

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, June 21, 2022

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:02 p.m. on the above date at the City of Upland Council Chambers, 460 N. Euclid Ave., Upland, California. Directors present were Rudy Zuniga, Will Elliott, Bob Cable, Martha Goss, Bill Velto, and Kati Parker. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. President Zuniga presided.

Director Velto led all in attendance in the flag salute.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: Mr. Lee asked to add to the agenda the Employee Recognition Rewards Policy as Item 6C.

Director Velto moved and Director Goss seconded to approve adding the Employee Recognition Rewards Policy as Agenda Item 6C. Motion carried unanimously.

3. Shareholder-Public Testimony: None.
4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of May 17, 2022.
 - B. Planning, Resources and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report.
 - C. Administration and Finance Committee (AFC) Meeting Minutes
Approve meeting minutes of March 22, 2022.
 - D. Financial Statement
Income Statement and Balance Sheet for March 31, 2022.
 - E. Investment Activity Report
Monthly Report of Investments Activity.
 - F. Water Production and Consumption
Monthly water production and consumption figures.
 - G. Prominent Issues Update
Status summaries on certain on-going active issues.
 - H. Projects and Operations Update
Status summaries on projects and operations matters.
 - I. Groundwater Level Patterns [Quarterly in January, April, July, and October]
Tracking patterns of groundwater elevations relative to ground surface.
 - J. Conservation Program Update [Quarterly in January, April, July, and October]
Update on SAWCo's existing water conservation programs
 - K. Correspondence of Interest

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

5. Board Committee – Delegate Report:
 - A. **Pomona Valley Protective Association (PVPA) Representative's Report** – Director Parker reported on the PVPA meeting held Wednesday, June 8th. A consultant was hired to conduct a biological field investigation and implementation strategy for weed abatement due to the Los Angeles County's requirement of a weed abatement zone for fire hazard of 200 feet around the 600-acre property. There is a conflict with California Fish and Wildlife for potential removal of important habitat.
Discussion continued regarding Lewis Homes interest in purchasing PVPA property for a housing development.
 - B. **Six Basins Representative Report** – Ms. Layton reported the last meeting held took place on May 25th. They are currently looking at phase I of the San Antonio Spreading Grounds Improvement Project consisting of a feasibility analysis. More will be discussed at the upcoming meeting scheduled for the following day.
 - C. **Chino Basin Representative Report** – Mr. Lee stated there was an advisory committee meeting held the previous week and a board meeting is scheduled for later this week.
 - D. **Cucamonga Basin Representative Report** – No report given.
 - E. **Administration and Finance Committee (AFC) Chairman's Report** – Director Goss reported the committee discussed the CPI salary range adjustment and property insurance renewals.
 - F. **Planning, Resources, and Operations Committee (PROC) Chairman's Report** – No meeting to report.

G. Office Feasibility Study Ad Hoc Committee – No meeting to report.

6. General Manager's Report on Activities:

A. SAWCo Board of Directors Appointment – Mr. Lee stated due to Tom Thomas' passing there is a vacancy on SAWCo's Board of Directors. Several applicants have expressed interest in the position. Of those interested, the City of Upland Councilmembers are recommending Bob Bowcock. Mr. Bowcock contacted Mr. Lee the previous day advising he is unable to attend the meeting as he is out of state.

Director Elliott moved to appoint Mr. Bob Bowcock to the Board vacancy.

Director Cable reminded the Board that it is the Board of Directors responsibility to appoint the person to fill the Board vacancy and not a task for the shareholders to determine. As such, Director Cable moved to appoint Mr. Robert DeLoach to the Board vacancy.

Director Velto seconded appointing Mr. Bob Bowcock to the Board vacancy. He stated he explained to the City of Upland Council that it was out of a courtesy and the City of Upland being the majority stockholder that they do have significant control and can make significant changes anytime in the future. So that should be understood by SAWCo. So, there was discussion about it and Director Velto want to make it very clear that it was a courtesy of SAWCo to allow the City of Upland to make their recommendation.

Director Goss seconded appointing Mr. Robert DeLoach to the Board vacancy.

In following Robert's Rules of Order, Mr. Lee advised the secondary motion, which was to appoint Mr. Robert DeLoach, would be entertained first. Pending the outcome of the secondary motion, they would then entertain the primary motion, which was to appoint Mr. Bob Bowcock.

Director Velto stated he is trying to make certain the appointee is from the City of Upland or San Antonio Heights.

Director Cable stated Mr. DeLoach is a representative for a valued shareholder and would like to see them represented on the Board.

Director Velto stated he spoke with the shareholder Mr. DeLoach represents and stated they were supportive of the City of Upland's recommendation for the SAWCo Board. Director Velto reiterated his support for Mr. Bob Bowcock serving out the remainder of the vacancy's term as the City of Upland does control the majority of the shares as a super majority.

Director Goss replied that as a minority shareholder she would like to see other minority shareholders have representation on the Board. Having Mr. DeLoach on the Board would allow that minority shareholder representation and would include Mr. DeLoach's many years of water utility experience.

Director Elliott stated he worked with both Mr. Bowcock and Mr. DeLoach and, for a functioning Board that works together with a fiduciary duty to all shareholders, he feels the better fit is Mr. Bowcock.

Director Velto inquired as to how many seats on the Board of Directors were going to be available at the next Annual Shareholders Meeting. Mr. Lee stated he believes there are four seats up for reelection in April 2023.

Director Parker stated the choice between the two appointees is extremely difficult due to both having many years of water experience and both representing minority shareholders. The City of Upland spent two meetings determining who they felt was the best candidate. As such, she stated she will likely support Mr. Bowcock.

Director Velto asserted the City of Upland does not look at the SAWCo Board saying San Antonio Heights, Red Hill Country Club, Vulcan is there any less representation on the Board. If that is ever a thought process by anyone coming on the SAWCo Board he assured that, as the Mayor of the City of Upland, if he has any say so, that person will not serve on the SAWCo Board. He stated he is on the SAWCo Board representing the San Antonio Water Company, not the City of Upland only, not the San Antonio Heights. He claimed if a person is on the Board of Directors for a shareholder owned company their role is to represent all shareholders. There have been opportunities, and he has made it very clear, that that has never been his way of thinking. He speaks for every person in the City of Upland and the San Antonio Heights when it comes to their rights to water.

Director Goss thanked Director Velto for listening when both she and Director Cable speak about the interests of the San Antonio Heights residents. She stated they all can agree that the health of SAWCo is well established, and that management has done an excellent job and the direction of the Board has worked vigorously to ensure the profitability of the company. Her personal feeling is there

would be better representation on the Board with a more diverse, broader representation of the types of shareholders in the Company.

Director Parker acknowledged there were a lot of qualified candidates besides Mr. Bowcock and Mr. DeLoach. She mentioned for the future that Mr. Chris Diggs also applied, and he is a San Antonio Heights resident as well as the Director of Water Resources for the City of Pomona.

Director Zuniga called for a vote on the secondary motion of Mr. Robert DeLoach filling the Board vacancy for the remainder of the term. Director Cable and Director Goss voted in favor of appointing Mr. Robert DeLoach while Director Parker, Director Elliott, Director Velto, and Director Zuniga voted in opposition.

Director Zuniga then called for a vote on the primary motion of Mr. Bob Bowcock filling the Board vacancy for the remainder of the term. Director Parker, Director Elliott, Director Velto, Director Zuniga, and Director Goss voted in favor of appointing Mr. Bob Bowcock while Director Cable voted in opposition. Motion carried.

- B. Stock Auction November 2022** - Mr. Lee advised there were three shareholders with liens against their stock due to unpaid bills. SAWCo is proposing a schedule to dispose of those shareholdings in a November 2022 sealed bid auction. If SAWCo can locate the shareholders, the proceeds from the auction will go to them. If unsuccessful in attempts to locate the shareholders, the proceeds will be given to the state's unclaimed property division. Since the time of the posted agenda for this meeting, an heir of one shareholder has come forward and paid the outstanding bill which leaves just two stock certificates remaining for auction.

Mr. Lee recommended the Board approve the proposed stock auction and timeline as presented.

Director Elliott moved and Director Cable seconded to approve the proposed stock auction and timeline as presented.

Director Velto stated he made every effort to locate the three shareholders or their next of kin for them to reconcile their bill with the water company. He was only able to locate the son of one shareholder that was deceased.

Motion carried unanimously.

- C. Employee Recognition Rewards Program** – Mr. Lee reported field staff member Tommy Hudspeth will be celebrating 35 years with the company in July. SAWCo's current Employee Recognition Rewards Program provides rewards up to the 30th year of employment. Staff is asking to continue the established progression by approving \$350 added to the employee's paycheck, a "One Day Off with Pay Coupon/Certificate", a luncheon, a glass engraved sculpture, and Emerald catalog item of \$150. A full program review will take place in 2023 and will be presented to the AFC for comments and suggestion and taken to the Board for approval.

Director Cable moved and Director Goss seconded to approve the addition of a 35 year anniversary recognition reward of \$350 added to the employee's paycheck, a "One Day Off with Pay Coupon/Certificate", a luncheon, a glass engraved sculpture, and Emerald catalog item of \$150. Motion carried unanimously.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items: Director Goss proposed the Board consider a gas stipend, company car, or reimbursement for the General Manager due to the current price of gas. Director Goss also announced she is moving to Arizona and will be putting her house on the market soon. She expressed her gratitude and stated that it has been her honor to serve on the SAWCo Board of Directors. She will continue to attend as many meetings as possible. Director Zuniga pointed out Director Goss will still be a shareholder after selling her home. Staff stated they will look into providing hybrid meetings in the future to allow for her and other Board members that may be out of town to attend Board meetings.

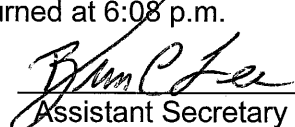
Director Elliott inquired about the search for new legal counsel representation. Mr. Lee answered, the Request for Proposal (RFP) for general legal counsel has gone out and proposals are due on July 12th. The proposals will be reviewed by the AFC at the upcoming meeting and then brought to the Board for a final decision.

Mr. Lee also advised RFP's for IT consultants have gone out and will be presented to the AFC as well.

Mr. Lee brought to the attention of the Board that Director Zuniga, in being appointed Board President, has moved to the position of Ex-Officio for both SAWCo Committees. This leaves the PROC with a vacancy. Mr. Lee proposed that Mr. Bob Bowcock fill the position. Director Elliott suggested it be put on the next agenda as an organizational vote. In the meantime, Mr. Lee will invite Mr. Bowcock to attend the upcoming PROC meeting.

Adjournment:

With no further business to discuss the meeting was adjourned at 6:08 p.m.



Assistant Secretary
Brian Lee