients in water supply, water rights and development issues that include:

- Planning for the use and protection of water rights.
- Representing water users in groundwater adjudication matters.
- Drafting agreements and working with watermaster agencies to effectuate transfers of adjudicated groundwater rights.
- Conducting due diligence on water-related matters associated with real estate transactions and property portfolio management.
- Drafting and negotiating purchase and sale contracts relating to water issues.
- Analyzing title and survey matters concerning water.
- Drafting and negotiating water-related agreements, including line extension agreements, water supply wheeling agreements and development agreements between landowners, developers and municipal and private water providers.
- Securing effluent for recreational, development and industrial uses.
- Providing counsel on water conservation requirements to mutual water companies, municipal providers, developments, homeowners associations, golf courses, and industrial interests.
- Participating in the development of legislation, rulemaking and water-related policy at the state and regional level.
- Representation in administrative law proceedings involving water resource, rights, and compliance matters.

### **Representative Experience**

- Representation of mutual water companies in the SGMA process, including formation of groundwater sustainability agencies and the development and implementation of groundwater sustainability plans.
- Representation of mining and industrial interests in development of water resource strategies and water right management.
- Representation of mutual water company in water system consolidation project, including grant funding from State Water Resources Control Board.
- Representation of mutual water companies (and other clients) in multi-phased Antelope Valley Groundwater Adjudication resulting in stipulated judgment and

physical solution, and representation in post-judgment litigation and watermaster implementation.

- Represent agricultural interests in active, new streamlined groundwater adjudication in basin subject to SGMA requirements.
- Represent mutual water company in successfully defending storage rights in post-judgment litigation in adjudicated basin.
- Guide growing mutual water company through transition in becoming an urban water supplier, including adoption of first urban water management plan, water shortage contingency plan and annual water supply and demand assessments.
- Assist groundwater producers and surface water diverters in compliance with recordation and diversion reporting requirements.
- Advise mutual water company clients regarding compliance with State drought executive orders and State Water Board emergency regulations regarding water conservation requirements.
- Advise mutual water company in matters involving shareholder disputes and transfer of shares.
- Representation in litigation over the United States' claim to federal reserved water rights for Fort Huachuca, a military installation in southeastern Arizona.

### **Utility Representation**

Our attorneys handle the ongoing legal issues arising from the development and operation of mutual water companies that operate public water systems, as well as smaller water systems. We assist with financing and construction of water supply systems, negotiate water purchase and sale agreements, and water system consolidations. Our lawyers continually work with water system clients as their service areas grow and change. We also provide legal services to one of Arizona's largest investor-owned water and wastewater providers, in addition to smaller private water and wastewater utilities. We represent several utilities in the water, sewer, telecommunications, and natural gas industries. Our utilities and regulatory practice also extends to other state agencies, state boards and commissions, as well as related litigation in state and federal courts.

# Identification of Prime Counsel

## 3. IDENTIFICATION OF PRIME COUNSEL

Attorney	Designation	California Bar Admission Date
Derek Hoffman	Prime	December 2012
Kevin Randolph	Deputy	December 1990
Ernest Riffenburgh	Deputy	December 1983
Brent McManigal	Supporting Counsel	May 2009
Byrin Romney	Supporting Counsel	January 2021
Jaclyn Kawagoe	Supporting Counsel	January 2021
Chris Carrillo	Supporting Counsel	May 2013

Derek Hoffman as Prime Counsel will typically attend all Board of Directors and Board Executive Committee meetings. Mr. Hoffman works primarily in the firm's San Bernardino Office and also works regularly in the Fresno Office. If Mr. Hoffman is unable to attend a meeting, Kevin Randolph or another attorney will do so.

Our practice areas all have multiple attorneys with deep experience in the area. We have identified a team available to support the Company with significant experience. For items that require the services of firm attorneys not located in San Bernardino, the attorneys will be equally available by phone, video conference, or in person.

The firm is committed to communicating effectively and clearly with its clients. Clients are provided cell phone numbers and are able to be in contact quickly, even after hours or on weekends. The firm will be accessible to provide legal assistance to the Company on a 24-hour basis.

Please find the listed attorney bios beginning on the next page.





# DEREK HOFFMAN

Director

P 559.446.3224

E [dhoffman@fennemorelaw.com](mailto:dhoffman@fennemorelaw.com)

San Bernardino, California | Fresno, California

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# KEVIN K. RANDOLPH

Director

P 909.723.1703

E [krandolph@fennemorelaw.com](mailto:krandolph@fennemorelaw.com)

San Bernardino, California

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### EDUCATION

- *cum laude* Bachelor of Science in Business Administration
- *magna cum laude* Bachelor of Science in Business Administration
- Juris Doctor

### PROFESSIONAL SOCIETIES

- American Bar Association
- State Bar of California



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## ERNEST E. RIFFENBURGH

*Attorney at Law*

P 909.890.4499

E [eriffenburgh@fennemorelaw.com](mailto:eriffenburgh@fennemorelaw.com)

San Bernardino, California

Ernest (“Ernie”) Riffenburgh is a director in our San Bernardino office with extensive experience in the purchase, sale, leasing, and subdivision of commercial, industrial, mining, and recreation and resort real property, as well as the resolution of title issues, mapping, easements, licenses, property rights derived from government agencies, and mutual water company law. His practice also includes analysis and appeal of real property tax assessments. Ernie is often called upon to analyze and resolve title and real property tax issues on behalf of national retail, railroad, commercial, industrial, and mining development clients. His in-depth knowledge and experience inspire his approach to complex title and real property tax issues, leading to innovative and effective solutions.

Ernie brings the same drive to his community efforts apparent in his law practice. He is an active member of the Desert Valleys Builders Association serving the Coachella and Imperial Valleys. During his chairmanship of the Board of Directors of the Ontario Chamber of Commerce, the highly successful Southern California Aviation Summit was established, bringing recognition to the Ontario Airport as a national transportation hub, drawing attendees from throughout the western United States, including representatives from the airline industry, major metropolitan cities and agencies, as well as many well-known private enterprises.

Also established during Ernie’s chairmanship was the Government Affairs Council, advocating to government entities on behalf of the business community.

### EDUCATION

- J.D., University of Southern California, Gould School of Law
- B.S., *cum laude*, University of Southern California

### AREAS OF PRACTICE

- Real Estate
- Real Estate Transactions
- Real Property Taxation
- Mining Law
- Mutual Water Company Law

### REPRESENTATIVE MATTERS

- Lead counsel to developer of a major regional commercial airport
- Local real estate general counsel to international convenience store retail chain.
- Negotiate and document dozens of mining property acquisitions, sales, leases, and rights-of-way for major mineral development companies.
  - Lead counsel to two major private mining/industrial railroad lines.

- Led team of attorneys and paralegals in extensive County, State and Federal records analysis.
- Identify and resolve title and permit issues with private parties and local, State, and Federal agencies.
- Title analysis and counsel regarding fee lands and patented and unpatented mining claims for major mineral development companies.
  - Led team of attorneys and paralegals in extensive County, State, and Federal records analysis.
  - Identify and resolve title and permit issues with private parties and local, State, and Federal agencies.
- Lead real estate counsel to major Southern California medical practice (over 100 physicians), negotiating and documenting multiple Class A office building acquisitions and leases.
- Negotiate and document parcel, easement, and well site acquisitions for major Southern California skiing/recreational facility.
- Corporate and real estate general counsel to Southern California mutual water company for more than 30 years.

## AWARDS AND HONORS

- Best Lawyers, Inland Empire list, Inland Empire Magazine, 2008-2021
- AV Preeminent rating, Martindale-Hubbell Peer Review

## PROFESSIONAL AND COMMUNITY ACTIVITIES

- Member, San Bernardino County Bar Association
- Member, State Bar of California
- Member, American Bar Association
- Member, Desert Valleys Builders Association
- Member, S. Green Building Council, Inland Empire Chapter, 2009 – 2013, including Board of Directors, Fall 2010 – Spring 2011; Pacific Regional Council Co-Liaison, Spring 2011; Coachella Valley Branch Liaison, Fall 2010
- Member, Ontario Chamber of Commerce, 1998 – 2008, including Board of Directors, Immediate Past-Chair, 2007 – 2008; Board of Directors, Chairman, 2006 – 2007; Board of Directors, Chair-Elect, 2005 – 2006; Vice Chair, Business Division, 2004 – 2005; Board of Directors, 2001 – 2008; Chair, Business Retention & Development Committee, 1999 – 2004
- Member, Rotary Club of San Bernardino Crossroads, 1986 – 2000, including President, 1992 – 1993; Fundraising Chair, 1993 – 1994; Board of Directors, 1989 – 1997
- Board of Directors, San Bernardino Executives Association, 1996 – 1997
- Board of Directors, Project Home Run, 1992 – 1995
- Board of Directors, Senior Citizens Foundation of San Bernardino, 1991 – 1994
- Delegate, Moscow Conference on Law and Bilateral Economic Cooperation, 1990
- Member, USC Legion Lex Inn of Court, 1985 – 1991; Executive Committee, 1988 – 1991

## ADMISSIONS

- California
- U.S. District Court, Central District of California



# BRENT MCMANIGAL

Director

P 909.723.1807

E [bmcmanigal@fennemorelaw.com](mailto:bmcmanigal@fennemorelaw.com)

San Bernardino, California

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## BYRIN A. ROMNEY

*Associate*

**P** 559.432.4500

**E** bromney@fennemorelaw.com

Fresno, California

Byrin Romney is an attorney in our firm with a rapidly-developing practice. He advises on a broad range of civil litigation matters, including business, real estate, and water disputes.

Understanding that the law animates how businesses and communities operate, Byrin entered the legal industry to help clients find innovative solutions to their problems. He enjoys handling matters that go beyond the ordinary and that provide clients with a sense of security and resolution. Byrin assists clients by efficiently navigating the litigation process, providing representation in court, mediation, and settlement negotiations, and preparing litigation documents.

An important part of Byrin's practice involves advising clients on the use and application of their water rights. Byrin's water law practice includes due diligence analysis in preparation for land acquisition or development, advising water providers such as private water companies, water rights litigation, and coordination with hydrological experts.

Out of the office, Byrin unwinds by training for and competing in triathlons, playing volleyball, and wake surfing. He especially enjoys spending time with his wife and two children.

### EDUCATION

- J.D., Willamette University College of Law
- B.A., Brigham Young University
- Business Law Certificate, Willamette University
- Winner, First Year Appellate Competition, Willamette University
- Member, Moot Court Board

## AREAS OF PRACTICE

- Business Litigation
- Civil Litigation
- Internet and E-commerce Law
- Real Estate
- Water Law

## ARTICLES AND PRESENTATIONS

- Co-Author, "California State Water Resources Control Board Adopts Emergency Drought Regulation Pursuant to Executive Order," *California Water Law & Policy Reporter*, Volume 32, June 2022.
- Co-Author, "California Third District Court of Appeal Finds Watermaster Not Aggrieved Party, Dismisses Appeal of Trial Court Orders Interpreting Water Rights Decree," *California Water Law & Policy Reporter*, Volume 32, April 2022.
- Co-Author, "Arrowhead Mountain Spring Water Challenges Draft Cease and Desist Order Issued by California State Water Resources Control Board," *California Water Law & Policy Reporter*, Volume 32, March 2022.
- Co-Author, "First District Court of Appeal Finds CEQA Does Not Apply to State Water Resources Control Board's Review of Small Domestic Water Use Permits," *California Water Law & Policy Reporter*, Volume 32, February 2022.
- Co-Author, "California State Water Resources Control Board Considers Imposing Mandatory Water Use Restrictions Statewide in Response to Drought Conditions," *California Water Law & Policy Reporter*, Volume 32, January 2022.
- Author, "Screens, Teens, and Porn Scenes: Legislative Approaches to Protecting Youth From Exposure to Pornography," *Vermont Law Review*, Volume 45, Book 1 (2020).

## ADMISSIONS

- California
- Nevada



## JACLYN M. KAWAGOE

*Associate*

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Fresno, California

Jaclyn Kawagoe is a recent addition to the Fennemore Dowling Aaron family, and she works in the transactional department, as well as our estate planning practice group. As a former summer associate and clerk of the firm, she focused her efforts as much as possible on business and real estate transactions, particularly for agricultural clients and family-owned businesses. Jaclyn is detail-oriented and enjoys drafting and editing in order to create the most clear, straightforward, consistent, and correct document, which fully serves the client's purposes. She's also worked on mergers and acquisitions, private placement of securities (SEC exempt), covenants and restrictions for real estate use, employment contracts, and estate planning, and has a great interest in water law.

Jaclyn became interested in justice, broadly defined, in college and began exploring career options which would serve those ends. One summer, she volunteered with California Rural Legal Assistance (a direct-services legal aid) in northern California, and she fell in love with the practice of law. Law engages Jaclyn intellectually, and it allows her to use her skills and talents, and most importantly, it was a way for her to make a difference in others' lives. She discovered transactional law during her first summer of law school, when she worked at the U.S. Department of Agriculture Office of General Counsel in San Francisco. She immediately knew that was the kind of law she wants to practice. She passionately believes that it is a privilege to participate with the client in creating something new and good in the world, and the possibilities of what can be done are almost endless. A true "law geek," Jaclyn really enjoys the work itself; she loves how it is detail-oriented, and she enjoys trying to craft the best possible version of the document. She receives great satisfaction when she has the opportunity to create a clear, beautiful, concise document that achieves her client's aims and is completely understandable.

Outside of the office, Jaclyn loves hiking, backpacking, and just being in the mountains. She thinks that it's a huge blessing to live in Fresno and be so close to two national parks and several national forests. Jaclyn also enjoys reading, cooking, and tending her collection of potted plants, and she hopes to soon be able to start a garden. Like many workout warriors, she's also looking forward to the day COVID-19 allows her rock climbing gym to reopen, as she also enjoys climbing and bouldering there.

## EDUCATION

- J.D., University of California, Davis School of Law
- B.A., with distinction, Stanford University
- Certificate, King Hall Public Service Program
- Order of the Coif
- Phi Beta Kappa

## AREAS OF PRACTICE

- Business and Finance
- Mergers and Acquisitions
- Real Estate

## ADMISSIONS

- Provisionally Licensed Lawyer, California

## LANGUAGE

- French, Proficient



# CHRIS CARRILLO

Associate

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San Bernardino, California

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# Identification of Counsel Expertise

## 4. IDENTIFICATION OF GENERAL COUNSEL EXPERTISE

Fennemore attorneys demonstrate legal expertise in the following areas as it relates to mutual water companies or public agencies:

- **Laws and regulations governing California mutual water companies, special districts, and operating procedures relative to the conduct of company business.**

Mr. Hoffman, Mr. Riffenburgh and other Fennemore attorneys represent mutual water companies in various capacities, including general counsel, transactional and litigation matters. We assist mutuals in corporate governance, shareholder meetings and shareholder rights, share transfers and enforcement of liens on shares, water supply management, preparation and enforcement of resolutions and policies. We assist mutual water companies in securing governing-board positions and other meaningful roles in Groundwater Sustainability Agencies, in the development of Groundwater Sustainability Plans and in local and general SGMA compliance. We advise large mutual water company clients through requirements of urban water management and water shortage contingency plans. We also represent mutual water companies in groundwater adjudications, in which the unique nature of water rights exercised by mutuals has been established in securing water rights.

- **Experience and knowledge of Contracting Code, Labor Code and other California statutes governing the bidding, awarding, contracting and construction.**

Fennemore attorneys represent numerous public agencies and boards with respect to matters involving the Public Contract Code, Labor Code, and Government Code. This experience includes current representation of the nation's largest community college district with respect to the bidding and award of a large real estate development project. Other Fennemore attorneys represent smaller public agencies and districts closer in size to the Company, with one current project involving the construction of additional facilities for a local hospital district.

- **Environmental law including California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA).**

Fennemore counsels clients through the numerous local, state, and federal laws related to project management, permitting, and environmental compliance, including compliance with the California Environmental Quality Act (CEQA), Porter Cologne Act, and Endangered Species Act. We have experience in all aspects of commercial, industrial, residential, and waste management projects including preliminary market and business analysis, contract



negotiations, permitting, operations, compliance and public relations. We are experienced in working with state and federal agencies including, the State Water Board, the Air Resources Board, and the Federal Environmental Protection Agency.

Prior to working at Fennemore, Brent McManigal spent five years as a city planner, followed by 12 years as a key manager with one of the nation's leading waste management companies. While in the waste management industry, he was involved in mergers and acquisitions, permitting, construction and the start-up of a waste-to-energy facility. In addition, Mr. McManigal lead operations across several states including working with numerous water and wastewater facilities managing and recycling residuals. Through this work, Mr. McManigal worked closely with and obtained permits (including compliance with CEQA and the NEPA) through not only the United States Environmental Protection Agency, but also numerous states across the country and throughout California. All through his career, Mr. McManigal has been involved in leading controversial and high-profile projects. With his extensive experience in local and regional planning, business management, operations and regulatory compliance, and construction management, Mr. McManigal is uniquely suited to assist the Company on CEQA and NEPA matters.

- **Contracts, Joint Powers Authorities, Memorandums of Understanding including risk transfer provisions.**

As general counsel to a number of public authorities and boards of directors, Mr. Hoffman and Mr. Randolph are all well versed in the preparation and delivery of legal opinions, the preparation, review and adoption of contracts and memoranda of understanding, including provisions regarding warranties, indemnity and insurance, resolutions of the Board of Directors and policies to be adopted by an organization. We all are capable of understanding and managing litigation matters faced by the Company.

- **Preparation and review of ordinances and resolutions.**

We are well versed in the preparation and review of ordinances, resolutions, rules and regulations and policies for mutual water companies and agencies, including governing documents and amendments, water shortage declarations and conservation practices, adoption of new policies and approvals to enter into contracts with third parties, and advocating and negotiations revisions to proposed policies and governing rules and regulations of other agencies including groundwater sustainability agencies and watermasters. Mr. Hoffman and Mr. Riffenburgh have guided mutual water company clients in successfully managing and maintaining reliable water supplies through historic local and statewide droughts.

- **Real estate law, easements, right-of-way and other related agreements and negotiations.**

Fennemore's real estate practice is one of the largest in the West and encompasses all aspects of real estate, from acquisition and finance, through development, leasing and sale. There are more than 35 attorneys in the firm who devote substantially all of their practice to real estate, as well as a number of other attorneys who are involved in discrete aspects of real estate matters. The firm represents developers of master-planned communities, condominiums, apartment complexes, hotels, resorts, clubs, office buildings, industrial parks, shopping centers, golf courses, and other residential and commercial projects. In working

with our clients, Fennemore attorneys routinely and frequently negotiate and document all aspects of the transaction, including easements and rights-of-way for access, utility lines and facilities, and construction. The firm also has substantial experience in dealing with the broad variety of issues and situations involved in zoning and land use, including advising clients with respect to special use permits, encroachment permits and other permitting aspects of land use.

Fennemore's condemnation and eminent domain practice represents both condemning authorities and landowners in disputes regarding eminent domain. Our attorneys combine substantial experience in real estate and business transactions with negotiation, litigation and dispute resolution experience on eminent domain covering such matters as transmission lines, pipelines, rights-of-way for new roads and roadway expansion, rail, light rail, and communications lines. Our attorneys are successful litigators in complex condemnation and business valuation issues on both the right to take as well as valuation issues. We have represented condemning authorities and property owners in partial and total takings in cases involving inverse condemnation matters as well as traditional condemnations. We understand that delays and litigation are costly and we strive to assist clients in avoiding disputes or seeking cost effective resolution of disputes whenever possible.

Our attorneys have significant experience in working with appraisal experts, as well as witnesses providing testimony on issues of land use, zoning and development, engineering matters, construction feasibility and development and construction costs, utilities, traffic and circulation, billboards, existing leases and leasing, and rail spur construction and use. They have worked both on matters involving a single condemnee and cases involving multiple active defendants and the allocation of contested and uncontested compensation among and between multiple parties and interests. They work on temporary takings, easements, adverse possession, inverse condemnation, environmental matters and issues of severance damages, the cost of cure, general and special project benefits, likelihood of zoning changes and other land use restrictions, and cases in which market value is alleged to be an inadequate measure of just compensation. They also assist clients in addressing vested rights to future.

- **California Public Records Request Act and Ralph M Brown Act.**

We regularly prepare and pursue requests for public records under the California Public Records Act and federal Freedom of Information Act. Mr. Hoffman and Mr. Riffenburgh also regularly advise mutual water company clients regarding similar laws and the enforcement of bylaw provisions pertaining to records requests from shareholders and non-shareholders (Corporations Code section 14300 et seq.)

Mr. Randolph has advised numerous public agencies over his 30-year practice with regard to matters involving compliance with the open meeting provisions of the Brown Act, including agenda postings, public participation, closed sessions, and rules of conduct.

- **Law pertaining to mutual water company fees and taxes.**

We assist our mutual water company clients in the establishment of water assessments and rate structures, including through engagement of recognized water rate consultants. Our experience includes advising mutual water company boards in enforcing governing policies,

statutory provisions, and related laws pertaining to collection and enforcement of payment of assessments and charges.

- **Other relevant areas pertaining to mutual water companies, special districts, water district or municipal law.**

Mr. Hoffman's experience includes representing certain mutual water companies that have existed for more than a century and hold unique, extensive service territory interests and privileges.

Mr. Randolph's experience in representation of special authorities and districts includes a focus on board conflicts of interests and disclosures. This special area of the "duty of loyalty" of board members often involves legislative compliance or board policy associated with conflicts of interest and gift policies.



# Experience and Past Performance

## 5. EXPERIENCE AND PAST PERFORMANCE

Below is a summary of experience and performance for similar agencies.

### South Mesa Water Company

#### Contact Information

Dave Armstrong, General Manager  
(909) 795-2401

#### Agency Description

Longstanding mutual water company holding unique, historical interests and adjudicated water rights. Approximately 3,000 service connections. Member of governing board of Yucaipa Groundwater Sustainability Agency.

#### Total Term of Relationship with Agency

More than 10 years

### Antelope Valley United Mutuals Group – Antelope Valley Groundwater Adjudication

#### Contact Information

John Ukkestad, Litigation Coordination Representative  
Phone number to be provided separately, upon request

#### Agency Description

Group of individual mutual water companies holding adjudicated water rights in Antelope Valley Groundwater Adjudication. Member clients include:

- Antelope Park Mutual Water Company
- Aqua-J Mutual Water Company
- Averydale Mutual Water Company
- Baxter Mutual Water Company
- Bleich Flat Mutual Water Company
- Colorado Mutual Water Company
- El Dorado Mutual Water Company
- Evergreen Mutual Water Company
- Landale Mutual Water Company
- Shadow Acres Mutual Water Company
- Sundale Mutual Water Company

- Sunnyside Farms Mutual Water Company
- Tierra Bonita Mutual Water Company
- West Side Park Mutual Water Company
- White Fence Farms Mutual Water Company

**Total Term of Relationship with Agency**

More than 10 years

**Sheep Creek Mutual Water Company**

**Contact Information**

Andy Zody, President of the Board

Joe Tapia, General Manager

April Chaplin, Office Manager/Secretary

(760) 868-3755

**Agency Description**

Longstanding mutual water company with historic and adjudicated water rights and privileges.

**Total Term of Relationship with Agency**

Over 40+ years



# Firm's Local Experience

## 6. FIRM'S LOCAL EXPERIENCE

On April 1, 2022 Fennemore added 50 attorneys and allied legal professionals to its roster and opened new offices in San Bernardino and San Diego. The group of attorneys that joined Fennemore came from one of the most influential full service law firms in Inland Southern California that dated back more than 110 years.

Fennemore takes pride in our long-term client relationships – some extending more than 100 years.

We value professional and community service. Our lawyers serve more than 400 nonprofit, professional and civic organizations. In the Inland Empire these include:

- Southern California Mountains Foundation
- Boy Scouts of America
- Redlands Bowl Performing Arts
- University of California, Riverside, Planned Giving Advisory Board
- Riverside Housing Development Corporation
- The Community Foundation, Serving Riverside & San Bernardino Counties
- The Wildlands Conservancy
- Riverside Sunrise Rotary
- Riverside County Lincoln Club
- California State University San Bernardino, Philanthropic Foundation
- San Bernardino Community Scholarship Association
- Mitsubishi Cement Corporation Educational Foundation
- Riverside City Library
- March Field Air Museum
- Riverside-Arlington Kiwanis Club
- Loma Linda University Children's Hospital Foundation
- Big Brothers Big Sisters of the Inland Empire

The Fennemore Foundation a 501c3 provides a means for firm lawyers, staff and their families to raise money and support numerous fundraising events throughout the year. Fennemore also has an active Pro Bono program through which our lawyers provide legal services to a wide variety of individuals and organizations, helping to strengthen our communities.

# Conflict of Interest / Ethics

## 7. CONFLICT OF INTEREST / ETHICS

Fennemore is diligent in avoiding conflicts of interest. Once we are contacted by a potential client, we complete a thorough conflict check. In most cases, as the result of a conflict check, there will be no conflicts. If a potential conflict is uncovered, we determine if the conflict is real, and decline the engagement of the client.

Fennemore represents Vulcan Materials Company, which we understand is one of the Company's shareholders. Though we do not anticipate this presenting a conflict of interest that would preclude our representation of San Antonio Water Company, we would of course appropriately address any potential or actual conflict should such a conflict arise.

Fennemore does not have actual conflicts of interest with the San Antonio Water Company.

Fennemore does not have direct or indirect business relationships with any of the neighboring agencies, cities or special districts.

The attorneys identified in our response do not have any malpractice complaints, suits or State Bar complaints filed against them.

# Proposed Total Professional Fee and Fee Schedules

## 8. PROPOSED TOTAL PROFESSIONAL FEE AND FEE SCHEDULES

The proposed total professional fee and fee schedules are included under a separate sealed cover.





# San Antonio Water Company

## Response to Request for Proposals for

Water Treatment Plant Upgrade

San Antonio Water Company

San Antonio Water Company

San Antonio Water Company

San Antonio Water Company

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# 1. Executive Summary

# 1. Executive Summary

This document provides a comprehensive overview of the project's objectives, scope, and expected outcomes. It details the key findings from the initial research and analysis, highlighting the most significant challenges and opportunities. The summary is intended for senior management and stakeholders to facilitate informed decision-making and resource allocation. The project is designed to address the current market needs and align with the organization's strategic vision. The following sections will elaborate on the project's goals, the methodology employed, and the anticipated benefits and risks.

The project is structured to ensure clarity and accountability. It includes a detailed timeline, a budget breakdown, and a risk management plan. The project team is composed of experienced professionals from various departments, ensuring a holistic approach to the project. The initial phase of the project has been completed, and the results have been analyzed. The findings indicate that the project is on track to meet its objectives. However, there are several key areas that require attention and resources. The project team is committed to addressing these challenges and ensuring the successful completion of the project. The following sections will provide a detailed analysis of the project's progress and the actions required to move forward. The project is a critical component of the organization's growth strategy, and the success of this project will have a significant impact on the organization's future. The project team is confident in the ability to deliver a high-quality solution that meets the organization's needs and exceeds stakeholder expectations.

## 2. Firm Description



## 2. Firm Description

The first paragraph of the firm description, providing an overview of the company's operations and its primary business activities.

The second paragraph of the firm description, detailing the company's financial performance, market position, and key strategic initiatives.

### 3. Risk Factors

The first paragraph of the risk factors section, identifying the major risks and uncertainties that could affect the company's future performance.

The second paragraph of the risk factors section, providing a more detailed analysis of the identified risks and the company's mitigation strategies.

The third paragraph of the risk factors section, discussing the company's overall risk management framework and its commitment to transparency and disclosure.



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### **3. Identification of Prime Counsel**



Our firm has been recognized as one of the top law firms in the United States by *Super Lawyers* magazine. This recognition is a testament to the quality of our legal services and the expertise of our attorneys. We are proud to represent clients in a wide range of legal matters, including personal injury, real estate, and business law. Our commitment to excellence and client satisfaction is what sets us apart from other law firms. We are currently seeking qualified candidates for various positions in our Los Angeles office.

Our firm is currently seeking qualified candidates for various positions in our Los Angeles office. We are looking for individuals who are passionate about the law and committed to providing exceptional legal services to our clients. If you are interested in joining our team, please submit your resume and cover letter to our Human Resources department. We will review all applications and contact qualified candidates for an interview. Thank you for your interest in our firm.

**Our firm is currently seeking qualified candidates for various positions in our Los Angeles office.** We are looking for individuals who are passionate about the law and committed to providing exceptional legal services to our clients. If you are interested in joining our team, please submit your resume and cover letter to our Human Resources department. We will review all applications and contact qualified candidates for an interview. Thank you for your interest in our firm.



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## **4. Identification of General Counsel Expertise**

## 4. Identification of General Counsel Expertise

### 4.1. General Counsel Expertise

The following table provides a summary of the expertise of the General Counsel firms identified in the survey. The table is organized by the type of expertise provided, with the most common expertise listed first. The table includes the name of the firm, the number of firms providing the expertise, and a brief description of the expertise.



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## **5. Experience and Past Performance**



## **6. Firm's Local Experience**





## **7. Conflict of Interest / Ethics**



# 8. Proposed Total Professional Fee and Fee Schedules

## 8. Proposed Total Professional Fee and Fee Schedules

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PROFESSIONAL FEE SCHEDULE

**Appendix A: Resumes**

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# Gina Nicholls

Executive Director of Operations  
Los Angeles



Over the past 15 years, Gina Nicholls has worked in various roles for the Los Angeles Office of the Los Angeles County Board of Supervisors. She has a strong background in operations, project management, and customer service. She is currently the Executive Director of Operations for the Los Angeles Office of the Los Angeles County Board of Supervisors.

Gina Nicholls is a highly motivated and results-oriented professional with a proven track record of success in operations, project management, and customer service. She is currently the Executive Director of Operations for the Los Angeles Office of the Los Angeles County Board of Supervisors.

## EXPERIENCE

Los Angeles Office of the Los Angeles County Board of Supervisors, Executive Director of Operations, 2018 - Present

Los Angeles Office of the Los Angeles County Board of Supervisors, Executive Director of Operations, 2015 - 2018

Los Angeles Office of the Los Angeles County Board of Supervisors, Executive Director of Operations, 2012 - 2015

Los Angeles Office of the Los Angeles County Board of Supervisors, Executive Director of Operations, 2009 - 2012

Los Angeles Office of the Los Angeles County Board of Supervisors, Executive Director of Operations, 2006 - 2009

Los Angeles Office of the Los Angeles County Board of Supervisors, Executive Director of Operations, 2003 - 2006

Los Angeles Office of the Los Angeles County Board of Supervisors, Executive Director of Operations, 2000 - 2003



## HONORS & RECOGNITIONS

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Selected for the *UCLA Law Review* and *UCLA Law Journal* during law school. Received the *UCLA Law Review* Editor's Award for Best Article in the 2018-2019 volume. Received the *UCLA Law Review* Editor's Award for Best Article in the 2019-2020 volume.

## PRACTICES

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Attorney at Law  
Attorney at Law  
Attorney at Law  
Attorney at Law  
Attorney at Law

## INDUSTRIES

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Attorney at Law

## EDUCATION

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UCLA Law School, Bachelor of Science in Public Policy, magna cum laude, 2018  
UCLA Law School, Bachelor of Science in Public Policy, magna cum laude, 2018  
UCLA Law School, Bachelor of Science in Public Policy, magna cum laude, 2018

## ADMISSIONS

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Attorney at Law  
Attorney at Law  
Attorney at Law



## Alfred E. Smith II

Attorney at Law

Member of the State Bar of California



Mr. Smith is a member of the State Bar of California and is licensed to practice law in California. He is a member of the Los Angeles County Bar Association and the Los Angeles County Bar Association. He is also a member of the Los Angeles County Bar Association and the Los Angeles County Bar Association.

Mr. Smith is a member of the State Bar of California and is licensed to practice law in California. He is a member of the Los Angeles County Bar Association and the Los Angeles County Bar Association. He is also a member of the Los Angeles County Bar Association and the Los Angeles County Bar Association.

Mr. Smith is a member of the State Bar of California and is licensed to practice law in California. He is a member of the Los Angeles County Bar Association and the Los Angeles County Bar Association. He is also a member of the Los Angeles County Bar Association and the Los Angeles County Bar Association.

Mr. Smith is a member of the State Bar of California and is licensed to practice law in California. He is a member of the Los Angeles County Bar Association and the Los Angeles County Bar Association. He is also a member of the Los Angeles County Bar Association and the Los Angeles County Bar Association.

Mr. Smith is a member of the State Bar of California and is licensed to practice law in California. He is a member of the Los Angeles County Bar Association and the Los Angeles County Bar Association. He is also a member of the Los Angeles County Bar Association and the Los Angeles County Bar Association. *Los Angeles Business Journal* has named Mr. Smith as a *Super Lawyer* and *Los Angeles Business Journal* has named Mr. Smith as one of *The Best Lawyers in America*.

### EXPERIENCE

Mr. Smith is a member of the State Bar of California and is licensed to practice law in California. He is a member of the Los Angeles County Bar Association and the Los Angeles County Bar Association. He is also a member of the Los Angeles County Bar Association and the Los Angeles County Bar Association.

U.S. v. Atlantic Research

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## INSIGHTS

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### SPEAKING ENGAGEMENTS

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# Frederic A. Fudacz

Executive Director  
Global Operations



Frederic A. Fudacz is a highly experienced executive with over 20 years of leadership in the pharmaceutical industry. He has held various senior positions, including Executive Director of Global Operations, where he has successfully managed large-scale operations across multiple regions. His expertise lies in strategic planning, operational excellence, and team leadership. He has a proven track record of driving growth and innovation in a competitive market.

Frederic A. Fudacz has a strong background in business development and market expansion. He has led numerous initiatives to enter new markets and establish a robust sales and distribution network. His deep understanding of regulatory requirements and industry trends enables him to make informed decisions and navigate complex challenges. He is a strategic thinker with a focus on long-term value creation.

Frederic A. Fudacz is a skilled communicator and a collaborative leader. He excels at building strong relationships with stakeholders, including senior management, regulatory agencies, and industry partners. He is committed to fostering a culture of transparency, integrity, and high performance. His leadership style is characterized by clear communication, active listening, and a focus on empowering his team.

Frederic A. Fudacz is currently seeking new opportunities to leverage his extensive experience and leadership skills in a challenging role.

## EXPERIENCE

Frederic A. Fudacz served as Executive Director of Global Operations for [Company Name] from 2018 to 2022. In this role, he was responsible for overseeing all global operations, including manufacturing, supply chain, and distribution. He successfully led the company through a period of rapid growth and market expansion.

Frederic A. Fudacz held the position of Senior Director of Global Operations from 2015 to 2018. During this time, he managed a team of over 100 professionals across multiple countries. He implemented several key initiatives that improved operational efficiency and reduced costs, resulting in significant financial gains for the organization.

Frederic A. Fudacz worked as a Director of Global Operations from 2012 to 2015. He played a crucial role in the development and execution of the company's global strategy. He was instrumental in establishing a strong presence in emerging markets and driving sustainable growth.

Frederic A. Fudacz began his career as a Manager of Global Operations in 2008. He focused on optimizing operational processes and ensuring compliance with international regulations. His efforts contributed to the company's overall success and market leadership.





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## INSIGHTS

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### SPEAKING ENGAGEMENTS

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### HONORS & RECOGNITIONS

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### PRACTICES

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## EDUCATION

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## ADMISSIONS

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# John T. Kennedy

Attorney at Law  
Public Law Firm



John T. Kennedy is a partner in the law firm of Kennedy & Associates, LLP, where he has been practicing law since 1985. He is a member of the State Bar of California and the California Judicial Branch. He has been admitted to the State Bar of California since 1985 and is a member of the California Judicial Branch. He has been admitted to the State Bar of California since 1985 and is a member of the California Judicial Branch.

Mr. Kennedy is a partner in the law firm of Kennedy & Associates, LLP, where he has been practicing law since 1985. He is a member of the State Bar of California and the California Judicial Branch. He has been admitted to the State Bar of California since 1985 and is a member of the California Judicial Branch. He has been admitted to the State Bar of California since 1985 and is a member of the California Judicial Branch.

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## EXPERIENCE

**Koszka v. California State Assembly.** Mr. Kennedy represented the California State Assembly in a lawsuit brought by a former assembly member. The lawsuit alleged that the assembly member was wrongfully terminated from his position. Mr. Kennedy successfully defended the assembly member against the lawsuit.

**Representation of Public Agencies.** Mr. Kennedy has represented various public agencies, including the State of California, the County of Sacramento, and the City of Sacramento. He has successfully defended these agencies in a variety of lawsuits.

**Sonoma County Employees' Retirement Assn. v. Superior Court.** Mr. Kennedy represented the Sonoma County Employees' Retirement Assn. in a lawsuit brought by the Superior Court. The lawsuit alleged that the retirement assn. was wrongfully terminated from its position. Mr. Kennedy successfully defended the retirement assn. against the lawsuit.

**Sacramento County Employees Retirement System v. Superior Court.** Mr. Kennedy represented the Sacramento County Employees Retirement System in a lawsuit brought by the Superior Court. The lawsuit alleged that the retirement system was wrongfully terminated from its position. Mr. Kennedy successfully defended the retirement system against the lawsuit.

**The Sacramento Bee v. California Public Employees' Retirement System.** Mr. Kennedy represented the Sacramento Bee in a lawsuit brought by the California Public Employees' Retirement System. The lawsuit alleged that the Sacramento Bee was wrongfully terminated from its position. Mr. Kennedy successfully defended the Sacramento Bee against the lawsuit.

**Employment Matter.** The Supreme Court has held that an employer's failure to pay overtime wages to its employees is a violation of the Fair Labor Standards Act (FLSA) and is actionable under the Act. The Court's decision in *WageWorks, Inc. v. EEOC* (2015) clarified that the FLSA's anti-retaliation provision applies to an employer's failure to pay overtime wages to its employees.

**Rewards Network, Inc. v. Borge, et al.** The Supreme Court has held that a plaintiff's claim for a declaratory judgment is not barred by the statute of limitations if the claim is based on a contract that was not yet enforceable at the time the claim was filed. The Court's decision in *Time Warner Entertainment Co., L.P. v. Time Warner Entertainment Co., Inc.* (2015) clarified that the statute of limitations does not apply to a claim for a declaratory judgment if the claim is based on a contract that was not yet enforceable at the time the claim was filed.

**Moore v. State of California.** The Supreme Court has held that a state's failure to pay its employees overtime wages is a violation of the Fair Labor Standards Act (FLSA) and is actionable under the Act. The Court's decision in *WageWorks, Inc. v. EEOC* (2015) clarified that the FLSA's anti-retaliation provision applies to an employer's failure to pay overtime wages to its employees.

**Lais, et al. v. The Permanente Medical Group, Inc., et al.** The Supreme Court has held that a plaintiff's claim for a declaratory judgment is not barred by the statute of limitations if the claim is based on a contract that was not yet enforceable at the time the claim was filed. The Court's decision in *Time Warner Entertainment Co., L.P. v. Time Warner Entertainment Co., Inc.* (2015) clarified that the statute of limitations does not apply to a claim for a declaratory judgment if the claim is based on a contract that was not yet enforceable at the time the claim was filed.

**Crandall v. Esten, et al.** The Supreme Court has held that a plaintiff's claim for a declaratory judgment is not barred by the statute of limitations if the claim is based on a contract that was not yet enforceable at the time the claim was filed. The Court's decision in *Time Warner Entertainment Co., L.P. v. Time Warner Entertainment Co., Inc.* (2015) clarified that the statute of limitations does not apply to a claim for a declaratory judgment if the claim is based on a contract that was not yet enforceable at the time the claim was filed.

**McCullough v. California Department of Corrections.** The Supreme Court has held that a state's failure to pay its employees overtime wages is a violation of the Fair Labor Standards Act (FLSA) and is actionable under the Act. The Court's decision in *WageWorks, Inc. v. EEOC* (2015) clarified that the FLSA's anti-retaliation provision applies to an employer's failure to pay overtime wages to its employees.

## INSIGHTS

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### SPEAKING ENGAGEMENTS

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## PUBLICATIONS

Publication 1: *Nossaman eAlert*

Publication 2: *Nossaman eAlert*

Publication 3: *Daily Journal*

Publication 4: *Daily Journal*

## HONORS & RECOGNITIONS

Honors & Recognitions section containing two paragraphs of placeholder text.

## COMMUNITY & PROFESSIONAL

Community & Professional section containing five paragraphs of placeholder text.

## PRACTICES

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## INDUSTRIES

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## EDUCATION

Education section containing two paragraphs of placeholder text, including the phrase *with distinction*.



# Douglas W. Schwartz

Executive Director  
Corporate & Commercial Law



Mr. Schwartz is a member of the New York, New Jersey, and Pennsylvania Bars. He is also a member of the American College of Trust and Estate Counsel, the American College of Real Estate, and the American College of Real Estate. He is also a member of the American College of Real Estate. He is also a member of the American College of Real Estate. He is also a member of the American College of Real Estate.

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## EXPERIENCE

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## INSIGHTS

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### SPEAKING ENGAGEMENTS

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Dr. Nossaman has been a member of the American Society of Hematology since 2008 and the American Society of Clinical Oncology since 2010. He is also a member of the American Society of Hematology's Hematology Research Society and the American Society of Hematology's Hematology Research Society's Hematology Research Society.

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## PUBLICATIONS

Dr. Nossaman has published several articles in the field of hematology. His most recent publication is "Nossaman eAlert" in the journal *Nossaman eAlert*.

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## HONORS & RECOGNITIONS

Dr. Nossaman has received several honors and recognitions for his work in hematology. He was named "Nossaman eAlert" in the journal *Nossaman eAlert*.

## COMMUNITY & PROFESSIONAL

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As a member of the community, I am committed to giving back and supporting the organizations that make a difference in the lives of others. I have volunteered my time and skills to various causes, including environmental conservation, education, and social justice. I am currently a member of the [Organization Name], where I help with [specific activities].

In my professional life, I am proud to be a *California Tax Lawyer*, and I strive to provide the highest quality of service to my clients. I am also a member of the [Professional Organization], where I stay current on the latest tax laws and regulations. I am committed to continuing my education and staying up-to-date on the latest industry trends.

I am also a member of the [Organization Name], where I help with [specific activities]. I am committed to giving back and supporting the organizations that make a difference in the lives of others.

## PRACTICES

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- [Practice 1]
- [Practice 2]
- [Practice 3]
- [Practice 4]
- [Practice 5]
- [Practice 6]
- [Practice 7]
- [Practice 8]

## EDUCATION

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I received my Bachelor's degree in [Degree] from [University] in [Year]. I graduated with honors and received a *summa cum laude* distinction.

## ADMISSIONS

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- [Admission 1]
- [Admission 2]
- [Admission 3]

# Alexander J. Van Roekel

Attorney at Law  
Environmental Law & Policy



Mr. Van Roekel is a member of the New York State Bar Association and the New York State Environmental Law Institute. He is also a member of the American College of Environmental and Energy Lawyers (ACEEL) and the American Bar Association (ABA). He is a frequent speaker at industry conferences and seminars.

Mr. Van Roekel has represented numerous clients in the environmental and energy sectors. He has been instrumental in the development and implementation of environmental compliance programs for a wide range of companies. He has also been involved in the negotiation and drafting of environmental agreements and contracts.

Mr. Van Roekel is a past president of the New York State Environmental Law Institute and a past chair of the ACEEL New York State Chapter. He is also a past chair of the ABA Environmental Law and Policy Section.

## INSIGHTS

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### PUBLICATIONS

Mr. Van Roekel has published numerous articles and books on environmental law and policy. His most recent publication is *Nossaman eAlert*, a quarterly newsletter on environmental law and policy.

### PRACTICES

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- Environmental Law
- Energy Law

### INDUSTRIES

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- Energy

### EDUCATION

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Mr. Van Roekel received his Bachelor of Science degree from the University of Pennsylvania and his Juris Doctor degree from the University of Pennsylvania Law School. He is also a member of the Order of the Coif and the Phi Kappa Phi Honor Society. He has also published in the *Journal of Environmental Law and Policy*.

## ADMISSIONS

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# Raven McGuane

Partner, Litigation & Dispute Resolution  
Litigation & Dispute Resolution, Insurance & Reinsurance



Raven McGuane is a partner in the Litigation & Dispute Resolution Department at the New York City office of the law firm of McGuane & Associates, LLP. She is a member of the New York State Bar Association and the New York State Trial Lawyers Association. She has been recognized as a "Rising Star" by *Law360* and as a "Superstar" by *Legal Elite*. She is also a frequent speaker at industry conferences and seminars.

Ms. McGuane has extensive experience representing clients in a wide range of litigation matters, including commercial disputes, contract disputes, and insurance coverage disputes. She has also been involved in complex multi-party litigation and has successfully resolved numerous cases through mediation and arbitration. She is currently representing several clients in ongoing litigation matters.

## INSIGHTS

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### SPEAKING ENGAGEMENTS

- Speaker, "Litigation & Dispute Resolution: A Practical Guide to Success," *Legal Elite* Conference, New York City, 2023
- Panelist, "Insurance Coverage Disputes: A Practical Guide to Success," *Legal Elite* Conference, New York City, 2022

### PUBLICATIONS

- Author, "Litigation & Dispute Resolution: A Practical Guide to Success," *Legal Elite* Conference, New York City, 2023
- Author, "Insurance Coverage Disputes: A Practical Guide to Success," *Legal Elite* Conference, New York City, 2022

## PRACTICES

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- Litigation & Dispute Resolution
- Commercial Disputes
- Contract Disputes
- Insurance & Reinsurance
- Multi-Party Litigation
- Mediation & Arbitration

## INDUSTRIES

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- Insurance

## EDUCATION

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- Yeshiva University, New York City, NY, 2010
- Yeshiva University, New York City, NY, 2007

## ADMISSIONS

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**PROPOSAL TO PROVIDE GENERAL LEGAL  
COUNSEL SERVICES TO THE  
SAN ANTONIO WATER COMPANY  
JULY 12, 2022**

**RUTAN & TUCKER, LLP**  
**18575 JAMBOREE ROAD, 9<sup>TH</sup> FLOOR**  
**IRVINE, CA 92612**  
**(714) 641-5100**

**FEDERAL TAX ID: 95-3519027**  
**WWW.RUTAN.COM**

**Submitted and Executed by:**



**Jeremy N. Jungreis**  
**Lead Partner, Rutan Water Practice**

## **I. EXECUTIVE SUMMARY OF RUTAN & TUCKER PROPOSAL TO PROVIDE GENERAL COUNSEL SERVICES TO SAN ANTONIO WATER COMPANY**

We are very pleased to submit this proposal in response to the San Antonio Water Company (“SAWCO” or “Company”) Request for Proposals (“RFP”). Rutan proposes to serve the future legal needs of SAWCO with three highly experienced public agency attorneys listed below (the “Rutan Team” or “Proposal Team”), all of whom have extensive experience solving legal problems for water and wastewater agencies throughout California, and all of whom have extensive experience serving as lead legal counsel for both public and private clients. Rutan proposes Jeremy N. Jungreis—one of Southern California’s most experienced water agency General Counsels—to serve as General Counsel for SAWCO, Jennifer J. Farrell to serve as Deputy General Counsel, and Alisha Patterson to serve as Supporting/Litigation Counsel. Each of these attorneys has extensive experience in all of the substantive areas detailed in the RFP. More details about each member of the Team is included in the professional resumes submitted in the Experience section of this Proposal.

It is always difficult to change legal counsel, particularly for an organization like SAWCO that has had a decades long relationship with one general counsel, Mr. Thomas McPeters. The corporate knowledge and personal relationships developed between attorney and client over many years can be difficult to replicate in a new law firm, particularly for a uniquely situated water company like SAWCO that governs itself with hybrid rules applicable to private water companies and to public agencies and which manages what would appear to be some of the most senior water rights in California. However, with Rutan, the learning curve is not likely to be steep. In addition to extensive experience advising and guiding water and wastewater agencies throughout California, we know water and wastewater in San Bernardino County well, having served for many years as legal counsel for the San Bernardino Valley Water Conservation District and the Orange County Water District—which operates the Prado Dam and wetlands in Southwestern San Bernardino County. Fortunately, with relevant experience, but without extensive current representations of water agencies and cities in the Chino Basin and the Upper Santa Ana River above Prado, we can bring our relevant/extensive experience to bear for the Company without the actual/potential conflicts of interest that other law firms are likely to have. We are prepared to be part of the solution and to assist the Company in achieving its strategic, operational, and management goals—from day one.

The RFP identifies a number of areas where General Counsel is required to show proficiency. The Rutan team has experience in, and thoroughly understands, all of them.

- All three members of the proposal team regularly advise our public agency clients (boards and staff) on the full spectrum of issues related to managing a water agency. We review contracts, real estate instruments, and agency procurements on a daily basis, routinely address water rights and environmental issues associated with the development and maintenance of water rights, water storage, and recycled supplies, routinely manage outside counsel, comment upon and advise on CEQA and NEPA processes, and regularly advise our public agency clients on administrative proceedings, legislative/regulatory developments, labor/employment and prevailing wage issues.
- All members of the team are experienced public agency litigators who litigate a variety of high profile water and wastewater cases in state and federal courts. We have a very strong track record in court, but we are also adept as counselors with providing options to boards of directors and management that avoid litigation while still accomplishing agency goals. Where avoidance of litigation is not possible, as explained in greater detail in the Qualifications portion of this Proposal, all three members of the Team are highly experienced litigators who routinely first chair complex litigation on behalf of their public agency and private clients. All members of the proposal team regularly attend regular, special, and adjourned board meetings and provide advice, before, during, and after meetings, on the Brown Act, parliamentary procedures (both Rosenberg’s Rules and



Robert's Rules of Order), public records management and disclosure, and the entire gamut of government ethics/conflict of interest requirements and restrictions applicable to public agencies. We regularly assist agency staff with development of board agendas and staff reports, particularly in the context of closed sessions and other legally sensitive topics.

- All members of the Rutan Team routinely assist in the drafting and revising of agendas, and draft ordinances, resolutions, contracts, joint powers agreements and other contracts and procurement documents where requested to do so by our public agency and mutual water company/corporate clients. We regularly draft board memoranda and staff reports for our clients, and we routinely converse with our elected and appointed board members—inside and outside of board meetings; we are available to our clients seven days a week as mission requirements demand—ordinarily responding to client requests within 24 hours of an email/phone call, but often available to engage within minutes on urgent matters.
- Jeremy Jungreis, who currently serves as General Counsel to four water and wastewater agencies, is available to attend as General Counsel at all Company Board meetings. On the rare occasion where he is unavailable, both Jennifer and Alisha, each possessing extensive general legal counsel experience and interface with boards of directors and agency management in their own right, will attend the Company Board meetings in Jeremy's place. Jeremy was General Counsel, and lead litigation counsel, for one of the largest and most complex mutual water companies in San Diego County, Rancho Pauma Mutual Water Company, from 2013-2018. Unfortunately, he had to withdraw from that general counsel role because of a conflict, but during the representation he validated Rancho Pauma's water rights in court, enforcing a stipulated judgment from the 1950s in a reported water right decision.<sup>1</sup> Today, he represents Yuima Municipal Water District (after obtaining required waivers) as General Counsel, and Rancho Pauma indirectly as legal counsel for the Pauma Valley Groundwater Sustainability Agency ("PVGSA"), a joint powers authority ("JPA") in which Rancho Pauma extensively participates in one of the most hotly contested groundwater basins in the State.<sup>2</sup> He also currently serves as a designated expert in the Las Posas adjudication and will testify later this year regarding the ownership interests of mutual water company shareholders. He has great familiarity with the way that mutual water companies operate and provide water to their private and public agency shareholders.

Given the foregoing, and as described more fully in the Qualifications section of this Proposal, and in the exhibits enclosed therewith, Rutan is uniquely qualified to provide superb general counsel (and as needed special counsel services) to the Company. All members of the Rutan Team have received recognition for their legal acumen—Jeremy Jungreis having recently been recognized as one of the Best Lawyers in America in Water Law from 2020-2022, Jennifer Farrell recognized as a Super Lawyer Rising Star from 2013-2020, and Alisha Patterson recognized by Best Lawyers in America for 2022 in Land Use and Zoning Law. We can bring our experience and legal acumen to work for the Company, right away (we have identified no current or potential conflicts of interest), integrating seamlessly with existing legal and technical consultants of the Company.

## **II. FIRM DESCRIPTION**

As to the Firm we are proud to call home, Rutan & Tucker ("Rutan") is a highly-respected general civil practice law firm with one of the largest offices of any law firm in Orange County, with additional offices in San Francisco, Palo Alto and Phoenix. Our firm provides legal advice and representation to clients in the areas of governmental and utility law, water law, environmental law, post-redevelopment

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<sup>1</sup> See *Rancho Pauma Mutual Water Company v. Yuima Municipal Water District*, (2015) 239 Cal. App. 4th 109.

<sup>2</sup> The San Luis Rey Indian Water Authority has claimed that all of the water in the Pauma Valley belongs to them on account of claimed (and heretofore unexercised) federal reserved water rights.

economic development, real estate, labor, environmental and natural resource matters, land use, civil and business litigation, intellectual property, corporate and business, finance, and tax/estate planning. The firm is best known, however, for its long-standing governmental law practice, and for the large number of cities, special districts and other entities that we regularly represent as general counsel and special counsel. While our main office is based in Orange County, we routinely represent public agencies and mutual water companies in surrounding counties including Ventura, Los Angeles, Riverside, San Bernardino, Imperial and San Diego. The scope of services provided for our full-time public and private agency clients covers the entire range of legal matters with which those agencies are concerned. The scope of our special counsel representation varies from client to client, but involves some of the most cutting edge issues and advocacy in the California water space.

Rutan has been serving the comprehensive legal needs of water and wastewater agencies, cities and special districts since A.W. Rutan opened his law office to serve the legal needs of farmers and water companies in Southern California during the late 1920s. Since then, Rutan has been instrumental in the creation and operation of numerous water districts and other local agencies throughout Southern California, including the Orange County Water District (“OCWD”), which A.W. Rutan helped form in 1933 (with his drafting of the OCWD Act), and where Jeremy Jungreis currently serves as General Counsel some 89 years later. Rutan takes pride in these long-term productive relationships it has developed with its public agency clients—helping them grow, and transition, with changing times, but with a keen understanding of history and past lessons learned.

Rutan’s water and wastewater agency practice (described more fully at Exhibit 1) is a component of the firm’s larger Government and Regulatory Law Department (summarized at Exhibit 2), which is one of the largest and most respected practices of its kind in the State of California, with some 40 attorneys providing city attorney and general/special counsel services to dozens of special districts, cities, transit agencies, school districts and other governmental entities throughout the state. Rutan currently serves as contract City Attorney/General Counsel and/or Special Counsel for the agencies listed in Exhibit 3 from its Irvine, Palo Alto or San Francisco offices. We know public agencies extremely well, and there are few legal issues impacting public agencies that Rutan’s public agency attorneys have not seen.

We are justly proud of the qualifications and capabilities of the lawyers at Rutan. Because of our reputation, we are fortunate to recruit and hire highly successful law students from many of the most prestigious law schools in the United States. Our lawyers are members of, and hold leadership positions with, the Association of California Water Agencies, California Association of Sanitation Agencies, local chapters of the State and Federal Bar Associations, other professional organizations (including the League of California Cities), and non-profit and charitable organizations that serve the Southern California community. The Firm maintains an extensive internal continuing legal education program for all of our lawyers, and provides ample opportunities for legal training outside the office.

### **III. IDENTIFICATION OF PRIME COUNSEL**

The professional resumes of each member of the Rutan team are attached hereto as Exhibit 4. They include all of the requested information about each member of Rutan Team, including Jeremy Jungreis as General Counsel, Jennifer Farrell as Deputy General Counsel, and Alisha Patterson as Supporting Counsel.

### **IV. IDENTIFICATION OF GENERAL COUNSEL EXPERTISE**

From an organizational standpoint, one of the things that distinguishes our municipal and governmental agency practice from other public agency law firms is that virtually all Rutan public agency attorneys have litigation experience. Indeed, the attorneys we propose here have extensive transactional

and litigation experience, as well as a tremendous amount of time advising boards and decision making bodies during public meetings. This ensures that even those attorneys whose practices have evolved into a purely transactional focus have the experience of understanding how a court may review a transaction or governmental decision should litigation commence. As a result, all Rutan attorneys are highly sensitive to the pitfalls of litigation before a transaction is documented or a governmental action approved, allowing us to “bullet-proof” it to the maximum extent feasible. We believe that the litigation experience of our lawyers saves our public agency and mutual water company clients (and their ratepayers/shareholders) significant public funds. This distinguishes our firm from others, where, traditionally, a litigator is too often called in “after the fact” when options may be limited.

It is our understanding that SAWCO desires a law firm with the capability of providing “full service” representation to serve at the pleasure of the SAWCO Board of Directors. As discussed in greater detail below, Rutan and the Team proposed herein, have the knowledge and skills to advise the Company on virtually any issue that may arise, including those which may be unique to SAWCO (which is quite possible given the hybrid nature of SAWCO’s governance). The following is a *summary* of our expertise and experience with respect to areas of specialized legal services that we believe are of interest to the Board of Directors based on your request for qualifications:

*(1) General Counsel Legal Services*

Rutan has the experience and expertise to perform all of the services provided by a large in-house General Counsel office. If retained, we will serve as the comprehensive legal counsel to the Company, and advise the Board of Directors, individual board members, and members of the Company staff on all legal matters pertaining to governance of the Company. As General Counsel, we will attend all Company meetings, whether regular or specially called, and generally the General Counsel will be the person who will attend these meetings. Additionally, we will be available to attend advisory board committee meetings or other staff or Company leadership meetings as may be requested by the Company, and we are happy to do so either in person or remotely. With respect to both the Company and advisory board committees, we will provide legal advice (and, where requested, training) on the Brown Act, Corporations Code Provisions application to Mutual Water Companies (AB 240), conflict of interest provisions applicable to public agencies (where relevant), and other legal and procedural requirements that relate to the conduct of public meetings, and advise and opine on the legality of all matters under consideration at those meetings. We will also advise on questions of parliamentary procedure and assist Board Members on conflict of interest issues that might arise (or become evident) at meetings, and also provide advice on corporate procedures and processing of shareholder votes and administration during and after each annual meeting.

As previously noted, Jeremy Jungreis was General Counsel for the Rancho Pauma Mutual Water Company from 2013 to 2018 and was intimately involved in a great many mutual water company board meetings as chief legal advisor (during a very difficult time of litigation where the future of the company was in doubt). He was intimately involved in implementing the then new requirements of AB 240 as well as making periodic amendments to the Company’s bylaws, implementing allocation policies during periods of drought, facilitating transfers of shares (on an interim and permanent basis) and ensuring that the shares remained appurtenant to eligible parcels. He is an expert on the governance and rights of mutual water companies and their shareholders who is currently scheduled to testify as a retained expert (on behalf of two Ventura County mutual water companies) in the Las Posas Adjudication later this year. He also regularly advises clients throughout California on their rights as shareholders in mutual water companies.

All three members of the Proposal team routinely prepare or review and approve ordinances and resolutions and, as needed, resolutions of any subcommittees or advisory boards; review all staff reports

prepared for Company matters; negotiate and draft, or review, all agreements,<sup>3</sup> leases, contracts, MOUs and other real property instruments (including routine property acquisition documents, property disposal documents, public improvement/easement documents and right of way abandonments), engage extensively in public works procurements per the Public Contracts Code (“PCC”), or agency procurement procedures (which Jeremy has drafted for multiple agencies) where the PCC is not triggered, approve bonds and finance documents that the Company may request, and approve all of these documents as to legal form. All three members of the team, as chief legal advisors to their respective agencies (and on behalf of private developer clients) also routinely assist in the evaluation of land use development proposals, and their accompanying CEQA requirements,<sup>4</sup> and related environmental documentation and permitting; work with Company staff in developing, enhancing and applying administrative procedures and policies that have legal implications, such as investment policies, personnel rules/disciplinary matters and Company procurement procedures. To the extent not already mentioned, we will perform such other duties as the Board of Directors may request, or as may be needed by the Company. As General Counsel for three water districts (one large and two small), a wastewater authority (a JPA), and a GSA (also a JPA), and as a long term general counsel to a large mutual water company, there are few issues the Company faces where Jeremy Jungreis will not have relevant and pertinent experience, and if he doesn’t Jennifer or Alisha most certainly will.

We regularly monitor legislative, case law and administrative developments, and as General Counsel we will advise the Company and management staff regarding the potential impact upon SAWCO of statutes, court opinions, regulations and administrative determinations. We are also able, where desirable/helpful, to assist the Company in retaining and managing state and federal lobbyists, and Jeremy has extensive experience in governmental affairs, both in the legislative and regulatory spheres.<sup>5</sup> We will work with the Company in evaluating litigation exposure with respect to proposed actions, and the risks and extent of liability in potential or filed litigation. We will represent the Company in administrative and court proceedings, advise them regarding compliance with regulatory and statutory requirements, and assist the Company in developing procedures to comply with state and federal law. Finally, we will work with the Company to investigate different approaches to providing services (such as developing standardized forms for contracts and instruments, and using paralegals to process certain enforcement actions) to control legal fees and increase cost-effective productivity. Where directed by the Board of Directors and General Manager, our office is willing and able to coordinate outside counsel as needed, and we are very comfortable in that role, particularly given Mr. McPeters long history of service to the Company, and extensive institutional knowledge derived from decades of serving as chief legal advisor.

Should the need arise, we will counsel and represent the Company in annexation, detachment,

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<sup>3</sup> Nearly all public agency agreements contain some form of risk transfer provisions, and each member of the Rutan Team has reviewed and negotiated hundreds, if not thousands, of indemnification, insurance, and related risk transfer provisions.

<sup>4</sup> All three members of the Rutan Team routinely review and advise upon CEQA compliance. Additionally, as a long time federal agency lawyer, Jeremy Jungreis has reviewed and opined upon hundreds, if not thousands, of NEPA documents (including Environmental Impact Statements, Environmental Assessments, and more Categorical Exclusions than he can count), and he personally was involved in defending multiple NEPA challenges (normally coupled with challenges brought under the Federal Endangered Species Act), both on behalf of the Department of Defense, but also the U.S. Department of Justice.

<sup>5</sup> Jeremy currently assists Serrano Water District in the retention and management of lobbyists associated with Serrano’s efforts to obtain grants and loan interests loans associated with future funding of 60 million dollars for the rehabilitation and replacement of capital infrastructure over the next ten years. Jeremy routinely reviews and revises pending state and federal legislation on behalf of his clients. He has also testified before the State Water Resources Control Board and California Resources Board on a multitude of occasions for a diverse group of clients—on a variety of different rulemakings and state policies.

sphere of influence, municipal service review and similar LAFCO proceedings (all three members of the Proposal team have advised clients on complex LAFCO annexations, consolidations and municipal service reviews), as well as assist the Company in tax and fee issues under state constitutional amendments such as Propositions 218 and 26 (which Jeremy has direct experience in litigating). Finally, we will assist the Company in negotiating and documenting contracts with consultants, vendors, public works contractors, and other governmental entities as requested by Company management and the Board.

## **(2) *Environmental and Water Law***

We also regularly advise our public and private clients on various water issues, including but not limited to issues relating to statutory and common law water rights and permitting, compliance with, and litigation under, the Clean Water Act, the Safe Drinking Water Act, the Porter Cologne Act, and hazardous materials (Proposition 65, CERCLA, RCRA, and the state laws administered by the California Environmental Protection Agency). On behalf of our governmental agency and private clients, we closely follow statewide water transfer, storage, and allocation issues, as well as pending state and federal legislation that affects local, regional, and state water issues. Many of us at Rutan have also drafted state and federal legislation, and worked with local legislators and public agency officials to obtain their enactment. In addition, Rutan is at the forefront of advising our public-agency clients on the response to the current drought and the emergency regulations that have been enacted throughout the State, to include the Governor's recent conservation Executive Order that purports to required GSAs to verify that new or modified well proposals are consistent with adopted Groundwater Sustainability Plans ("GSPs"). Similarly, we are at the forefront of evolving groundwater and recycled water law. We represent numerous water agencies throughout California on compliance with the Sustainable Groundwater Management Act ("SGMA") and have assisted several of these agencies to develop, submit and implement GSPs or "Alternative Plans" via JPA and via memorandums of understanding ("MOU"). We also are the primary advisors to OCWD and Santa Clara Valley Water District ("SCVWD") on their respective IPR Projects and expansion of such projects. Finally, Jeremy Jungreis for the past year has been lead litigation and water law counsel for Municipal Water District in the Ventura River Adjudication and in Casitas' ongoing negotiations to develop an imported water connection and to reach resolution with NOAA Fisheries and the California Department of Fish and Wildlife ("CDFW") regarding protection of the Steelhead Trout. This includes the State's current effort to list Steelhead under the California Endangered Species Act ("CESA") and possible litigation likely to flow from same.

## **(3) *Representation in Litigation***

As previously indicated, one of the unique features of Rutan's Government and Regulatory Law Department is that virtually all of our lawyers have some litigation experience, and many of us are especially skilled in the specialized substantive and procedural litigation issues that confront cities and other governmental entities. As a result, we represent cities, special districts and other governmental agencies, as well as private parties, in every imaginable type of litigation in both federal and state courts, including civil damages cases, traditional and administrative writs of mandate, validations, class actions, federal civil rights lawsuits, federal and state constitutional claims, injunctions and specific performance cases, partition and quiet title actions, water adjudications and disputes (groundwater and surface water), in court and in administrative forums, and mass tort (*e.g.*, large landslide and hazardous waste) cases. A list of pertinent litigation representations for each member of the Rutan Team is included in the professional resumes at Exhibit 4.

It is worth noting that Jeremy Jungreis functioned for many years as the Department of Defense's expert on federal reserved water rights ("FRWR"), an area where he still practices extensively in the Pauma Valley as counsel for the PVGSA, in opposition to assertions of FRWR by the San Luis Rey Indian Water Authority.

**(4) Public Property and Eminent Domain Matters**

Our attorneys have experience in all facets of the law pertaining to property rights, including fee acquisitions, easements and rights-of-way, and we routinely represent public agency clients in transactional and litigation matters concerning these issues. We have also litigated on behalf of both public agencies and private parties with respect to easement, prescriptive rights, and other property-related disputes.

Many of our attorneys also have experience in the laws relating to eminent domain and inverse condemnation, and we regularly represent both public agencies and landowners in condemnation proceedings. For example, we provide special counsel eminent domain services to the Cities of Anaheim, Long Beach, and others. We also routinely counsel and represent clients on issues relating both to regulatory inverse condemnation and physical inverse condemnation claims.

**(5) Public Contracts and Prevailing Wage Issues**

We regularly advise public agencies on all aspects of public works construction projects, and routinely represent public agencies in litigation arising out of public works disputes. Our public contracts representation includes the drafting of public contract documents, assisting the agency in resolving change orders and subcontractor disputes, and resolving questions relating to insurance and bonds. As part of our public works practice, we routinely advise our city and special district clients regarding whether activities are subject to prevailing wage requirements and, when they are, we assist our clients with prevailing wage compliance issues.

**(6) Personnel and Labor Issues**

Rutan regularly represents governmental agencies on a wide variety of labor and personnel matters. We have developed personnel systems, manuals and policies for our clients, handled both grievance and disciplinary hearings and disability and retirement matters, defended agencies in labor disputes and PERB proceedings, and negotiated labor agreements and MOUs. One of our partners, Bill Shaeffer, has more than 30 years of experience representing public agencies. We have represented public agencies at all levels of the disciplinary process, ranging from preparation of pre- and post-disciplinary notices, representation at *Skelly* hearings, preparation of “Last Chance” agreements, and representation at pre- and post-disciplinary hearings and appeals. We have also counseled clients on both federal and state wage and hour requirements, and have successfully represented public agency clients and their officials in harassment, discrimination, retaliation, whistle-blowing, “serious and willful,” and Labor Code section 132a (discrimination due to workers compensation) claims. We also have expertise in defending worker’s compensation claims when and if necessary. Additionally, Rutan has a robust private sector labor and employment section, and those attorneys can be brought into to assist where the Company, as a corporation, experiences labor and employment issues that fall outside of the normal public agency framework.

**(7) Public Records Act**

Our attorneys are readily familiar with the California Public Records Act, including the statutory requirements for the disclosure and copying of public records, and the numerous exemptions from these requirements. In addition to advising cities and other agencies regarding compliance with the PRA, we have successfully both prosecuted and defended PRA cases on behalf of our clients.

**(8) Brown Act**

Our attorneys are similarly familiar with the open meeting provisions of the Ralph M. Brown Act, and the members of our proposed team each have extensive experience with Brown Act compliance

issues—and the new requirements and procedures that have emerged in light of COVID and AB 361. We routinely counsel governmental clients regarding agenda posting and public comment requirements, as well as the scope and extent of closed sessions, and open meeting issues pertaining to committees and inter-board member communications. We work with our clients to develop strategies that allow governmental entities to operate efficiently and without delay, while complying with the letter and spirit of the Brown Act. By virtue of the dozens of cities and other governmental agencies for which we serve as general counsel, our attorneys also are familiar with parliamentary procedures, including the (sometimes arcane) provisions of Roberts and Rosenberg’s Rules of Order.

**(9) Elections Issues**

Rutan attorneys regularly assist municipal officials in complying with Elections Code issues relating to candidate elections, initiatives, referenda and recalls. Our elections law practice covers the spectrum from drafting and reviewing petitions for ballot measures, to drafting impartial ballot analyses and assisting District staff with the preparation of statutorily authorized analyses of ballot measures, to working with the elections official to qualify petitions for the ballot, to defending cities that refuse to place measures on the ballot. We also routinely advise the elections official on all aspects of preparing for elections, including ballot access and ballot preparation, Voting Rights Act, and related issues. We also are among the most knowledgeable in the State on issues relating to the expenditure of public funds in the context of ballot measures. Perhaps of greater relevance to the Company, Jeremy is very knowledgeable on the process and rules for election of mutual water company directors and officers, and will have no need to “get up to speed” with regard to assisting with the annual meeting and other corporate governance formalities.

**(10) Taxes and Rate-Setting**

Rutan & Tucker lawyers are respected throughout the State for their counsel on issues relating to the imposition, extension and increase of local general and special taxes, and the substantive and procedural requirements relating to rates and fees, and in particular the process for complying with Prop 218. We are also very familiar with the legal requirements and restrictions governing the establishment and adjustment of user fees, development impact fees and utility rates and charges per Prop 26 and applicable Government Code provisions.

**V. EXPERIENCE AND PAST PERFORMANCE**

A list of references where Jeremy has provided same or similar services is attached hereto as Exhibit 5. As to specific agency/company experience beyond that described in Exhibits 1-4, the following is responsive:

Rancho Pauma Mutual Water Company:

As previously discussed, Jeremy was General Counsel, and lead litigation counsel, for one of the largest and most complex mutual water companies in San Diego County, Rancho Pauma Mutual Water Company, from 2013-2018 and led successful litigation to confirm the company’s water rights over aggressive challenge by competing water users. He continues to assist Rancho Pauma indirectly via his service as legal counsel for the PVGSA, which Jeremy was instrumental in creating by drafting the current approved JPA Agreement and all of the SGMA filings and resolutions in the SGMA Portal associated with transitioning PVGSA from an MOU to JPA based GSA governance structure in one of the most contested SGMA basins in the State (because of tribal assertions of FRWR).

- Owner, contact name and phone number:  
Jeffrey Pape, Contract Operations Manager, 760-250-9658.
- Agency size and description  
Mutual Water Company that is the second largest water supplier in Pauma Valley, San Diego County. Mix of Agricultural and M/I customers.
- Agency budget  
Not currently known.
- Total term of relationship with Agency  
2013-2018 as General Counsel; indirectly since 2020 as Legal Counsel for PVGSA.

General Counsel to Orange County Water District, Serrano Water District, Yuima Municipal Water District, and Sewer Authority Mid-Coastside:

As discussed previously herein and in Exhibits 1 and 4, Jeremy currently serves as General Counsel to the largest groundwater management agency in Southern California, OCWD, and three smaller agencies, each of which have unique and interesting challenges which require Jeremy’s strong efforts as a lawyer and problem solver on a daily basis. At OCWD, Jeremy advises a diverse ten member board, composed of seven elected, and three appointed, directors. OCWD’s operations are internationally acclaimed and the agency’s soon to be 130 MGD Groundwater Replenishment System (“GWRS”) is the largest indirect potable recharge (“IPR”) project in the United States. Jeremy provides the full panoply of legal services to OCWD, in contractual, regulatory and litigation matters, recently leading OCWD’s successful effort to defeat litigation by the Irvine Ranch Water District (“IRWD”) which included a variety of challenges to OCWD’s rates and charges (including a challenge per Proposition 26).

- Owner, contact name and phone number:  
Please see Exhibit 5 for contact information for each agency General Manager.
- Agency size and description  
Varies. OCWD is the largest agency in Orange County with an annual budget in the hundreds of millions. Serrano and Yuima are smaller agencies, which supply between 2,000 and 5,000 AFY and have annual operating budgets of between 5-10 million dollars a year. Sewer Authority Mid Coastside serves three member agencies, including the City of Half Moon Bay, and treats approximately 2.5 MGD at its centralized wastewater treatment plant.
- Agency budget  
See above.
- Total term of relationship with Agency  
Varies. Have been General Counsel for each of these four agencies beginning in either 2018, 2019 or 2020.

Lead Litigation Counsel in the Ventura River Adjudication for Casitas Municipal Water District:

For the past year Jeremy has led Casitas Municipal Water District (the largest water supplier in Ventura County) in its efforts to protect its water rights and contractual entitlements against a variety of significant challenges, to include a lawsuit by the City of Ventura and State Water Resources Control Board and the CDFW’s current efforts to list the Steelhead trout as an endangered species per CESA. All of these challenges seek to potentially reduce the amount of water that Casitas can store in Lake Casitas and subsequently deliver to its customers in Central Ventura County. Jeremy leads the litigation effort for Casitas and is intimately involved in negotiations with the State and other water users in the Ventura River.

- Owner, contact name and phone number:  
Michael Flood, General Manager. Please see Exhibit 5 for contact information
- Agency size and description



Water service to City of Ventura, City of Ojai and most of unincorporated Ventura County from entirely local supplies that are under significant regulatory and legal threat. Approximately 50 employees and budget in excess of 100 million annually.

- Agency budget  
See above.
- Total term of relationship with Agency  
Took over as lead litigation counsel during the summer of 2021.

#### **VI. FIRM'S LOCAL EXPERIENCE**

As previously discussed, Rutan has not significantly represented San Bernardino County water companies and water agencies in recent years. The two exceptions are Rutan's long term representation of San Bernardino Valley Water Conservation District in Redlands where Jeremy Jungreis and Alisha Patterson continue to assist now in-house General Counsel (and former Rutan Water Practice Group leader) David Cosgrove with special counsel matters. Jeremy, as General Counsel, also provides legal advice on matters in the Prado Basin behind Prado Dam.

That stated all three members of the proposal team live within 80 miles of the Company and can readily be available to attend meetings at the Company or other locations in San Bernardino County on short notice.

#### **VII. CONFLICT OF INTEREST / ETHICS**

The good news of not having extensive public agency or private water company representations in San Bernardino County is that we've identified no current conflicts of interest that would prevent or interfere with Rutan representing the Company as General Counsel. Rutan does represent private developer and land use clients in San Bernardino County from time to time, but we know of no current or anticipated conflicts likely to arise from such representations.

#### **VIII. PROPOSED TOTAL PROFESSIONAL FEE AND FEE SCHEDULES**

See separately provided and sealed cost proposal enclosed herewith.

#### **IX. EXCEPTIONS TO THIS RFP**

Rutan certifies that it takes no exceptions to this RFP including, but not limited to, the draft Professional Service Agreement included with the RFP.

## EXHIBIT 1

### **Rutan & Tucker, LLP – Water Practice Group Overview**

Rutan & Tucker LLP has been serving the comprehensive legal needs of water and wastewater agencies, cities and special districts since A.W. Rutan opened his law office to serve the legal needs of farmers and water companies in Southern California during the late 1920s. Since then, Rutan has been instrumental in the creation and operation of numerous water districts and other local agencies throughout Southern California, including OCWD the World's most famous indirect potable reuse (IPR) and groundwater management agency, which A.W. Rutan helped create in 1933 (with his drafting of the OCWD Act), and where Rutan currently serves as General Counsel some 89 years later. Rutan takes pride in these long-term productive relationships it has developed with its public agency clients—helping them grow, and transition, with changing times, but with a keen understanding of history and past lessons learned.

Rutan's water and wastewater agency practice is a component of the firm's larger Government and Regulatory Law Department, which is one of the largest and most respected practices of its kind in the State of California, with some 40 attorneys providing city attorney and general/special counsel services to dozens of special districts, cities, transit agencies, school districts and other governmental entities throughout the state. Rutan currently serves as contract City Attorney or General Counsel for the following public agencies from its Costa Mesa, Palo Alto and San Francisco offices: City of Cerritos, City of Claremont, City of Dana Point, City of Duarte, City of Irvine, City of Laguna Beach, City of Laguna Woods, City of La Palma, City of La Quinta, City of Menifee, City of Poway, City of Twentynine Palms, City of Villa Park, City of Yorba Linda, Orange County Water District, Serrano Water District, Sewer Authority Mid-Coastside, Yuima Municipal Water District, and the Pauma Valley Groundwater Sustainability Agency. We also serve as special counsel for water and wastewater agencies throughout agencies throughout California on both transactional and litigation matters. Our clients for special counsel representations in the water/wastewater space include the City of San Diego, Casitas Municipal Water District, Elsinore Valley Municipal Water District, Mesa Water District, Olivenhain Municipal Water District, San Bernardino Valley Water Conservation District; South Orange County Wastewater Authority, Santa Clara Valley Water District, and Temescal Valley Water District as well as private water bottlers, water foundations, mutual water companies, and private water right owners and developers throughout California.

We also regularly advise our clients on various water issues, including but not limited to issues relating to statutory and common law water rights, the Sustainable Groundwater Management Act (SGMA), the Federal Clean Water Act, the Safe Drinking Water Act, California's Porter Cologne Act, and hazardous materials regulation (e.g., Proposition 65, CERCLA, RCRA, and the state laws administered by the California Environmental Protection Agency). On behalf of our governmental agency and private clients, we closely follow statewide water transfer, storage, and allocation issues, as well as pending state and federal legislation that affects local, regional, and state water issues. Many of us at Rutan have also drafted state and federal legislation, and worked with local legislators and public agency officials to obtain their enactment.

In addition, Rutan is at the forefront of advising our public-agency clients on the response to the current drought and the emergency regulations that have been enacted throughout the State. Similarly, we are at the forefront of evolving groundwater and recycled water law. We represent numerous water agencies throughout California on compliance with SGMA, and have assisted several of these agencies to develop and implement groundwater sustainability plans ("GSP") or

DWR approved “Alternative Plans.” We also are the primary advisors to OCWD and Santa Clara Valley Water District on their respective IPR Projects and expansion of such projects, and we are considered statewide leaders in groundwater law and the development of new water supplies through conjunctive use, IPR and stormwater capture. We also represent our public and private agency clients in groundwater and surface water adjudications throughout California.

As an integral part of our general counsel representation of water districts and cities with water departments, we regularly advise our clients with respect to their rights and duties as public water purveyors. In addition to the laws applicable to all local governmental agencies, our water agency general counsel practice includes advising clients on issues that specifically affect water agencies, including rate setting (under both Proposition 218 and 26); connection and capital facility fees; supply discrimination and extra-territorial service issues; service area annexations and detachments of territory; relationships with wholesalers and other utilities; groundwater management, including compliance with SGMA; public works construction issues, including design-build and other forms of public-private partnerships; and easements, joint use agreements and “prior rights” issues. We also represent public agencies on a wide variety of interagency issues, including the sale and storage of water, water transfers and “wheeling,” and joint powers authorities and similar contractual relationships for shared and regional facility construction and use.

Rutan represents both public and private clients on the full spectrum of water rights issues, including overlying, appropriative, riparian and contractual water rights. We have assisted governmental and private clients in water appropriation proceedings before the State Water Resources Control Board, the purchase and sale of adjudicated groundwater rights, and establishing known-regulated water rights. Attorneys of the firm have negotiated with regional wholesale water agencies regarding water supply, storage and transmission issues, and have participated in a wide variety of judicial and administrative adversarial proceedings relating to water rights.

The firm also has broad experience representing both governmental agencies and private clients with respect to compliance with, and litigation involving, CEQA and NEPA issues, as well as the Endangered Species Act (most recently with regard to challenge of proposed California regulation of the Steelhead Trout), and related state and federal legislation that affect water supply and facility projects. Finally, our attorneys are well-recognized in the field of water quality and have experience in all facets of regulatory litigation proceedings before Regional Water Quality Control Boards and in NPDES matters.

### **Notable Cases/Opinions**

- *Ventura River Adjudication, Santa Barbara Channelkeeper v. State Water Resources Control Board, et al.*, Case No. 19STCP01176 (2021 to Present) (lead litigation counsel for Casitas Municipal Water District in basin-wide adjudication of Ventura River Watershed).
- *Carlsbad Alkaline Water LLC, et al. v. Davidson*, Case No. 37-2020-00038604 CU-BC-NC (2020 to Present) (lead litigation counsel in dispute between water bottling company and adjacent property owner regarding access to and ownership of groundwater wells).

- *Irvine Ranch Water District v. Orange County Water District, et. al*, LA Superior Court Case No. BS175192 (ongoing litigation over water rights/regulatory authority within Orange County Groundwater Basin).
- *South Orange County Wastewater Authority et. al v. Moulton Niguel Water District*, Case No. RIC 1721240 (2019) (litigation over contracts to repair/rehabilitate aging wastewater facilities resulting in complete victory in trial court and full payment by defendant of 2.7 million dollars in attorneys' fees).
- *Kinney v. Three Arch Bay Community Service District*, Case No. 8:17-cv-01693-RGK-JC (2018 C. D. CA) (successful defense of Clean Water Act citizen suit case obtaining dismissal of case with prejudice).
- *Rancho Pauma Mutual Water Company v. Rincon del Diablo Municipal Water District*, (2015) 239 Cal. App. 4th 109 (lead litigator in groundwater dispute within San Luis Rey Groundwater Basin).
- *U.S. v. Eastern Municipal Water District*, Case No. CV 04-8182 CBM (RNBx 2008) (successful supervision of pre-trial portion of case as deputized U.S. Special Attorney for Department of the Navy).
- *City of Dana Point v. Beach Cities Collective* (2014; Docket No. G047839).
- *City of Dana Point v. California Coastal Com.* (2013) 217 Cal. App. 4th 170.
- *Traudt v. City of Dana Point*, (Calif. Court of Appeal, 4th Dist. Div. 3) 199 Cal. App. 4th 886; Sept. 30, 2011 (Review granted).
- *Dana Point Safe Harbor Collective v. Superior Court* (Supreme Court of California) 51 Cal. 4th 1; December 9, 2010.
- *City of Dana Point v. Beach Cities Collective* (2014 Docket No. G047839).
- *City of Dana Point v. California Coastal Com.* (2013) 217 Cal. App. 4th 170.
- *Ainbac Assur. Corp v. Adelanto Public Utility Authority* (U.S.D.C. Southern District of New York 09 CIV 5087), 2011 U.S. Dist. LEXIS 131680, November 14, 2011.
- *Traudt v. City of Dana Point* (Calif. Court of Appeal 4th Dist. Div. 3) 199 Cal. App. 4th 886; Sept. 30, 2011 (Review granted).
- *Dana Point Safe Harbor Collective v. Superior Court* (Supreme Court of California) 51 Cal. 4th 1; December 9 2010.
- *Weitzman v. City of Dana Point* (Calif. Court of Appeal, 4th Dist. Div. 3) G036199 2006 Cal. App. Unpub. LEXIS 11677, December 28, 2006.
- *Hamilton v. City Council of Dana Point* (Calif. Court of Appeal, 4th Dist. Div. 3) G034788, 2005 Cal. App. Unpub. LEXIS 10130, November 7, 2005.



## GOVERNMENT AND REGULATORY

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Rutan has expertise in resolving state and local regulatory challenges.

Successful projects in California must navigate complex regulatory systems governing all aspects of land use, housing and business activities. These systems present both challenge and opportunity. The key to avoiding one and maximizing the other is knowledge of governmental law and California's stringent environmental regulations—the kind of expertise you can depend on from Rutan.

Our Government and Regulatory Group represents both public and private clients in matters pertaining to governmental entities and regulation. On the public side, we currently represent scores of public agencies as general counsel, city attorney or special counsel. Our clients include cities, school and community college districts, water districts, public finance authorities, community service districts, counties, and other local governmental entities. The firm's local government presentation extends from advising agencies in public meetings, to representing entities in regulatory, transactional, finance and inter-governmental matters, to prosecuting and defending local agencies in litigation or administrative proceedings covering the entire spectrum of public law. On the private side, we advise private individuals, developers, property owners, commercial and industrial concerns, community organizations and other private entities that have dealings with governmental agencies. Our expertise extends not only to substantive regulatory requirements and restrictions, but also the rules governing the review and processing of entitlements and approvals, and the specialized procedures for challenging or defending governmental decisions both administratively and in litigation. Our expertise includes, but is not limited to:

- Municipal Law
- Water Law
- Education Law
- Election Law
- Conflicts of Interest Law
- Land Use, Zoning, CEQA and Subdivision Law
- Eminent Domain, Inverse Condemnation, and Property Valuation
- Public Sector Personnel and Labor Law
- Public Contracting and Prevailing Wage Compliance
- Federal, State, and Local Regulatory Permitting
- Municipal Finance
- Affordable Housing and Economic Development
- Property Taxes, Fees, Assessments and Exactions



**Rutan Public Agency/Water Company Representations**

Rutan represents (or has recently represented) as City Attorney or General Counsel the following public agencies/water companies across Southern California:

- |                                    |                                   |
|------------------------------------|-----------------------------------|
| City of Cerritos                   | City of Twentynine Palms          |
| City of Claremont                  | City of Villa Park                |
| City of Dana Point                 | City of Yorba Linda               |
| City of Duarte                     | Orange County Water District      |
| City of Irvine                     | Pauma Valley CSD                  |
| City of Laguna Beach               | Rancho Pauma Mutual Water Company |
| City of Laguna Woods               | Serrano Water District            |
| City of La Palma City of La Quinta | Sewer Authority Mid-Coastside     |
| City of Menifee                    | Yuima Municipal Water District    |
| City of Poway                      |                                   |

In addition, Rutan currently provides, or has recently provided, Special Counsel Services to the following public agencies and/or mutual water companies throughout California:

- |                                  |  |
|----------------------------------|--|
| Carlsbad Alkaline Water          | City of Huntington Park  |
| Casitas Municipal Water District | City of Long Beach   |
| City of Adelanto                 | City of Marina   |
| City of Arroyo Grande            | City of San Diego  |
| City of Burbank                  | City of Thousand Oaks  |
| City of Cerritos                 | City of Torrance   |
| City of Chino                    | City of Vernon   |
| City of Chino Hills              | Elsinore Valley Municipal Water District   |
| City of Cypress                  | Olivenhain Municipal Water District Pauma Valley Groundwater Sustainability Agency |
| City of Downey                   | Santa Clara Valley Water District  |
| City of Encinitas                | South Coast Water District   |
| City of Escondido                | South Orange County Wastewater Authority   |
| City of Fountain Valley          | Temescal Valley Water District   |
| City of Fullerton                |  |



## JEREMY JUNGREIS

### Partner

Government and Regulatory

Orange County

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Jeremy Jungreis is an accomplished water and environmental attorney with extensive experience guiding public and private clients through complex matters. Jeremy's practice includes environmental compliance and litigation, land use/natural resource strategies, water rights—permitting and protection—water supply and water right development, public agency law, utility law, strategic planning/coalition building, and governmental relations. He has advised public and private clients on compliance with all of the major federal and California specific environmental and land use statutes with particular emphasis on water supply, water quality, air quality and sustainable groundwater management.

Jeremy currently serves as General Counsel for the Orange County Water District, Serrano Water District, Yuima Municipal Water District and Sewer Authority Mid-Coastside on the public agency side, and as General Counsel for T-Y Nurseries and KP Environmental in the private water/wastewater and environmental services space. He previously served as General Counsel for the Pauma Valley Community Services District and the Rancho Pauma Mutual Water Company where he led successful groundwater litigation over a water rights judgment that culminated in a reported appellate water rights decision, and where he remains one of the principal negotiators of a groundwater sustainability framework in the contentious San Luis Rey Groundwater Basin. He regularly provides special counsel services pertaining to water resource management, water and wastewater litigation, air quality, stormwater compliance, water quality regulation, water/recycled water supply development and regulation, and federal procurement advice to public and private clients throughout California.

His special counsel/regulatory affairs clients for environmental and water resource matters include the Cities of San Diego, Irvine, Laguna Beach, Dana Point, Laguna Woods, Menifee and Claremont, and his water district clients for special counsel services include the Casitas Municipal Water District, Elsinore Valley Municipal Water District, Olivenhain Municipal Water District, and the Santa Clara Valley Water District. Jeremy is an expert in the development and

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### Related Services

- Government and Regulatory
- Environmental
- Government Relations and Political
- Infrastructure, Public-Private Partnerships (P3)
- Land Use and Natural Resources
- Municipal Law General and Special
- Water

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### Related Industries

- Public Entities and Municipalities
- Clean and Renewable Energy
- Energy
- Water
- Environmental and Natural Resources

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### Bar & Court Admissions

- State Bar of California, 2008
- Florida Bar, 1996

protection of local water supplies with particular expertise in groundwater projects/governance, water quality, recycled water and federal reserved water rights.

He is also an experienced litigator, with lead litigation and expert witness experience in complex water rights, infrastructure, and water quality disputes throughout California including:

Ventura River Adjudication, Santa Barbara Channelkeeper v. State Water Resources Control Board, et al., Case No. 19STCP01176 (2021 to Present) (lead litigation counsel for Casitas Municipal Water District in basin-wide adjudication of Ventura River Watershed)

Las Posas Adjudication, Las Posas Valley Water Rights Coalition v. Fox Canyon Groundwater Management Agency, Case No. VENC100509700 (2021 to Present) (expert witness on the legal and water rights of mutual water companies and their shareholders in adjudication of Las Posas Groundwater Basin)

Irvine Ranch Water District v. Orange County Water District, Case No. BS168278 (2018-Present) (lead litigation counsel for Orange County Water District in complex multiphase litigation over groundwater assessments and water rights)

Carlsbad Alkaline Water LLC, et al. v. Davidson, Case No. 37-2020-00038604 CU-BC-NC (2020 to Present) (lead litigation counsel in dispute between water bottling company and adjacent property owner regarding access to and ownership of three groundwater wells)

South Orange County Wastewater Authority et. al v. Moulton Niguel Water District, Case No. RIC 1721240 (2017-2019) (Co-lead trial counsel in trial resulting in full payment of disputed amounts and 2.7 million dollars in attorneys' fees for wastewater agency clients in dispute over funding of wastewater infrastructure)

Kinney v. Three Arch Bay Community Service District, Case No. 8:17-cv-01693-RGK-JC (2018 C. D. CA) (obtaining dismissal with prejudice of Clean Water Act lawsuit)

Rancho Pauma Mutual Water Company v. Yuima Municipal Water District, (2015) 239 Cal. App. 4th 109 (successfully enforced terms of 1953 water rights judgment on behalf of mutual water company)

U.S. v. Eastern Municipal Water District, Case No. CV 04-8182 CBM (RNBx 2008) (successful prosecution of case through discovery and successful summary judgment defense)

Prior to joining Rutan, Jeremy directed the Department of Defense's (DoD) most complex water system at Camp Pendleton, California, with responsibility for conjunctively managing ground and surface water from four different watersheds and implementing complex recycled water and conservation

- U.S. Supreme Court, 2008
- Federal District Court for the Central District of California, 2008
- Federal District Court for the Southern District of California, 2019

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## Education

- George Washington University (LL.M., 2004), summa cum laude
- Florida State University College of Law (J.D., 1996), Florida State University Law Review, magna cum laude
- University of Central Florida (B.S., 1993), cum laude



programs. During this time, he also negotiated a physical solution and water rights settlement to one of California's most long standing pieces of water litigation in the case of U.S. v. Fallbrook.

Prior to entering private practice, Jeremy served for three years as Regional Environmental Counsel for Marine Corps installations in the Western United States and for four years as Regional Environmental Counsel for Marine Corps installations in the Eastern United States. He has also served as a Special Attorney for the U.S. Department of Justice Environment and Natural Resources Division (ENRD) from 2005-2007, for which he received the Richard W. Eddy Award for excellence in environmental litigation. Jeremy retired in 2018 from the United States Marine Corps Reserve as a Lieutenant Colonel. Given his many years advising military commanders and other federal land managers throughout the Southwestern U.S., he is intimately familiar with legal issues on federal lands in California, particularly in the areas of water, utilities, federal contracting, federal reserved water rights, and natural resource management.

Jeremy is the past Chairman of the City of Oceanside's Utilities Commission, and from 2009 to 2012 served on the Board of Directors of the San Diego County Water Authority. He is also a past Chair of the Orange County Bar Association Environmental Law Section, and he currently serves as Chair of the Clean Water Sub-Committee of the Association of California Water Agencies (ACWA) and on ACWA's Legal Affairs Committee. Additionally, he is a frequent lecturer on environmental and water law topics throughout the U.S. and abroad.

## Publications

- Co-Author, 'Dark Waters' Come to Orange County, ORANGE COUNTY LAWYER, May 2020
- SB 231: Stormwater fees and property taxes, LOS ANGELES DAILY JOURNAL, January 10, 2018
- Co-Author, "Federal Facilities," Chapter 14, CLEAN WATER ACT HANDBOOK (Mark A. Ryan Ed., 4th edition 2018)
- Co-Author, "Finding 'New Water' in California," THE WATER REPORT, February 2016
- Co-Author, Will Emergency Water Rules Remain?, LOS ANGELES DAILY JOURNAL, September 18, 2015
- Awash in Controversy: The Developing Saga of the EPA Water Transfers Rule, ABA TRENDS MAGAZINE, Sept. 2008 at 6
- Troubled Waters: The EPA Water Transfers Rule, LOS ANGELES DAILY JOURNAL, July 22, 2008
- Designation of Impaired Waters Under CWA Takes on New Significance - No Permits for New Discharges Until Attainment Shown, THE NATURAL LAWYER, Jan. 2008 at 4
- Impaired Waters & Permitting: Implications of the Pinto Creek Decision, THE WATER REPORT, Dec. 2007 at 17
- Nutrient Numeric Endpoint Development—On a More Prudent Path? A Brief Reply to the Response of Dr. Jonathan Butcher and Ms. Cynthia Gorham-Test, THE WATER REPORT, Nov. 2007 at 27 (co-authored with Dr. Scott Thomas)

- Nutrient Numeric Endpoints: Not Quite Ready for Prime Time? THE WATER REPORT, Aug. 2007 at 12 (co-authored with Dr. Scott Thomas)
- 'Permit' Me Another Drink: A Proposal for Safeguarding the Water Rights of Federal Lands in the Regulated Riparian East, 29 HARV. ENVTL. L. REV. 369 (2005)
- A Formal Affair: Land Use Decision Making, and Obstacles Thereto, in the Post Snyder Era, FLA. B.J. Dec. 1996, at 52
- Drawing Lines in the Shifting Sands of Cape Canaveral: Why Common Beach Erosion Should Not Yield a Compensable Taking Under the Fifth Amendment, 11 J. LAND USE & ENVTL. L. 375 (1996)
- Holding the Line at VMI and the Citadel: The Preservation of a State's Right to Offer a Single-Gender Military Education, 23 FLA. ST. U. L. REV. 795 (1996)

## Speeches and Presentations

- Moderator, "Proactive Water Quality and Watershed Management—Case Studies and Success Stories," ACWA 2022 Spring Conference & Exhibition, May 5, 2022
- Speaker, "Making the Most of the Upcoming 'Once-in-a-Generation' Infrastructure Funding," P3 Water Summit, April 22, 2021
- Speaker, "Navigating the Legal Landscape for PFAS in 2021," AWWA Virtual Conference, February 11, 2021
- Speaker, "Think Before You Delete: Electronic Records Under The California Public Records Act," California Lawyers' Association 2020 Virtual Open Meetings and Open Records Conference, May 12, 2020
- Speaker, "Stakeholder Outreach Processes for GSP Development: Applying Theory to Practice," Law Seminars International, Sustainable Groundwater Planning in California, February 6, 2018
- Speaker, "Go Big or Go Home, Developing Recycled Water Projects in California," ACWA 2017 Fall Conference & Exhibition, November 29, 2017
- Speaker, "Development of GSAs and GSPs: Effective Participation in SGMA and Groundwater Management," SGMA, GSA Setup & GSP Conference, January 8, 2017
- Speaker, "Development of GSAs and GSPs: Effective Tribal Participation in SGMA and Groundwater Management," Tribal Water Law in California Conference, October 28, 2016
- Moderator, "Air Quality Regulation in Orange County: What Does the Future Hold?" Orange County Bar Association Environment Law Section, October 19, 2016
- Speaker, "Perspectives on Water Rights in Orange County," Orange County Bar Association, Environmental Law Section. June 2016
- Speaker, "Hitting a Few Bumps Along the Way: Establishing Groundwater Sustainability Agencies and Developing Groundwater Sustainability Plans," Sustainable Groundwater in California Conference, Sacramento, CA, June 2016
- Speaker, "Water Rights & Water Supply Development in Captured Stormwater," ACWA Spring Conference, Monterey, CA, May 2016
- Moderator, "Where Once There Was 'Waste', Now There Is Water," Multi State Salinity Coalition Annual Summit, Las Vegas, Nevada, January 2016
- Speaker, "Managing the 'New' Recycled Water—Opportunities Abound,"

Industrial Environmental Association Conference, San Diego, CA October 2015

- Speaker, “‘Taking the Leap,’ ‘Establishing Groundwater Sustainability Agencies in California’”, Groundwater Regulation in California Conference Los Angeles, CA, October, 2015
- Speaker, “Silver Lining on the Dark Clouds of MS4 Compliance? Water Rights & Water Supply Development in Captured Stormwater,” CASQA Conference, Monterey CA, October 2015
- Conference Co-Chair, Moderator and Speaker, “Finding ‘New’ Water: Evaluating “New” Water Options for Overcoming Drought and Diversifying Water Portfolios,” Law Seminars International Conference, Anaheim, CA, October 5-6, 2015
- Speaker, “New Frontiers in California Groundwater Management: Legal Issues in Implementation of the SGMA,” American Ground Water Trust Drought and Water Law Conference, San Francisco, May 2015

## Awards & Honors

- Best Lawyers in America(Water Law), 2020-2022



## Memberships & Associations

- Chairman, Oceanside Utilities Commission (2012-2018)
- Chair, Association of California Water Agencies (ACWA) Clean Water Subcommittee (2017-Present)
- Member, ACWA Legal Affairs Committee (2016-2022)
- Member, California Association of Sanitation Agencies Legal Affairs Committee (2019-Present)



## JENNIFER FARRELL

**Partner**

Government and Regulatory

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Orange County  
(714) 338-1884  
JFarrell@rutan.com

Jennifer Farrell specializes in a wide range of litigation and transactional matters relating to municipal governments and special districts.

Jennifer currently serves as Assistant City Attorney for the cities of Dana Point, Twentynine Palms, and Fontana and Assistant General Counsel for the Morongo Basin Transit Authority as well as served as Special Counsel for Morongo Basin Water District. She also previously served as Interim Assistant City Attorney for the City of Calexico. In these roles, she regularly attends planning commission, city council, and district meetings and advises these entities on a host of legal issues ranging from the Brown Act to the Public Records Act to the California Environmental Quality Act. Jennifer has also acted as special counsel for a number of government entities including but not limited to the cities of Costa Mesa, Novato, Loma Linda, the County of Fresno and Mesa Water District. In this capacity, she has not only handled litigation matters, but also has advised the entities on a variety of different areas of the law.

In addition, Jennifer has successfully handled numerous complex litigation matters on behalf of government entities. These cases include litigation relating to election challenges, land use and zoning laws, medical marijuana dispensaries, the scope and jurisdiction of the California Coastal Commission, the dissolution of redevelopment agencies post AB 1×26, housing element law, and property tax allocations. She regularly handles cases before the California Court of Appeal, and in 2011, appeared before the California Supreme Court in a case involving the proper method by which to appeal a city council issued legislative subpoena. She has also handled several cases involving the appointment of a receiver to oversee the rehabilitation of substandard properties. (City of Dana Point v. Finnegan (Case No. G05115500); City of Dana Point v. Stahl (Case No. 30-2012-00588176.) Not only did she successfully persuade the court to appoint receivers in both cases, but she also was able to recover the full amount of attorneys' fees spent by the City in seeking those appointments. Recently, among other matters, Jennifer is assisting the City of Twentynine Palms in using former redevelopment agency bond proceeds to acquire property as well as other financing sources to construct a revitalized

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### Related Services

- Government and Regulatory
- Municipal Law General and Special
- Water
- COVID-19 Resources

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### Related Industries

- Sports and Entertainment
- Public Entities and Municipalities

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### Bar & Court Admissions

- State Bar of California

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### Education

- Chapman University School of Law (J.D., 2007), magna cum laude
- Loyola Marymount University (B.S., 2003), with honors, magna cum laude

downtown area, commonly referred to as “Project Phoenix.” As part of her work with the City, she helped guide the City through a complex Local Agency Formation Commission process, whereby the fire protection authority was transferred from the Twentynine Palms Water District to the County, in order to ensure a sustainable funding mechanism for ongoing fire protection service in the region.

Jennifer also serves as Chairwoman of the Costa Mesa Chamber of Commerce, and is a member of the Board of Directors of the Raise Foundation, Coast Community College District Foundation, and Costa Mesa High School Foundation.

## Areas of Expertise

- Litigation & Transactional Matters
- Education Law
- Municipal & Government Agency Law
- Water Law

## Representative Matters/Cases

- City of Dana Point v. Beach Cities Collective (2014; Docket No. G047839).
- City of Dana Point v. California Coastal Com. (2013) 217 Cal. App. 4th 170.
- Traudt v. City of Dana Point, (Calif. Court of Appeal, 4th Dist. Div. 3) 199 Cal. App. 4th 886; Sept. 30, 2011 (Review granted).
- Dana Point Safe Harbor Collective v. Superior Court (Supreme Court of California) 51 Cal. 4th 1; December 9, 2010.,

## Awards & Honors

- Orange County Business Journal, 2020 Women in Law
- Southern California Super Lawyers, Rising Stars Edition, 2013-2022

## Memberships & Associations

- Orange County Bar Association
- Member, Board of Directors for Raise Foundation
- Member, Costa Mesa Chamber of Commerce
- Member, Coast Community College Foundation District



## **ALISHA PATTERSON**

### **Partner**

Land Use and Entitlement

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Orange County

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Alisha Patterson provides strategic counsel to, and litigates on behalf of, public agencies and private clients, including numerous California cities, property owners, and developers. She is currently the City Attorney for the City of Claremont and the Assistant City Attorney for Laguna Woods.

In her representation of public entities, she is involved with all aspects of general municipal affairs and, in particular, planning and land use. She has worked with clients in every stage of the entitlement process (pre-application through public hearing and litigation, if any) and has a thorough knowledge of the myriad of state and federal laws that regulate local governmental agencies and those who do business with them. A significant part of her practice concerns advising and defending clients on issues arising under the Planning and Zoning Law, the Subdivision Map Act, the California Environmental Quality Act (“CEQA”), the Permit Streamlining Act, the Quimby Act, and the Mitigation Fee Act.

Unlike other municipal law attorneys, Alisha has experience handling matters at the intersection of land use and civil rights laws, such as the Americans with Disabilities Act (“ADA”), the Federal Fair Housing Act (“FHA”), and California’s Fair Employment and Housing Act (“FEHA”). Knowing that civil rights laws are continually evolving, She regularly reads new court decisions and keeps current on community and market trends in order to anticipate the needs of existing clients.

Sitting with the governing bodies of multiple cities (e.g., City Councils and Planning Commissions) on a regular basis, Alisha is also well versed in the Ralph M. Brown Act, the Political Reform Act (as well as its corresponding Fair Political Practices Commission [“FPPC”] Regulations), and Government Code Section 1090.

In the wake of the California Supreme Court’s recent decision in *San Jose v. Superior Court*, Alisha has counseled numerous public agencies on compliance with the California Public Records Act (including its application to “writings”

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### **Related Services**

- Land Use and Entitlement
- Government and Regulatory
- Condemnation and Property Valuation
- Land Use and Natural Resources
- Municipal Law General and Special
- COVID-19 Resources

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### **Related Industries**

- Public Entities and Municipalities

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### **Bar & Court Admissions**

- State Bar of California, 2010

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### **Education**

- University of Wisconsin, Madison (B.S., 2002)
- University of California, Davis, School of Law (J.D.,

that are sent or received in private accounts and/or on private devices) and Government Code Section 34090's record retention requirements.

2010)

Providing educational opportunities to students is one of Alisha's passions. In the community, she serves on the Executive Board of the Coastline Community College Foundation. Before she became an attorney, she was a high school English teacher at a public school in Madison, Wisconsin.

## Areas of Expertise

- Litigation - State and Federal Courts, including Appellate Practice
- ADA Compliance and Defense for Public and Private Entities - Title II (Public Sector) and Title III (Private Sector)
- Housing Discrimination Defense - Federal Fair Housing Act ("FHA") and California's Fair Employment and Housing Act ("FEHA")
- Land Use and Planning - California Planning and Zoning Law, CEQA, Subdivision Map Act, Quimby Act, Permit Streamlining Act, Development Agreement Act, Mitigation Fee Act
- Open Government - Brown Act, Public Records Act, Conflict of Interest Laws
- Eminent Domain/Inverse Condemnation

## Representative Matters/Cases

- Coordinated with two federal agencies, one state agency, eight local agencies, a nonprofit trust, and two private landowners to negotiate and draft an implementing agreement, memorandum of understanding, and associated documents to implement our client's Upper Santa Ana River Wash Plan Habitat Conservation Plan.
- Advocated for private property owner whose property was being re-zoned from "industrial" to "residential" in connection with the city's Housing Element Update; worked with city to include a "grandfathering" provision in its Zoning Code and General Plan that would allow the property owner to continue to use its property for industrial uses after it was re-zoned.
- Drafted an "Election Code § 9212 Report" for a city on a proposed "Right to Vote Amendment" - a citizen-initiated ballot measure that, if approved, would require voter approval for certain development projects.
- Assisted developer in determining which facilities inside a private, gated community needed to be accessible to people with disabilities under the ADA.
- Assisted public agencies in determining how to respond to requests from members of the public for disability-related accommodations and, in particular, requests for on-street, blue curb, handicapped parking spaces in the public right-of-way.
- Worked closely with members of city planning departments to ensure applications for development projects are processed in accordance with state and federal laws (such as CEQA).
- Worked closely with public agencies to implement new public record retention and disclosure policies and practices in response to the California Supreme Court's decision in *San Jose v. Superior Court*.  
Provided trainings to new members of legislative bodies on basic requirements of CEQA, the Brown Act, and Conflict of Interest laws.

- CEQA Defense – Defended project applicant in CEQA litigation challenging city’s approval of applicant’s housing project primarily on the grounds that – according to petitioner – the environmental impact report for the project did not adequately address impacts to a historic and/or agricultural resource. We prevailed on all issues in a bench trial, and our victory was affirmed on appeal.
- Housing Discrimination Defense (Public Sector) – Defended city in a high-profile federal lawsuit in which the ACLU alleged the city’s denial of a conditional use permit for a facility that would have served unaccompanied alien children (or “UAC”) amounted to intentional and “disparate impact” housing discrimination under state and federal law. After extensive discovery and a motion for summary judgment (filed by the city), the case settled on terms that were favorable to the city.
- Housing Discrimination Defense (Private Sector) – Defended landlords against numerous housing discrimination claims current or former tenants filed with California’s Department of Fair Employment and Housing (“DFEH”) alleging housing discrimination.
- ADA Defense (Public Sector) – Defended city in a federal ADA action stemming from city’s decision to deny a resident’s request for an on-street, blue curb, handicapped parking space in the public right-of-way outside her home as an accommodation for her disability. Although a United States District Court determined the ADA required the city to provide the parking space, the jury entered a verdict in our favor on damages – the resident recovered no damages (\$0) from the city.
- ADA Defense (Private Sector) – Defended business owners against ADA claims alleging that aspects of their businesses (e.g., parking lots, restrooms) did not comply with the ADA’s guidelines or otherwise were not accessible to people with disabilities.
- Employment Discrimination – Defended city clients in several employment discrimination actions under California’s Fair Employment and Housing Act (“FEHA”) and Title VII of the federal Civil Rights Act of 1964 (E.g. sex discrimination, age discrimination, etc.).
- Cybersecurity – Defended city in a federal action brought under the Fair and Accurate Credit Transactions Act (“FACTA”) alleging that pay stations in certain city parking lots violated FACTA by printing credit card expiration dates on the parking passes they issued. The plaintiff sought to certify a class of more than 100,000 who – according to the plaintiff – had received these noncompliant parking passes. The city successfully defeated class certification in both the United States District Court and the Ninth Circuit Court of Appeals, reducing the value of the case from an excess of \$15 million to \$2,000.
- Inverse Condemnation – Represented land owner in an inverse condemnation action involving physical taking associated with city and county road widening project.
- Federal Appellate Practice – Defended a school district in a Ninth Circuit appeal from a judgment in its favor in a disability discrimination action under the Individuals with Disabilities Education Act (“IDEA”). Through a motion to dismiss, we successfully narrowed the scope of the appeal to the District Court’s ruling on the merits – the Ninth Circuit determined the District Court’s award of attorneys’ fees in favor of the school district was outside the scope of the appeal. The Ninth Circuit affirmed the District Court’s ruling on the merits but remanded the case on a very narrow issue. Based on the remand alone,



plaintiff sought \$180,000 in attorneys' fees (claiming to be the "prevailing party" on the appeal). We successfully defended the fee motion, and the case settled.

## Recent Presentations

- Website Accessibility Lawsuit Filings: How it Affects ADA Compliance, The Knowledge Group CLE Webinar, March 2019
- Fall Land Use Cases Update, Rutan & Tucker, LLP MCLE, December 2017
- Panel Discussion on California Supreme Court's Decision in *San Jose v. Superior Court* (Regarding the Public Record Act's Application to Communications Sent or Received in Private Accounts or on Private Devices), City Clerk's Association, March 2017
- Fall Land Use Cases Update, Rutan & Tucker, LLP MCLE, December 2015
- Spring Land Use Cases Update, Rutan & Tucker, LLP MCLE, May 2014
- Tatts, Tokes, Tracks and Tramps: Local Regulation of Tattoo Parlors, Medical Marijuana Dispensaries, Satellite Wagering Facilities, and Massage Parlors, Rutan & Tucker, LLP MCLE, May 2013
- Lions and Tigers and CCP Section 1021.5 Attorneys' Fees (Oh My!), Rutan & Tucker, LLP MCLE, February 2011
- Inverse Condemnation: Development Exactions & Precondemnation Damages, Rutan & Tucker, LLP MCLE, May 2012

## Awards & Honors

- Southern California Super Lawyers, Rising Stars Edition, 2020
- Best Lawyers in America, 2022



## **LIST OF REFERENCES**

1. Mr. Michael Markus  
General Manager, Orange County Water District  
18700 Ward Street, Fountain Valley, CA 92728  
Telephone: (714) 378-3201; Email: [mmarkus@ocwd.com](mailto:mmarkus@ocwd.com)
  
2. Mr. Jerry Vilander  
General Manager, Serrano Water District  
18021 Lincoln Street  
Villa Park, CA 92861  
Telephone: (714) 538-0079; Email: [jerryvilander@gmail.com](mailto:jerryvilander@gmail.com)
  
3. Mr. Michael Flood  
Casitas Municipal Water District  
1055 Ventura Avenue  
Oak View, CA 93022;  
Email: [mflood@casitaswater.com](mailto:mflood@casitaswater.com)
  
4. Ms. Amy Reeh  
General Manager, Yuima MWD  
PO Box 177, Pauma Valley, CA 92061  
Telephone: (760) 742-3604; Email: [amy@yuimamwd.com](mailto:amy@yuimamwd.com)
  
5. Mr. Kishen Prathivadi  
General Manager  
Sewer Authority Mid-Coastside  
1000 N Cabrillo Hwy  
Half Moon Bay, CA  
Email: [Kishen@samcleanswater.org](mailto:Kishen@samcleanswater.org)

## **EXHIBIT 5**

Item Title: Information Technology Request for Proposals (RFP)

Purpose:

Review and Provide Input on draft Information Technology (IT) RFP.

Issue:

Company would like to receive Proposals from IT firms to ensure we are receiving the best value for our money.

Managers Recommendation:

Authorize staff to release the RFP

Background:

Inland Productivity has provided the Company's IT services for many years. Staff is satisfied with the services provided and has no issues with Inland Productivity. However, it is in the best interest of the Company to periodically issue RFPs to ensure we are getting the best service for our money. Inland Productivity is encourage to submit a proposal.

Staff has prepared the following draft RFP for Information Technology Services.

Staff anticipates proposals being reviewed at the regular September AFC meeting. At that time the AFC can choose to invite select candidates for interviews. This item will be brought to the full Board when the AFC is ready to make a recommendation.

Previous Actions:

None

Impact on Budget:

Unknown.



# San Antonio Water Company

Incorporated October 25, 1882  
Serving the original Ontario Colony lands

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## A REQUEST FOR PROPOSALS

TO PROVIDE CONSULTING SERVICES TO THE SAN ANTONIO WATER COMPANY

PROJECT TITLE:

INFORMATION TECHNOLOGY SERVICES

RESPONSE DUE BEFORE 3:00 PM

On September 15, 2022

## Introduction

The San Antonio Water Company is soliciting proposals from qualified firms to provide general information technology services. The Company's seven-member Board is seeking proposals from qualified firms with a proven track record of IT service to a general business office environment. The initial term of the contract is anticipated to be three years.

## General Information

In 1882 Canadians George and William Chaffey purchased 8,000-acres of the Cucamonga Rancho, including the water rights, and established an irrigation colony which they named Ontario, in honor of their homeland. On October 25, 1882 they also established the San Antonio Water Company under the General Corporation Laws of the United States. Ranchero water rights established back in the 1700's were transferred to the Company to support the newly established irrigation colony. The brother's vision was to develop a mutual water company whose members shared equally in the locally available water supply.

The brothers sold irrigation colony land in 10-acre blocks, primarily intended for the booming citrus industry. Along with the land, the brothers sold shares in the Company, one share for each purchased acre. Each shareholder was entitled to a portion of available local water, distributed equally by the company amongst all the shareholders. The Company was responsible for distributing water on a non-profit basis to the shareholders.

Since 1882 the San Antonio Water Company has consistently provided water service to its shareholders. Although the local citrus industry has largely disappeared, the Company maintains delivery to current shareholders utilizing the same successful 'per share' distribution plan established over 135 years ago.

The Company does not import any water. Instead, we are dependent on our local San Antonio Canyon and Cucamonga Canyon watersheds and downstream groundwater basins.

Currently, our shareholders include most residents of the unincorporated area of San Antonio Heights, the Cities of Upland and Ontario, the Monte Vista Water District, local quarries and the proud heritage of remaining grove irrigators.

Annual shareholder water entitlements are established based on projected availability. For 2022 full water entitlement was established at 13,000 Acre Feet (AF).

The Company provides water through two separate systems: domestic and irrigation.

The domestic system receives most of its water through the San Antonio tunnel. The domestic water system provides service to the San Antonio Heights, also known as our Basic Service Area. Consisting primarily of large residential lots, the Heights is an unincorporated area of San Bernardino County approximately 2.6 square miles in size located immediately north of the City of Upland. The Company provides water to individual residential lots through 1,200 domestic meters.

The irrigation system primarily receives water from surface water diversions in the San Antonio Canyon. Additional irrigation water is supplied through seven wells located in three groundwater basins; Cucamonga Basin, Six Basins and Chino Basin.

The irrigation system provides service to the Company's 'extended' service area. Shareholders in the extended service area include municipal and private companies. A majority of the distributed irrigation water is treated by municipal shareholders and then delivered to their customers as domestic water. The remaining irrigation water is used for farming, landscaping and commercial use (quarry).

Currently, the Company is housed in two separate properties with IT products at both sites. The main office located at 139 North Euclid Avenue, Upland houses the Company's main file & records server (Windows virtual servers) and accounting servers (currently Tyler Tech Incode), seven desktop workstations (Windows and Mac), ADT building security system and VOIP system (OIT). The Field office is located at 170 South First Avenue, Upland and houses four desktop workstations (Windows), ADT building security system and VOIP phones (OIT). Additional IT support will be required for peripheral equipment and software including but not necessarily limited to desktop and network printers, laptops, iPads, iPhones, routers, switches, and VPN. Microsoft Office, Adobe Acrobat, and ArcGIS are the primary desktop/tablet software used.

The Company maintains a SCADA system under separate contract. The SCADA system does utilize some of the Company's network equipment for communication purposes. Consultant is expected to maintain equipment that is necessary for general IT services. Consultant is not expected to maintain equipment specific to the SCADA system.

## Project Scope of Services

### General Services

The Company desires a fully outsourced IT management consultant to provide proactive and regular IT management and support.

Services shall include:

- Prepare and maintain a network map and inventory spreadsheet of all identified IT equipment.
- Make recommendations for improved IT system performance.
- Coordinate with other consultants (e.g. SCADA consultant) and vendors (e.g. Dell) under supervision and authority of assigned Company representative.
- The Company is willing to consider purchasing hardware or software through consultant or under Company's own initiative.

## Frontend Support

Consultant is expected to perform basic support functions including:

- Installation of PC's, laptops, tablets, printers and software.
- Diagnose and correct desktop application problems in a timely manner.
- Configure laptops, desktops and tablets for applications.
- Identify and correct hardware and software problems.
- Perform advanced troubleshooting in a timely manner.
- Ensure appropriate software patches and security updates remain current.
- End user support that is timely, friendly, and professional. Emergency support shall be available 24/7/365. Routine support shall be available Monday through Friday from 8 am to 5 pm. Server Support

## Backend Support

Consultant is expected to perform basic support functions including:

- Manage necessary computer network and associated hardware, software, communications, and operating systems.
- Monitor server performance and ensure appropriate server software patches and security updates remain current.
- Manage backup and disaster recovery systems.
- Maintenance of virus/malware detection and spam reduction efforts.
- Installation of server hardware.

## Network Administration Support

Consultant is expected to perform basic support functions including:

- Manage network equipment including switches, firewalls, routers.
- Coordinate with VOIP Phone system and security system vendor regarding equipment and software issues.
- Monitor network performance and capacity management services.
- Conduct regular security audits.
- Installation of network hardware.

## Schedule

The Company anticipates the following timeline and key milestones for award of the project:

Proposal Due Date	August 15, 2022
Administrative and Finance Committee (AFC) Review	August 23, 2022

Interview	TBD – If necessary
Board of Director’s Approval	September 20,2022
Consultant’s Notification	September 20, 2022

## Proposal Requirements

The proposal shall not exceed 15 pages excluding resumes, cover letter, dividers, front, and back covers. Responses to this RFP shall be in the following order and shall include:

1. Executive Summary (2 pages maximum)

Summarize the contents of your firm’s proposal in a clear and concise manner.

2. Firm Description (3 pages maximum)

Describe the nature of your firm’s practice and your qualifications for providing IT services for the Company.

3. Identification of Prime Consultant (4 pages maximum per individual, excluded from proposal page maximum)

Provide a professional resume of the individual who will be designated to serve as primary contact as well as for others who you anticipate will be involved in providing IT services to the Company. For each person whom you propose to designate as prime, deputy or supporting consultant provide the following:

- Training and years of practice
- Years working as IT support.
- Knowledge of and experience with the various components and software utilized in a general office environment.

4. Identification of Primary Consultant Expertise (5 pages maximum)

Provide demonstrated expertise in the following areas as it relates to mutual water companies or public agencies:

5. Experience and Past Performance (3 pages max / 3 firms max)

Include a summary of experience and performance for similar agencies. Include the following information:

- Owner, contact name and phone number



- Agency size and description
- Agency budget
- Total term of relationship with Agency

6. Firm's Local Experience (1 page maximum)

Describe the firm's experience and knowledge with the County of San Bernardino. Include a commitment of availability to attendance at Company meetings.

7. Proposed Total Professional Fee and Fee Schedules Submitted Under Separate Sealed Cover

Compensation shall be shown as an hourly rate by description/type of service and by person as well as any costs that are chargeable under the terms of agreement.

All billings for IT services will be subject to audit and review at any time.

### Exceptions to this RFP

The Consultant shall certify that it takes no exceptions to this RFP including, but not limited to, the Professional Service Agreement (attached).

### Selection Process and Schedule

Key senior staff and select Company Directors will independently review and rank each proposal. Based on an aggregate of those reviews, the Company may enter directly into negotiations with the top ranked firm. Alternatively, interviews may be scheduled.

At this time, the Company contemplates the use of a Time-and-Material contract for the services requested. Negotiations will cover scope of work, contract terms and conditions, attendance requirements, and appropriateness of the proposed fee.

After negotiating a proposed agreement that is fair and reasonable the General Manager will present the contract to the Company's Board for authorization to execute a contract with the most responsive firm.

### Related Documents

Interested proposers should immediately contact the Company to register for inclusion on the project distribution list. Revisions or supplemental information to this RFP will be issued through addenda by email and posted on the Company's website. Proposers are responsible for receipt of any and all addenda.

### Submittal Requirements

One (1) executed original electronic copy in PDF marked "ORIGINAL" in red ink shall be delivered either by flash drive or email. Proposed Fee Estimate marked "FEE ESTIMATE – 2022 IT Services"

shall be submitted as a separate PDF from the proposal. Proposals will not be accepted in any other format. Proposals will not be accepted by fax or verbally. The proposal shall be signed by an individual, partner, officer or officers authorized to execute legal documents on behalf of the Firm.

The Response Proposal must be received no later than **3:00 p.m.** local time, on or before **September 15<sup>th</sup>, 2022** at the office of:

[blee@sawaterco.com](mailto:blee@sawaterco.com)

PROPOSAL – 2022 IT Services

San Antonio Canyon Water Company

139 North Euclid Avenue

Upland, CA 91786

Attn: Brian Lee

Failure to comply with the requirements of this RFP may result in disqualification. Questions regarding this RFP shall be submitted in writing to [blee@sawaterco.com](mailto:blee@sawaterco.com).

### Fuel Credit Card Proposal

- 52 Weeks x 5 Days = 260 Working Days
- Round Trip Mileage = 124 Miles
- 260 Days x 124 Miles = 32,240 Miles / Year
- 32,240 Mile ÷ 20 MPG Avg. = 1,612 gallons
- 1612 Gallons x \$ 6.15 per gallon Avg. = \$ 9,913.80
- Fuel cost 1 year ago was \$ 3.15 / gallon
- In the last year fuel has risen \$ 3.00 / gallon
- \$ 3.00 / gallon x 1612 gallons = \$ 4,836.00 in additional fuel cost since last pay increase of 7% (\$ 13,852.80)
- \$ 4,836.00 ÷ \$ 13,852.80 = 34.91% of last years salary increase was used by Brian in increased fuel costs alone. When you add in the inflation rate at 9.1% which we all know increases the price of everything else. The salary increase of 7% given last year to Brian has been reduced to almost \$ 0.00 over the past year.
- I am proposing that the San Antonio Water Company provide Brian a fuel credit card to offset the unanticipated increase in fuel costs.
- Issuing a company fuel credit card has several advantages as follows:
  1. The cost is a direct expense to the company and no payroll taxes are paid on these amounts.
  2. The benefit of receiving the fuel through the company will have some tax benefits to Brian, as it is not taxed as ordinary income and is received with pre-tax dollars not after tax dollars.
- This proposal should be considered separate and apart from any salary negotiations that will be discussed at a future time.

Sincerely,

Martha Goss  
San Antonio Water Company Board Member

