



MEETING AGENDA
for
ADMINISTRATIVE & FINANCE COMMITTEE
June 25, 2019 @ 3pm
At Company Office 139 N. Euclid Avenue, Upland, CA

- 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 April 23, 2019.

5. Administrative and Financial Issues:

A. Shareholder Request for Reimbursement

Lost Instrument Bond fee reimbursement request

B. Goals and Objectives for General Manager

Propose goals and objectives for next year

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 is scheduled for August 27, 2019, at 3:00 p.m.

NOTE: All agenda report items and back-up materials are available for review and/or acquisition at the Company Office (139 N. Euclid Avenue, Upland, CA.) during regular office hours, Monday through Thursday [7:00 – 11:30 and 12:30 – 5:00] and alternating Fridays [7:00 – 11:30 and 12:30 – 4:00]. The agenda is also available for review and copying at the Upland Public Library located at 450 N. Euclid Avenue.

POSTING STATEMENT: On June 19, 2019, a true and correct copy of this agenda was posted at the entry of the Water Company's office (139 N. Euclid Avenue), on the public bulletin boards at 450 N. Euclid Avenue (Upland Public Library) and 460 N. Euclid Avenue (Upland City Hall), and on the Water Company's website.

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

April 23, 2019

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:03 p.m. on the above date at the Company office located at 139 N. Euclid Ave., Upland, California. Committee Members present were Bob Cable, Jose Sanchez, Rudy Zuniga, and ex officio Tom Thomas. Also in attendance were Bob Bowcock representing CalMat Co. and SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Mr. Sanchez presided.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Mr. Cable moved and Mr. Zuniga seconded to approve the meeting minutes of February 26, 2019. Motion carried.
5. Administrative and Financial Issues:
 - A. **Company Bylaws Article X** – Mr. Lee advised SAWCo received a request from CalMat Co. to affect a transfer of water in the Chino Basin in October of 2018. Mr. Lee acknowledged the request but was newly seated in his position at the Company and needed additional time for consideration. He advised, that if approved, he would honor the request for the year in which it was made. In January of 2019 Mr. Lee advised CalMat Co. that SAWCo would not be authorizing any transfers in Chino Basin for 2018.

This item was previously brought to the Planning, Resources, and Operations Committee (PROC) and the SAWCo Board for direction. The Board suggested the item go to the AFC for additional discussion and direction. Mr. Lee has researched the Company Bylaws and discussed with legal counsel their interpretation. The agreed upon interpretation of the Company Bylaws is that SAWCo can only deliver water to a miscellaneous shareholder within the extended area through the Company's distribution system to a place proposed by the shareholder and approved by the Board. Mr. Lee advised against making an exception or waiver to the Bylaws as an attempt to do so would weaken them. He asked that the Committee ratify the Company Bylaws.

Mr. Lee advised he spoke earlier to Ms. Rosemary Hoerning, City of Upland Public Works Director, who agreed with the Company Bylaws interpretation. She cautioned staff about the laws of unintended consequences.

Mr. Bowcock supported staff's recommendation but felt the Company Bylaws are subject to a lot of interpretation. He interpreted legal counsel's opinion to be the Board could do as they please. The request for transfer out of Chino Basin, he stated, was because it facilitated an ease for SAWCo in that no treatment or delivery of the water was needed in order to get the water to the shareholder. He then described the evolution of mutual water companies and stated he believed it in the jurisdiction of the Board to be flexible with the interpretation of the Company Bylaws.

Mr. Thomas advised that the examples given by Mr. Bowcock all involved the delivery of 'wet water' not 'paper water' which is what CalMat Co. is requesting. Mr. Bowcock advised he would take 'wet water' but it would cost SAWCo more money to provide that type of

water. Mr. Thomas reiterated the Company Bylaws which state there needs to be a point of delivery for miscellaneous shareholdings. Mr. Bowcock countered the Board could be flexible with that interpretation and allow for the transfer of 'paper water'.

Mr. Cable inquired whether CalMat Co. was requesting all of their entitlement at once. Mr. Bowcock replied he would like it to be something that is on the calendar to simply be transferred every year. Mr. Cable advised he is opposed to transferring 'paper water'. He stated SAWCo is in the business of selling 'wet water' and he'd hate to see a transfer of 'paper water' cause them to be short in delivering the type of water they are in the business to sell.

Various scenarios for delivering water to CalMat Co. were discussed. Mr. Bowcock will compose a written request for delivery of water with a specific location for SAWCo to delivery 'wet water' for them to take. This request will then be presented to the Board for possible approval.

Mr. Cable moved and Mr. Zuniga seconded to ratify the Company Bylaws. Motion carried.

The Committee directed Mr. Lee to bring to the Board the proposed delivery of wet water to the shareholder and any potential effect it may have on water storage accounts in the basins and with regard to entitlements that may be due to all shareholders.

B. *Ad hoc Office Relocation Committee* – Mr. Thomas clarified the Ad hoc Committee has been comprised of one member from the PROC, one member from the AFC, himself, the General Manager, the Assistant General Manager, and the Water Utility Superintendent. The member from AFC has been left vacant due to former Director Glenn Bozar leaving his position on the Board.

There was consensus on the Committee to appoint Mr. Cable to the Office Relocation Ad hoc Committee with Mr. Sanchez as the alternate.

6. Closed Session:

A. Water Rights. (§54956.9(c))

The Committee went into closed session at 3:44 p.m. The meeting reconvened at 4:14 p.m. with no action taken.

7. Committee Comments and Future Agenda Items: None.

8. Adjournment: The committee determined there was no further business and adjourned the meeting at 4:14 p.m.

The next regular Administration and Finance Committee meeting is scheduled for June 25, 2019 at 3:00 p.m.

Assistant Secretary
Brian Lee

Item Title: Shareholder Request for Reimbursement

Purpose:

To review a request by Shareholders Fred and Mary Gattas for a reimbursement of \$150 to cover the cost of purchasing a Lost Instrument Bond.

Issue:

Should the Company reimburse Shareholder for the purchase of a Lost Instrument Bond due to missing stock certificate?

Manager's Recommendation:

Deny the request for reimbursement.

Background:

In May of this year, Fred and Mary Gattas sold some shares and retained some shares, thereby requiring modifications to their Stock certificate. The Gattas' submitted two sets of instructions regarding the required wording on the new certificate to be issued. One set of instructions was submitted via letter and the other instructions were provided following the requirements listed in the Company's 'Water Stock Transfer Instructions'.

Staff issued the new certificate per the instructions provided on the Water Stock Transfer Instructions. Unfortunately, the Gattas' wanted the name on the new stock certificate to match what was provided on the letter, not the Water Stock Transfer Instructions.

Doctor Gattas visited the Company office to have a new certificate issued with the name as they truly wanted. During that visit there was discussion between Doctor Gattas and Company staff regarding who should retain the physical stock certificate until a determination could be made on whether payment for the new stock certificate transfer would be collected from the shareholder and what documentation was needed in order to accurately transfer the share. Doctor Gattas did not want to hold a certificate that was not named as he wanted. Staff did not want to retain a private shareholder's stock certificate. Doctor Gattas is unable to locate the stock certificate. Staff is unable to locate the stock certificate. At this point the stock certificate is considered lost.

To issue a new stock certificate, the Gattas' obtained a Lost Instrument Bond, which guarantees that if the original document is found, the Company will not be liable for not honoring it. The cost of the Lost Instrument Bond was \$150. Doctor Gattas has requested that the Company reimburse him for the cost of obtaining the bond based on the presumption that the stock certificate remained with the Company. Both staff members who participated in the discussion with Doctor Gattas separately assured me that the Company did not retain the certificate.

I respectfully denied Doctor Gattas' request. I do not believe staff misplaced the certificate and ultimately, shareholders are responsible for their stock certificates. After my denial, Doctor Gattas requested that his request for reimbursement be brought to the Administrative and Finance Committee.

Agenda Date: June 25, 2019

Impact on the Budget:

\$150, if a reimbursement is approved.

Previous Actions:

None

Item Title: General Manager's Goals and Objectives

Purpose:

To Provide General Manger Goals and Objectives for the upcoming yearly performance review.

Issue:

What Goals and Objectives should the General Manger focus on for the upcoming performance review period of Sept 2019 through Sept 2020?

Manager's Recommendation:

Recommend Administrative and Financial related Goals and Objectives for consideration by the Board during the General Mangers yearly performance review.

Background:

The General Manger's performance review should occur yearly in September near the anniversary of his hire date. As a part of the review it is appropriate to set goals and objectives for the upcoming year. I am requesting that the AFC consider and forward appropriate goals and objectives to the Board prior to September.

Impact on the Budget:

None

Previous Actions:

None