



SAN ANTONIO WATER COMPANY

BOARD OF DIRECTORS MEETING

Tuesday, January 15, 2019

5:00 p.m.

In the Upland City Hall Council Chambers

- Call to Order
- Salute to the Flag

1. Recognitions and Presentations:

2. Additions-Deletions to the Agenda:

3. Shareholder-Public Testimony:

This is the time for any shareholder or member of the public to address the board 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 board 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. Consent Calendar Items:

All items listed hereunder are considered to be routine and there will be no separate discussion of these items unless members of the board request specific items to be removed from the consent calendar for separate action. All items listed or remaining will be voted upon in a single action.

- A. Approval of Board Meeting Minutes
Regular Meeting Minutes of December 18, 2018.
- B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report.
- C. Administration and Finance Committee (AFC) Meeting Minutes
No meeting minutes to report.
- D. Financial Statement
Income Statement and Balance Sheet for November 30, 2018 and year-to-date.
- E. Investment Activity Report
Monthly Report of Investments Activity
- F. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
- 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. Correspondence of Interest –

5. Board Committee – Delegate Report:

- A. PVPA Representative's Report
Verbal report on activities at the Pomona Valley Protective Association that have an impact on the Company.

- B. Six Basins Representative Report
Verbal report on activities at the Six Basins Watermaster that have an impact on the Company.
- C. Chino Basin Representative Report
Verbal report on activities at the Chino Basin Watermaster that have an impact on the Company.
- D. Cucamonga Basin Representative Report
Verbal update by staff.
- E. Administration and Finance Committee (AFC) Chairman's Report
No meeting to report.
- 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. Annual Shareholder's Meeting – Appointment of Inspectors of Election
Recommend reappointment of Inspectors from previous Annual Meetings / Elections
- B. General Manager Compensation Package – Retirement Account
Recommend approval of Resolution 2019-01-01 and authorization to form a 457(b) Account.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items:

Adjournment:

The next regular Board Meeting will be held on Tuesday, February 19, 2019 at 5:00 p.m.

NOTE: All agenda report items and back-up materials are available for review and/or acquisition at the Company Office (139 No. Euclid Avenue, Upland, CA.) during regular office hours, Monday through Friday [7:30 am – 11:30 am & 12:30 pm – 4:30 pm]. The agenda is also available for review and copying at the Upland Public Library located at 450 N. Euclid Avenue.

POSTING STATEMENT: On January 10, 2019 a true and correct copy of this agenda was posted at the entry of the Company Office (139 No. Euclid Avenue), on the public bulletin board at 450 No. Euclid Avenue (Upland Public Library) and on the Company Website.

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, December 18, 2018

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:00 p.m. on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Will Elliott, John Gerardi, Jose Sanchez, Bob Cable, and Gino Filippi. Also in attendance were SAWCo's General Manager Brian Lee, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

- Salute to the Flag led by Director Gino Filippi
- 1. Recognitions and Presentations: None.
- 2. Additions-Deletions to the Agenda: None.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of November 13, 2018.
 - B. Approval of Board Budget Workshop Minutes
Meeting minutes of December 6, 2018.
 - C. Planning, Resources and Operations Committee (PROC) Meeting Minutes
Meeting minutes of September 25, 2018.
 - D. Administration and Finance committee (AFC) Meeting Minutes
No meeting minutes to report.
 - E. Financial Statement
Income Statement and Balance Sheet for October 31, 2018 and year-to-date.
 - F. Investment Activity Report
Monthly Report of Investments Activity
 - G. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
 - H. Prominent Issues Update
Status summaries on certain on-going active issues.
 - I. Projects and Operations Update
Status summaries on projects and operations matters.
 - J. Groundwater Level patterns [Quarterly in January, April, July, and October]
Tracking patterns of groundwater elevations relative to ground surface.
 - K. Correspondence of Interest –

Mr. Lee pulled Item 4B from the Consent Calendar Items.

Director Elliott moved and Director Gerardi seconded to approve the Consent Calendar Items sans Item 4B. Motion carried.

Mr. Lee brought the Board's attention to page two of Item 4B. He stated the corrections to paragraph three included changing the words "operating reserves" to "low rate checking account" on line 2, adding the word "checking" prior to the word account on line 3, and changing the words "capital reserves" to "a high yield" on line 4.

Director Elliott moved and Director Cable seconded to approve Item 4B with corrections. Motion carried.

5. Board Committee – Delegate Report:

A. Pomona Valley Protective Association (PVPA) Representative’s Report – Director Thomas reported on the December PVPA meeting. Though some rain had fallen over the past month there was not enough for spreading. A request for donation to Rick Hansen’s retirement party was received.

B. Six Basins Representative Report – Mr. Lee reported the annual budget was approved; included was a \$150,000 donation from PVPA. This donation aided in keeping the annual assessment to a \$2 increase for a total of \$24 per acre foot (AF). The Operating Safe Yield was lowered to 13,000(AF). No meeting was scheduled for December.

Director Thomas stated the officers of the basin will be updated at the beginning of the year.

C. Chino Basin Representative Report – Ms. Layton advised the Board that the Agricultural Pool filed a claim for writ of mandate on November 19th asking the Court to implement its order to reset the safe yield to 135,000 AF/yr. The Non-Agricultural Pool had previously filed with the Court a motion changing their Pooling Plan which requires the changes yet made in the Appropriative Pool parties agreement.

Due to these items, the Appropriative Pool had a special closed meeting on November 27th. Reported from that meeting was the Appropriative Pool’s approval of the “2018 Agreement to Appropriative Pool Pooling Plan and CAMA Amendments (11/21/2018 version)” and conditioned upon the subsequent approval of each of Appropriative Pool member’s governing body intends to sign said agreement. Further, the Appropriative Pool directs its counsel to join in the motion to approve the Appropriative Pool Pooling Plan and CAMA Amendments. The motion carried.

The six Appropriative Pool parties (Cucamonga Valley Water District (CVWD), the City of Pomona, Monte Vista Water District (MVWD), Jurupa Community Services District, the City of Chino, and the City of Ontario) filed an Ex Parte Application which granted the parties a hearing on December 5th.

A second special closed meeting was held on December 3rd to discuss a possible Non-Agricultural Pool resolution. There was no reportable action and legal counsel was given direction.

On December 5th the six Appropriative Pool parties updated the Judge regarding the Appellate Court remand, the pending CAMA motion, Agricultural Pool Writ and Non-Agricultural Pool Pooling Plan amendment. All matters sans the Watermaster “housekeeping” items were moved from the December 28th hearing to an agreed-upon briefing, opposition and reply schedule. The motions are due to court on January 15th, oppositions are due to court on February 13th, reply papers are due to court on February 28th, and the Court hearing is scheduled for March 15th.

Ms. Layton advised there is a possibility of another special closed session meeting being scheduled to review Non-Agricultural Pool’s resolution. She has sent the information to SAWCo’s legal counsel for direction.

D. Cucamonga Basin Representative Report – Ms. Layton reported that staff attended a Cucamonga Basin meeting with CVWD and West End Consolidated Water Company (WECWC) on December 4th. The cost sharing Memorandum of Understanding (MOU) was discussed and small revisions were suggested.

The Parties began to review the modernized judgment and will continue to do so in the future with a schedule to guide them. A resolution of 2AF in Cucamonga Basin for 1AF in Chino Basin was negotiated. This allows SAWCo to exceed their water rights for the year by pumping 2AF of CVWD’s Cucamonga water rights for 1AF of SAWCo’s Chino Basin water rights. The next meeting is scheduled for January 8th at 1:30 p.m.

E. **Administration and Finance Committee (AFC) Chairman's Report** – No meeting to report.

F. **Planning, Resources, and Operations Committee (PROC) Chairman's Report** – Director Elliott advised the items discussed at the most recent PROC meeting are covered under the General Manager's Report on Activities portion of the meeting.

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

6. General Manager's Report on Activities:

A. **Annual Review of Employee Dental, Vision, and Life Insurance Benefits** – Mr. Lee explained that the information in the Board Meeting Agenda Packet was incomplete as the final proposal from the insurance consultant was not available at the time of posting. The final proposal has since been received and a copy of it was placed on the dais.

Annual savings realized by moving to the proposed dental, vision, and life insurance plans totals approximately \$1,700. In most instances there is an increase in the amount of coverage provided by the new plans. Mr. Lee described some of the benefit increases experienced under the proposed dental, vision, and life insurance policies and requested authorization to execute these new contracts for employees through 2019.

Director Gerardi moved and Director Elliott seconded to approve the General Manager executing the new contracts for Dental, Vision, and Life Insurance benefits for employees through 2019. Motion carried.

B. **Disposition of Benson Avenue Property** – Mr. Lee stated that in some of the documents regarding the Benson Avenue property it mentions opening escrow in the first quarter of 2019. The City of Upland is requesting SAWCo grant a three-month time extension on the appraisal price of \$1,720,000 to March 31, 2019.

The City of Upland and SAWCo staff have been discussing terms of the disposition of the property. It is appropriate for payment to be split among multiple budget years to ensure SAWCo maintains a minimum 85% yearly revenue from shareholders for water sales. Though details have not been worked-out as of yet, SAWCo anticipates a five-year payment plan with appropriate interest charged on any remaining outstanding balance.

Director Elliott moved and Director Cable seconded to allow an extension on the Benson Avenue property appraisal price of \$1,720,000 through the first quarter of 2019 to allow for the City of Upland to complete the acquisition of the property. Motion carried.

C. **IEUA Water Rates & Charges** – The Board briefly discussed the proposed response letter to IEUA's water rates and charges invoice.

Director Sanchez moved and Director Elliott seconded to approve the letter response to IEUA declining to pay the water rates and charges. Motion carried.

D. **Adoption of 2019 Fiscal Year Budget** – Director Thomas commented that a Budget Workshop was held previously to review the 2019 budget. A few corrections were given and those changes were evident in the budget presented at the current meeting.

Mr. Lee advised the only revision made that was not previously discussed was a reduction in the line item for the gain on sale of assets which was altered from \$500,000 to \$344,000 to allow for payments over a five year period instead of four.

A modification was made on the PowerPoint presentation given at the Budget Workshop; on page 8 the word 'cash' was added to clarify that depreciation was not a cash expense.

Director Sanchez complemented and thanked staff on the presentation formats of the project updates and the finance charts and graphs. He stated the bar charts were amazing and he is pleased with the direction presenting of information is going. Director Elliott echoed the sentiment and gave kudos to Mr. Lee.

Director Sanchez moved and Director Elliott seconded to approve the adoption of the 2019 Fiscal Year Budget as presented. Motion carried.

E. Award of Contracts for Construction of Phase I, Holly Drive Reservoir – Mr. Lee reported the bid opening for Phase I of the project took place on Thursday, December 13th. A total of five bids were received with H.K. Construction, Inc. as the apparent low bidder. However, after reviewing the bid package it was determined that H.K. Construction, Inc. was a nonresponsive bid as it was discovered H.K. Construction's bid didn't include a Bid bond or unit prices. Also not completed in the bid package were the Surety information, subcontractor references, manufacturers list, non-collusion affidavit, and the contractor was not 'A' licensed.

Mr. Lee recommended the Board authorize him to execute contract documents with James McMinn, Inc. to construct the retaining wall and associated earthwork at a not-to-exceed cost of \$228,600.

Mr. Lee also recommended the Board authorize him to execute contract documents with TKE Engineering necessary to provide engineering services during construction, including appropriate geotechnical testing at a time-and-material not-to-exceed cost of \$63,000.

Director Cable moved and Director Sanchez seconded to authorize the General Manager to execute contract documents with James McMinn, Inc. to construct the retaining wall and associated earthwork at a not-to-exceed cost of \$228,600 for Phase I of the Holly Drive Reservoir project and authorize him to execute contract documents with TKE Engineering necessary to provide engineering services during construction, including appropriate geotechnical testing at a time-and-material not-to-exceed cost of \$63,000 for Phase I of the project. Motion carried.

F. SCADA Server Replacement – Mr. Lee informed the Board that though this project is a budgeted item, when staff went to purchase the SCADA hardware it was discovered the item was not brought to the Board for formal approval.

Mr. Lee requested the Board authorize him to execute a not-to-exceed \$99,337 contract with TESCO, a not-to-exceed \$17,750 equipment purchase from Inland Productivity Solutions, and to authorize project expenditures up to \$130,000.

Director Gerardi moved and Director Elliott seconded to approve staff executing a not-to-exceed \$99,337 contract with TESCO, a not-to-exceed equipment purchase of \$17,750 from Inland Productivity Solutions, and to authorize project expenditures of up to \$130,000. Motion carried.

G. Temporary Construction Easement with SBCTA – Mr. Lee explained that staff was contacted by the San Bernardino County Transportation Authority (SBCTA) with a request for a temporary easement on SAWCo property. The requested location is at East 6th Street in Ontario, California which is an abandon well site. The total offer is \$8,040 for a 60-month temporary construction easement.

Mr. Lee recommended the Board authorize him to execute, with legal review, all paperwork necessary to allow the SBCTA a 60-month temporary construction easement at SAWCo property located at East 6th Street in Ontario, California.

Director Elliott moved and Director Cable seconded to approve the General Manager's recommendation. Motion carried.

H. Project Status Report –

- **Holly Drive Booster Station** – The project is nearing completion. Paint and landscaping is all that is left to finish.
- **Cucamonga Basin – Desilting project at the crosswalls** – Recent rainfall quickly percolated at the crosswalls confirming the project was successful. Percolation tests showed the water percolating incredibly fast.
- **Edison Pond – Sulice Gate** – A new trash rack is expected to be installed the following week.
- **Basin 6 Desilting** – The project is complete.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items:

Director Sanchez inquired about whether or not an Uninterruptable Power Supply (UPS) was included with the SCADA project. Mr. Lee advised a UPS is used with the SCADA equipment.

Director Sanchez also remarked he would like to take a look at SAWCo's Disaster Recovery Plan. Mr. Lee stated he inquired about the plan as well and it is currently being prepared.

Director Thomas asked that once completed, the Disaster Recovery Plan be brought to the committees for review.

Director Elliott announced his daughter was approved for a transplant. The Board and staff congratulated him on the great news.

Adjournment: Seeing no further business, the meeting was adjourned at 5:29 p.m.

The next Board Meeting will be held on Tuesday, January 15, 2018 at 5:00 p.m.

Assistant Secretary
Brian Lee



San Antonio Water Company, CA

Income Statement

Group Summary

For Fiscal: 2018 Period Ending: 11/30/2018

IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Category: 4 - Income					
SubCategory: 40 - Shareholder Revenue					
1185 - Domestic Water Income (Base)	230,636.01	230,636.01	5.51	213,480.58	17,155.43
1215 - Domestic Water Income (Supplemental)	306,135.00	306,135.00	-191.98	181,122.54	125,012.46
1220 - Domestic Water Income (Tier 3)	150,000.00	150,000.00	-924.42	221,896.01	-71,896.01
1230 - Domestic Water Income (Readi/Chrg)	201,333.00	201,333.00	24.34	166,033.45	35,299.55
1235 - Domestic Water Availability Charge (WAC)	60,480.00	60,480.00	4.40	49,614.42	10,865.58
1245 - Municipal Water Income (Base)	2,732,080.00	2,732,080.00	96,167.23	2,387,921.68	344,158.32
1268 - Municipal Water Income (Readi/Chrg)	79,800.00	79,800.00	6,650.00	73,150.00	6,650.00
1274 - Misc Water Income (Base)	234,192.00	234,192.00	11,350.15	193,109.52	41,082.48
1275 - Misc Water Income (Supplemental)	256,363.00	256,363.00	8,779.32	115,485.75	140,877.25
1276 - Munnicipal Water Availability Charge (WAC)	493,536.00	493,536.00	39,710.00	436,610.00	56,926.00
1280 - Misc Water Income (Tier 3)	3,000.00	3,000.00	0.00	14,181.78	-11,181.78
1288 - Misc Water Income (Readi/Chrg)	23,500.00	23,500.00	2,030.00	22,210.00	1,290.00
1290 - Misc Water Availability Charge (WAC)	44,592.00	44,592.00	1,922.00	21,142.00	23,450.00
1295 - Dormant Water Availability Charge (WAC)	14,722.00	14,722.00	0.00	44,804.20	-30,082.20
1300 - Sale of Water/From Storage	200,000.00	200,000.00	0.00	0.00	200,000.00
1400 - Stock Transfer	4,000.00	4,000.00	180.00	4,500.00	-500.00
1410 - Late/Re-establishment Fee	6,181.00	6,181.00	0.00	5,025.00	1,156.00
1420 - Return Check Fee	167.00	167.00	0.00	100.00	67.00
1430 - Stock Certificate Storage and Handling Fee	100.00	100.00	0.00	200.00	-100.00
SubCategory: 40 - Shareholder Revenue Total:	5,040,817.01	5,040,817.01	165,706.55	4,150,586.93	890,230.08
SubCategory: 42 - Non-Shareholder Revenue					
1725 - Misc. Income	1,623.00	1,623.00	0.00	1.11	1,621.89
1728 - Plans & Spec Fee	0.00	0.00	0.00	75.00	-75.00
1730 - Construction Permit & Inspection Fee	5,000.00	5,000.00	0.00	0.00	5,000.00
1750 - Service/Litigation Agreements	800.00	800.00	74.71	626.36	173.64
1753 - Ground Lease Income	55,000.00	55,000.00	4,707.84	48,937.52	6,062.48
1755 - Interest Earned	27,000.00	27,000.00	154.45	61,836.36	-34,836.36
1875 - Overhead Income	0.00	0.00	0.00	2,467.63	-2,467.63
SubCategory: 42 - Non-Shareholder Revenue Total:	89,423.00	89,423.00	4,937.00	113,943.98	-24,520.98
Category: 4 - Income Total:	5,130,240.01	5,130,240.01	170,643.55	4,264,530.91	865,709.10
Category: 5 - O & M Expense					
SubCategory: 50 - Operating Facilities					
2175 - Facility Related Field Labor	218,213.00	218,213.00	226,401.05	445,441.59	-227,228.59
2235 - Repairs to Facilities and Equipment	751,167.00	751,167.00	16,541.91	231,632.04	519,534.96
2265 - Power-Gas & Electric (utilities)	587,293.00	587,293.00	52,868.32	746,413.69	-159,120.69
SubCategory: 50 - Operating Facilities Total:	1,556,673.00	1,556,673.00	295,811.28	1,423,487.32	133,185.68
SubCategory: 51 - Operating Activities					
2475 - Customer Service	72,327.00	72,327.00	9,203.29	87,315.47	-14,988.47
2498 - Conservation	30,000.00	30,000.00	5,669.27	31,489.34	-1,489.34
SubCategory: 51 - Operating Activities Total:	102,327.00	102,327.00	14,872.56	118,804.81	-16,477.81
SubCategory: 52 - Other Operating Expense					
2205 - Non-Facility Related Labor	88,586.00	88,586.00	10,215.56	80,982.93	7,603.07
2210 - O & M - All Other	3,201.00	3,201.00	0.00	809.46	2,391.54
2280 - Purchased Water	44,357.00	44,357.00	0.00	0.00	44,357.00
2295 - Supplies (Inventory & Tools Expense)	9,953.00	9,953.00	355.92	5,161.02	4,791.98
2565 - Depreciation/Amortization	974,807.00	974,807.00	74,081.86	807,201.98	167,605.02
2715 - Property Taxes	221,456.00	221,456.00	0.00	109,298.42	112,157.58
2805 - Water Resource Mgmt.	269,037.00	269,037.00	103,016.82	212,335.28	56,701.72

Income Statement

For Fiscal: 2018 Period Ending: 11/30/2018

IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
SubCategory: 52 - Other Operating Expense Total:	1,611,397.00	1,611,397.00	187,670.16	1,215,789.09	395,607.91
Category: 5 - O & M Expense Total:	3,270,397.00	3,270,397.00	498,354.00	2,758,081.22	512,315.78
Category: 6 - G & A Expense					
SubCategory: 60 - Personnel					
2115 - Administrative Services	181,060.00	181,060.00	31,354.53	234,960.34	-53,900.34
2130 - Development/Water Svc. App.	2,300.00	2,300.00	0.00	876.23	1,423.77
2325 - Payroll Taxes	67,797.00	67,797.00	7,178.01	65,423.61	2,373.39
2355 - Worker's Compensation Insurance	15,853.00	15,853.00	1,703.00	13,293.73	2,559.27
2385 - Benefit Pay (Vac., sick, etc.)	136,744.00	136,744.00	20,459.80	138,354.26	-1,610.26
2415 - Benefit Insurance (Pension,Life,Medical,Vision etc)	231,805.00	231,805.00	22,856.80	190,963.46	40,841.54
2430 - Benefit Administrative Services	1,675.00	1,675.00	0.00	1,375.00	300.00
SubCategory: 60 - Personnel Total:	637,234.00	637,234.00	83,552.14	645,246.63	-8,012.63
SubCategory: 61 - Other					
2445 - Office/IT Support	75,000.00	75,000.00	0.00	57,010.51	17,989.49
2505 - Directors Fees & Expense	33,611.00	33,611.00	2,250.00	30,411.03	3,199.97
2535 - Liability Insurance	35,394.00	35,394.00	0.00	27,227.00	8,167.00
2595 - Communication	41,239.00	41,239.00	1,503.54	19,735.03	21,503.97
2625 - Dues & Publications	3,700.00	3,700.00	0.00	2,449.81	1,250.19
2655 - Outside Services	70,747.00	70,747.00	385.14	37,749.41	32,997.59
2745 - Income Tax Expense	4,700.00	4,700.00	0.00	7,400.00	-2,700.00
2775 - Accounting	0.00	0.00	5,874.05	58,975.96	-58,975.96
2776 - Legal	242,332.00	242,332.00	17,982.52	202,854.53	39,477.47
2790 - Human Resources Expense	59,430.00	59,430.00	3,008.01	42,616.86	16,813.14
2865 - All other	50,414.00	50,414.00	873.60	21,672.61	28,741.39
SubCategory: 61 - Other Total:	616,567.00	616,567.00	31,876.86	508,102.75	108,464.25
Category: 6 - G & A Expense Total:	1,253,801.00	1,253,801.00	115,429.00	1,153,349.38	100,451.62
Total Surplus (Deficit):	606,042.01	606,042.01	-443,139.45	353,100.31	252,941.70

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
10 - 10	606,042.01	606,042.01	-443,139.45	353,100.31	252,941.70
Total Surplus (Deficit):	606,042.01	606,042.01	-443,139.45	353,100.31	252,941.70

Monthly Investment Activity Summary - Compiled from Banking Statements for Correlation with Monthly Financials

Institution	Type of Investment	Date of Maturity	Rate of Interest	Amount of Deposit	*Accumulated Yearly Service Fees	Accumulated Yearly Interest Earnings
			(A.P.Y.)	as of 11/30/2018	thru November	thru November
Citizens Business Bank (CBB)	*Checking	N/A	No Interest	\$ 2,202,052.02	\$ 18.00	N/A
Citizens Business Bank (CBB)	*D&O Checking	N/A	No Interest	\$ 356,354.84		N/A
Citizens Business Bank	Pref. Money Mrkt	N/A	0.25%	\$695,402.47	\$	1,174.19
Local Agency Investment Fund	LAIF	N/A	1.66%	\$ 3,266,005.22	\$	60,588.76
Golden State Business Bank	12 Month C.D.	April 15,2019	0.40%	\$ 20,000.00	\$	73.41
TOTAL:				\$ 6,539,814.55		
TOTAL IN CD'S:				\$ 20,000.00		

2018	ALL UNITS ARE IN AF											TOTALS	
SOURCES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	THIS YEAR IN AF
CHINO BASIN													
Well #12 -inactive	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Well #15 (Domestic)	0.00	0.00	0.00	0.33	0.18	0.18	0.07	0.00	0.00	0.13	0.06	0.00	0.949
Well #16 (Domestic)	9.56	1.19	6.41	26.79	14.25	58.15	76.26	80.89	97.21	65.59	46.00	3.62	485.914
Well#18-inactive	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Subtotal	9.56	1.19	6.41	27.12	14.43	58.32	76.33	80.89	97.21	65.72	46.06	3.62	486.863
% of operating safe yield -fiscal year (2017 - 2018)	26%	26%	26%	28%	29%	34%	6%	13%	21%	26%	30%	30%	
1232 AF													
CUCAMONGA BASIN													
Well #2	107.75	104.44	112.24	108.74	105.40	94.83	101.54	105.02	101.06	104.19	72.75	111.11	1229.067
Well #3	34.49	25.71	81.46	145.63	112.14	127.99	138.74	142.61	136.88	140.54	22.42	0.00	1108.609
Well#19-inactive	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Well #22	12.05	17.12	7.07	39.95	34.00	58.46	86.78	59.64	46.07	42.90	16.93	4.09	425.068
Well #24	133.43	299.10	179.88	330.77	298.18	295.62	274.86	325.99	313.44	321.80	51.40	0.00	2824.459
Well #31	8.55	18.73	3.20	2.92	9.28	53.69	24.84	45.41	7.12	18.67	20.66	4.81	217.887
Well #32 (Domestic)	0.07	0.00	0.01	0.06	0.10	0.18	0.07	0.66	0.01	0.13	0.00	0.00	1.286
License Agmt for Upl. # 15 (SAWCo's Rts)	0.00	0.00	25.71	125.09	176.58	0.00	0.00	0.00	38.03	201.21	29.10	5.28	600.989
Subtotal:	296.34	465.10	409.57	753.17	735.69	630.77	626.83	679.33	642.62	829.42	213.26	125.29	6407.365
Upl. # 15 (WECWCo's Rts) (Memo only)	0.00	0.00	0.00	0.00	0.00	211.93	201.11	199.95	137.01	0.00	0.00	0.00	750.000
% of operating safe yield	7%	17%	26%	43%	59%	73%	87%	102%	116%	135%	140%	142%	
With additional 2,000AF based on 10 yr. average	5%	13%	19%	32%	44%	54%	65%	76%	86%	100%	104%	106%	
Current 10 year Average =	1559.45												
SIX BASINS (UCHB)													
Well #26	41.67	37.45	41.37	40.00	39.97	40.01	41.66	41.76	39.82	40.26	40.78	40.47	485.212
Well #27-A	44.97	40.47	47.49	43.86	43.21	40.95	35.48	35.29	33.00	38.18	38.43	42.49	483.817
Well 25-A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Subtotal:	86.63	77.92	88.86	83.86	83.18	80.95	77.14	77.06	72.82	78.45	79.21	82.96	969.029
7.17% of operating safe yield (CY2018 13,000)	9%	18%	27%	36%	45%	54%	62%	70%	78%	87%	95%	104%	
TOTAL PUMPED	392.53	544.21	504.83	864.14	833.30	770.04	780.29	837.27	812.64	973.58	338.53	211.87	7863.257
RAINFALL FOR 2018	3.38"	.57"	6.26"	.02"	.83"	.00"	.01"	.00"	.00"	.98"	3.21"	2.54"	17.80"
GRAVITY FLOW													
V screen	137.27	97.41	196.36	201.94	158.90	95.67	62.80	17.90	59.15	40.11	30.67	82.56	1180.718
Subtotal	137.27	97.41	196.36	201.94	158.90	95.67	62.80	17.90	59.15	40.11	30.67	82.56	1180.718
backwash from city treatment plant	0.58	0.53	0.61	0.56	0.53	0.53	1.35	0.00	0.00	0.00	0.00	0.00	4.685
San Antonio Tunnel (forebay)	199.49	184.84	208.64	202.09	189.68	164.29	159.39	148.80	143.40	147.55	154.53	203.80	2106.482
San Ant. Tunnel Connect to City	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Discharge to waste	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Total:	337.33	282.78	405.60	404.59	349.10	260.48	223.54	166.70	202.54	187.66	185.20	286.36	3291.886
Purchased Water - Upl. City to Dom. Sys.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Frankish & Stamm Tunnel to Res 1A Basin 6 - 6" meter -	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
TOTAL SUPPLY	729.86	827.00	910.43	1268.74	1182.40	1030.53	1003.83	1003.97	1015.18	1161.24	523.73	498.23	11155.143
Dom. Sys. - Base ***	46.48	46.48	50.61	50.61	75.84	75.84	101.29	101.29	85.87	85.87	85.12	15.02	820.320
Dom. Sys. - Supplemental	18.66	18.66	14.18	14.18	22.94	22.94	34.37	34.37	26.75	26.75	17.87	17.87	269.532
Dom Sys - Tier 3	15.37	15.37	7.63	7.63	10.44	10.44	21.29	21.29	14.35	14.35	12.36	12.36	162.880
Dom. Sys. - Del. to Upl.(24th/Campus)	88.66	84.98	96.55	107.42	74.61	77.43	54.84	45.26	73.15	72.44	72.09	112.51	959.949
Dom. Sys. -del. To Upl. (Well 16/15)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Tunnel meter to the city	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Discharge to waste	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Truck Loads - note only crosswall projects							1.83	5.50	4.54	4.52	4.05	0.00	20.437
Well 32 Hydrant Mtr-note only(started 8/6/18)Crosswalls								0.12	0.00	0.01	0.00	0.00	0.128
Total in Dom. Sys.=	169.17	165.49	168.97	179.84	183.83	186.65	211.79	202.20	200.12	199.41	187.44	157.76	2212.681

WATER PRODUCTION REPORT 2018

Irrig. Sys - Base	485.28	544.74	518.82	907.08	865.18	690.75	643.76	667.84	666.69	833.24	213.08	217.73	7254.188
Irrig. Sys - Supplemental for Upland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Irrig. Sys - Supplemental	9.56	14.97	14.29	27.94	10.09	29.70	6.29	6.54	9.02	9.24	11.33	13.41	162.359
Irrig. Sys - Supplemental - tier 3	0.00	4.62	0.00	2.65	0.12	0.00	0.85	0.00	0.00	0.38	0.00	0.00	8.613
Irrig. Sys. - Ent. For Monte Vista	0.00	38.48	46.88	29.15	44.20	42.80	40.90	40.60	38.90	41.40	41.20	0.00	404.510
Irrig Sys. - Supp. For Monte Vista	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Irrig. Sys. - Cucamonga Valley - Ent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Irrig Sys. - Cucamonga Valley - Supp.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Irrig Sys. - Ontario Ent.	0.00	34.12	41.57	25.85	39.20	37.90	36.20	36.00	34.50	36.80	36.60	0.00	358.743
Irrig Sys. - Ontario Supplemental	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Total in Irrig. Sys. =	494.84	636.93	621.56	992.66	958.78	801.16	728.00	750.98	749.10	921.06	302.21	231.14	8188.413
DELIVERED TO SHAREHOLDERS	664.01	802.42	790.53	1172.50	1142.61	987.81	939.79	953.19	949.22	1120.47	489.65	388.90	10401.095
% of Annual Entitlement	6%	12%	19%	29%	38%	46%	54%	62%	70%	79%	83%	87%	
23rd St. (Meter) - Basin 6 - A	0.35	0.00	0.87	0.00	0.04	0.00	0.00	0.00	0.00	0.00	3.23	0.24	4.738
15th Street Basin	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Basin 3 meter (23rd street Clock)	40.57	6.32	76.55	35.28	16.38	0.00	18.60	6.93	14.48	18.16	15.49	71.56	320.304
Vscreen via Frankish & Stamm Tunnel to Basin 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.95	3.74	8.682
PRV Station (res 1)(basin 6)	0.00	0.00	1.14	0.72	0.19	0.00	0.00	0.00	0.00	0.00	0.88	7.43	10.370
Total Water Spread Cucamonga Basin	40.92	6.32	78.56	36.00	16.61	0.00	18.60	6.93	14.48	18.16	24.54	82.97	344.094
Water Spread Canyon Basin(res. 9) - Six Basins	32.88	5.70	68.05	28.65	7.43	6.37	8.92	9.15	2.11	0.11	0.47	10.16	179.992
Water Spread Canyon Basin (res. 9)- Chino Basin	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000
Total spread=	73.80	12.02	146.60	64.65	24.04	6.37	27.52	16.08	16.59	18.27	25.01	93.12	524.086
Meter to spread ponds (NOTE ONLY)	96.15	86.06	94.14	90.59	95.67	91.34	99.12	96.00	92.00	92.00	92.00	92.79	1117.859
TOTAL DELIVERED	737.81	814.44	937.13	1237.15	1166.65	994.18	967.31	969.27	965.82	1138.74	514.66	482.02	10925.181
Total unaccounted for water	-7.95	12.56	-26.70	31.59	15.75	36.34	36.52	34.71	49.37	22.50	9.06	16.21	229.962
Percent of Supply	-1.09%	1.52%	-2.93%	2.49%	1.33%	3.53%	3.64%	3.46%	4.86%	1.94%	1.73%	3.25%	
Date of data entry	5/10/18 adjus	5/10/18 adj.	4/2/2018	5/1/2018	6/1/2018	7/2/2018	8/1/2018	9/5/2018	10/2/2018	11/2/2018	12/3/2018	1/3/2019	
				adj. 5/16/18			8/8/18 adjusted		updated 12/6	adj. 11/14	adj. 1/3/19		
							9/6/18 adjusted			adj. 12/6			

***Dom Sys. Is billed on a bi-monthly basis, therefore use total base AF, supp. AF, Tier 3 divided by 2

A. Water Supply for 2018

- Cumulative Yearly production through December was 11,155 AF
- Annual entitlement for CY2018 was 12,000 AF
- Cumulative yearly consumption through December was 10,401 AF

Six Basins Production for 2018

- Cumulative production through November was 969 AF.
- Annual production right is 932.10 AF.
- Production is sent to the WFA treatment facility to meet City of Ontario and MVWD entitlement.
- The Company has spread a total of 180 AF through December.

Cucamonga Basin Production for 2018

- Cumulative production through November was 6407 AF¹.
- Annual production right is 6,060 AF².
- The Company has spread a total of 344 AF through December.

Chino Basin Production for 2018

- Cumulative production through December was 487 AF.
- Annual production right is 1,232 AF.
- There was no water recharged into Chino Basin in 2018.

Surface Water (San Antonio Creek) flow for 2018

2018 total flow through December was 1,181 AF.

San Antonio Tunnel flow for 2018

2018 tunnel flow through December was 2,106 AF.

B. Water Supply for 2019

Staff has included projections for 2019 water production and deliveries (attached).

C. Company Stock

There no shares of water stock moving from dormant to active this transfer period.

D. Communication and Information Activities

Company has contracted with Streamline (www.getstreamline.com) to modernize website and ensure legal compliance with the American With Disabilities Act (ADA). The 'Go Live' date for the newly redesigned website is tentatively scheduled for February 1st, 2019. This was a \$10k project scheduled in 2018. The cost to convert Company website is \$5,000. The hosting/support/content management cost for the new platform will be \$300 per month.

Winter Newsletter was mailed at the end of December.

¹ CVWD and Company have agreed to 'swap' water to accommodate overproduction in 2018. CVWD is unable to utilize its full Cucamonga Basin rights. The Company is unable to utilize its full Chino Basin rights. Therefore, for every 2 units of water Company produces above rights in the Cucamonga Basin, the Company will transfer one unit of 'paper' water to CVWD in the Chino Basin.

² Cucamonga Basin production right consists of 4,500 AF plus 10-yr average of recharge (up to 2,000 AF).

Staff is communicating on “Facebook” with 170 friends liking our page. Communication is posted regularly.

E. Administration Matters

The GM has approved a change in employment status for an individual staff member at their request. Starting this month, the Administrative Conservation Specialist/ Water Billing staff member, Roberta Thomas, will drop from ‘Regular’ status to ‘Regular Part-Time with Benefits’. Her working hours will be M-F from 7:30-3:00. To assist with conservation efforts the Company’s part-time employee, Debbie Osgood, will begin working M-Th, 2:30-4:30, as well as 8-hrs on Friday. This change is cost-neutral for the Company.

F. Groundwater Basin Matters

Chino Basin

Safe Yield Court & Appeal

Following is a series of events that have taken place recently:

1. On October 4th, **Non-Ag** filed a motion changing their Pooling Plan which requires the changes yet made in the Appropriative Pool parties agreement. [Hearing was set for Dec. 28th]
2. **Agricultural Pool** filed a claim for writ of mandate on November 19th asking the Court to implement its order to reset the safe yield to 135,000 AF/yr. [Hearing was set for Dec. 28th]
3. The Appropriative Pool had a special closed meeting on November 27th and one reportable item was reported out:
The Appropriative Pool approves the “2018 Agreement to Appropriative Pool Pooling Plan and CAMA Amendments (11/21/2018 version)” and conditioned upon the subsequent approval of each of Appropriative Pool member’s governing body intends to sign said agreement. Further, the Pool directs its counsel to join in the motion to approve the Appropriative Pool Pooling Plan and CAMA Amendments. Motion carried.
4. The **6 Appropriative Pool parties [CVWD, Pomona, MVWD, Jurupa, Chino, Ontario]** filed an Ex Parte Application which granted the parties a hearing on December 5th.
5. A special closed meeting of the Appropriative Pool was held on December 3rd to discuss a possible Non-Ag resolution. There was no reportable action and legal counsel was given direction.
6. On Dec. 5th, the 6 AP parties brought the Judge up to speed regarding the Appellate Court remand, pending CAMA motion, Ag. Pool writ and NAP Pooling Plan Amendment, all matters except the Watermaster “housekeeping” items were moved from the December 28th hearing to an agreed-upon briefing, opposition and reply schedule as follows:
 - a. January 15th – motions due to court
 - b. February 13th – Oppositions due to court
 - c. February 28th – Reply papers due to court
 - d. March 15th – Court Hearing @ 1:30pm

Six Basins

There is no Board meeting scheduled for December.

Cucamonga Basin

The working group met on Dec 4th.

- Developing a modernized judgement with intent to complete a draft by May 2019
- Agreed to water-swap between Company and CVWD; Cucamonga Basin water for Chino Basin water.

E. Monitoring of Assembly Bills Affecting the Water Company

1. AB1323, AB 1668, SB 606 - "Making Conservation a California Way of Life" Bills: - All three bills are vehicles for the implementation of Governor Brown's Executive Order B-37-16 which directed the State Water Board, the Department of Water Resources (DWR), the Department of Food and Agriculture, the Public Utilities Commission (PUC), and the California Energy Commission (CEC) to take actions focusing on using water wisely, eliminating water waste, strengthening local drought resilience, and improving ag efficiency and planning. Of the three bills, AB 1323 is considered the "compromise" bill as it would require a stakeholder workgroup to develop, evaluate, and recommend proposals for establishing new water use targets for urban water suppliers and to report to the Governor and the Legislature by December 2019.

AB1323 currently listed as 'In Committee: Held under submission'.

AB1668 was approved by the Governor on May 31, 2018

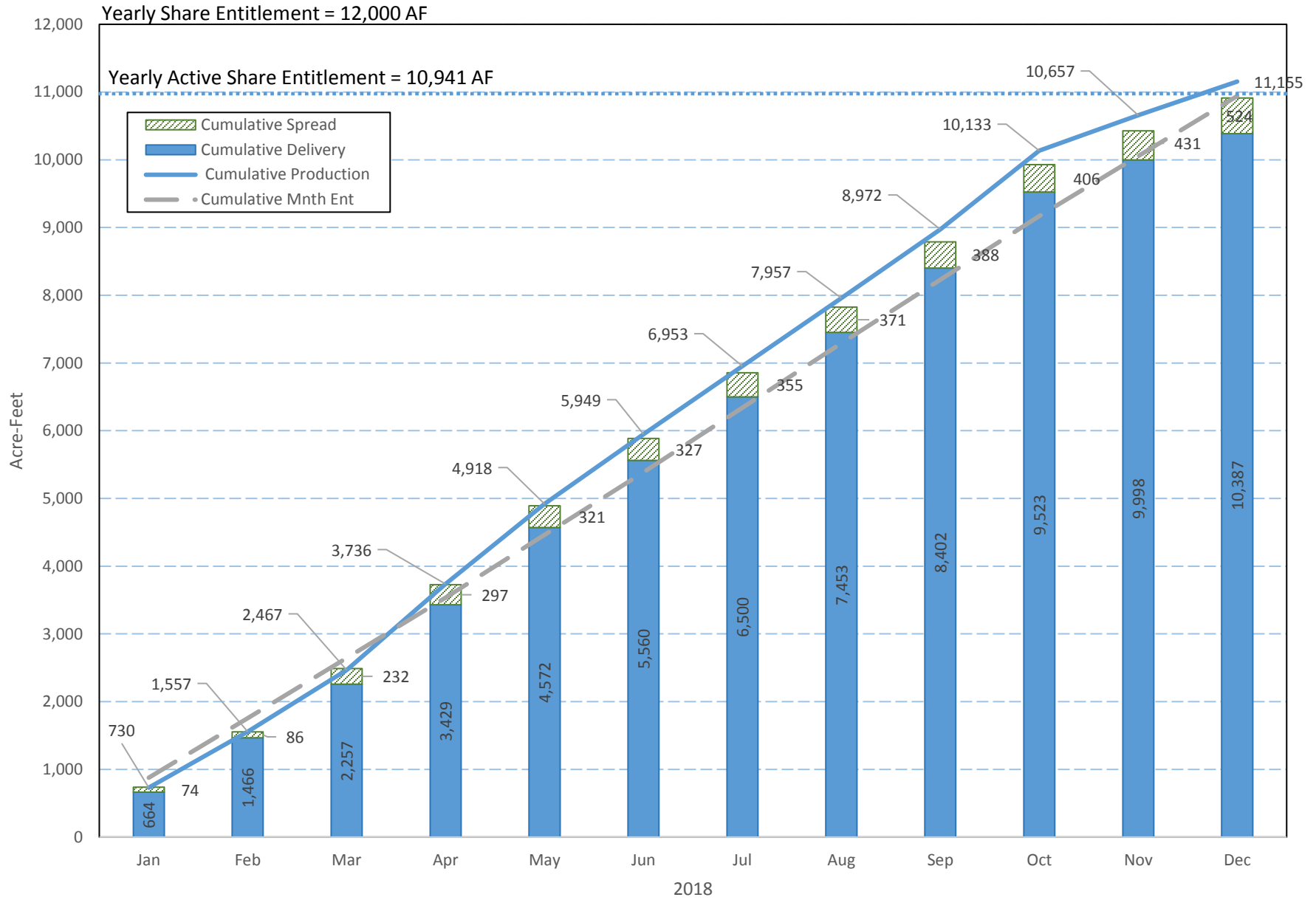
SB606 was approved by the Governor on May 31, 2018.

Staff continues to assess the impact of these two approved Bills and will update as new information becomes available.

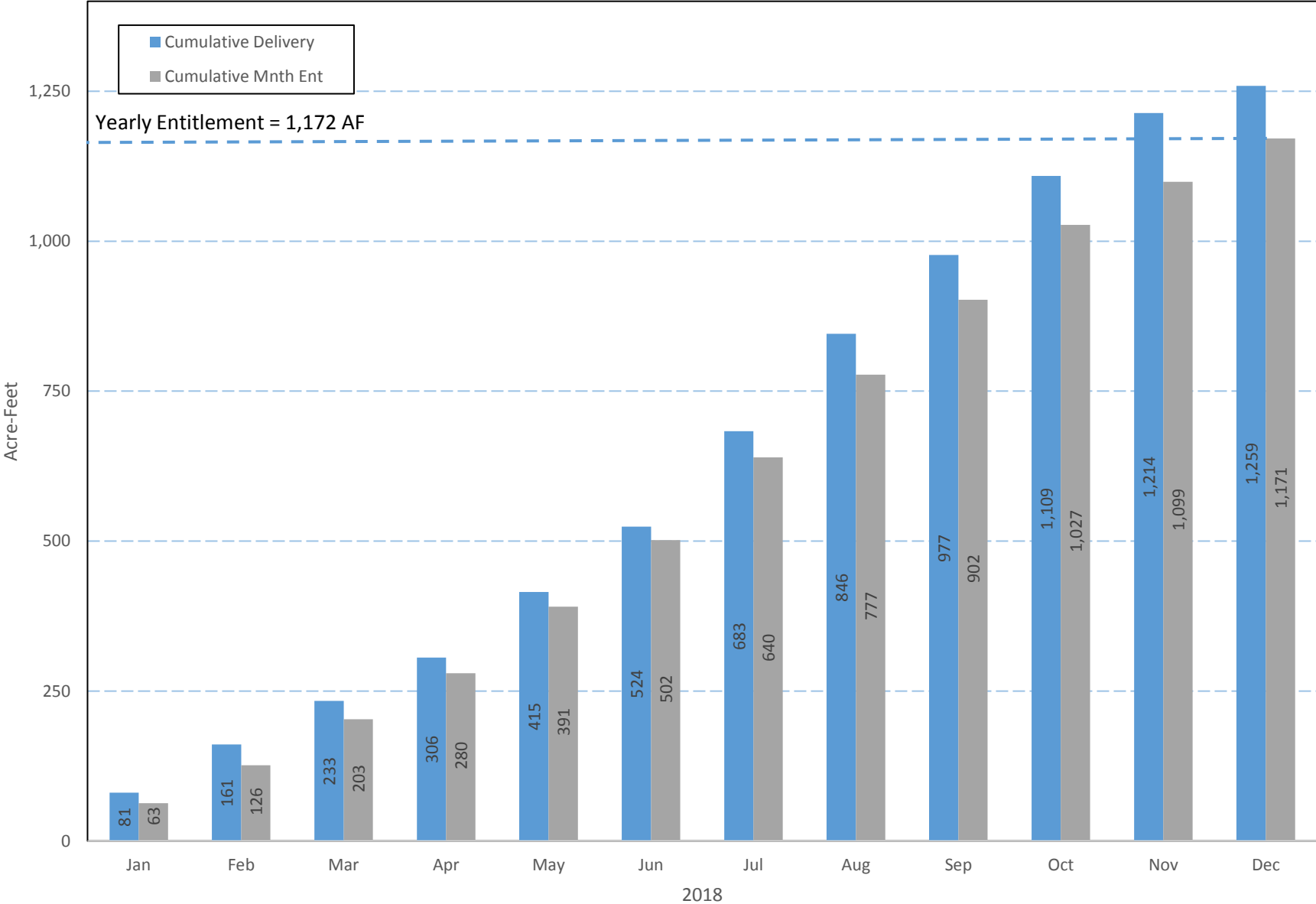
2. AB3057 – California Water Not-For-Profit Tax Rules for Mutual Water Companies
Proposed amendment to the California Revenue and Taxation Code to conform to federal income tax law by exempting not-for-profit mutual water, mutual ditch, or Irrigation corporations from California income taxes and franchise fees beginning on or after January 1, 2018. Ab3057 currently listed as 'In Committee: Held under submission'
3. SB 998 (Dodd) - This was the most onerous bill passed by the legislature that CalMutuals opposed this year. SB 998 requires water systems, including mutual water companies, with more than 200 connections, to grant delinquent customers a 60 day grace period. If it is signed by the Governor, it will also severely limit water utilities in assessing late fees or reconnection charges on delinquent customers who fall under Federal poverty standards. SB 998 was approved by the Governor on Sept 28, 2018. Staff is assessing impact and will report back at a later date.
4. SB 845 (Monning) - CalMutuals successfully opposed SB 845 that would have imposed a "voluntary" meter tax on our shareholders and customers. The measure failed in the Assembly. Funds collected were to help disadvantaged communities, mostly in the Central Valley, meet operational and management costs. The bill included a convoluted "opt-out"

provision that would have allowed customers to decline the voluntary tax. SB845 currently listed as 'Re-referred to Com on APPR. Pursuant to Assembly Rule 96 (8/24/18)'.

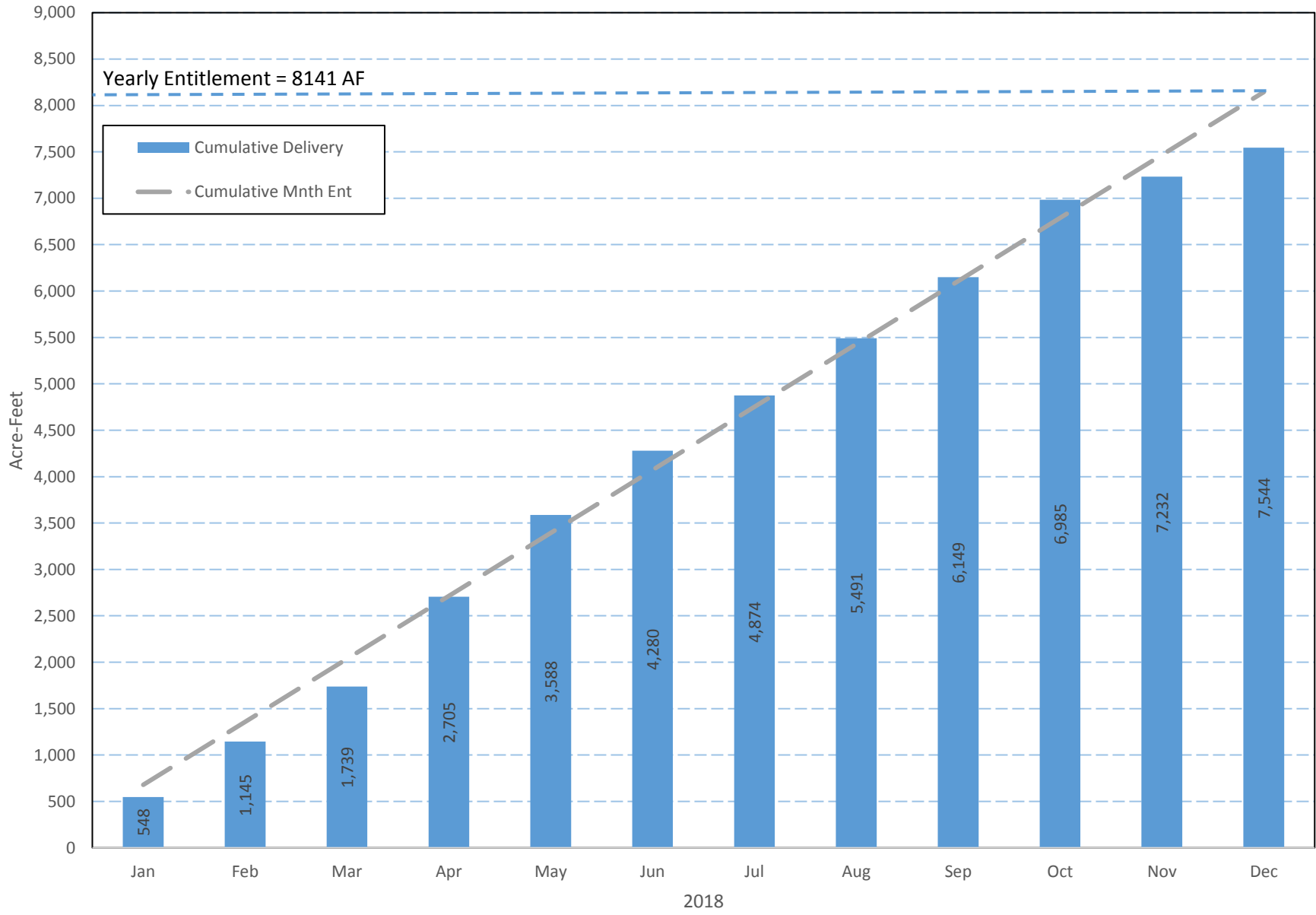
Production and Consumption



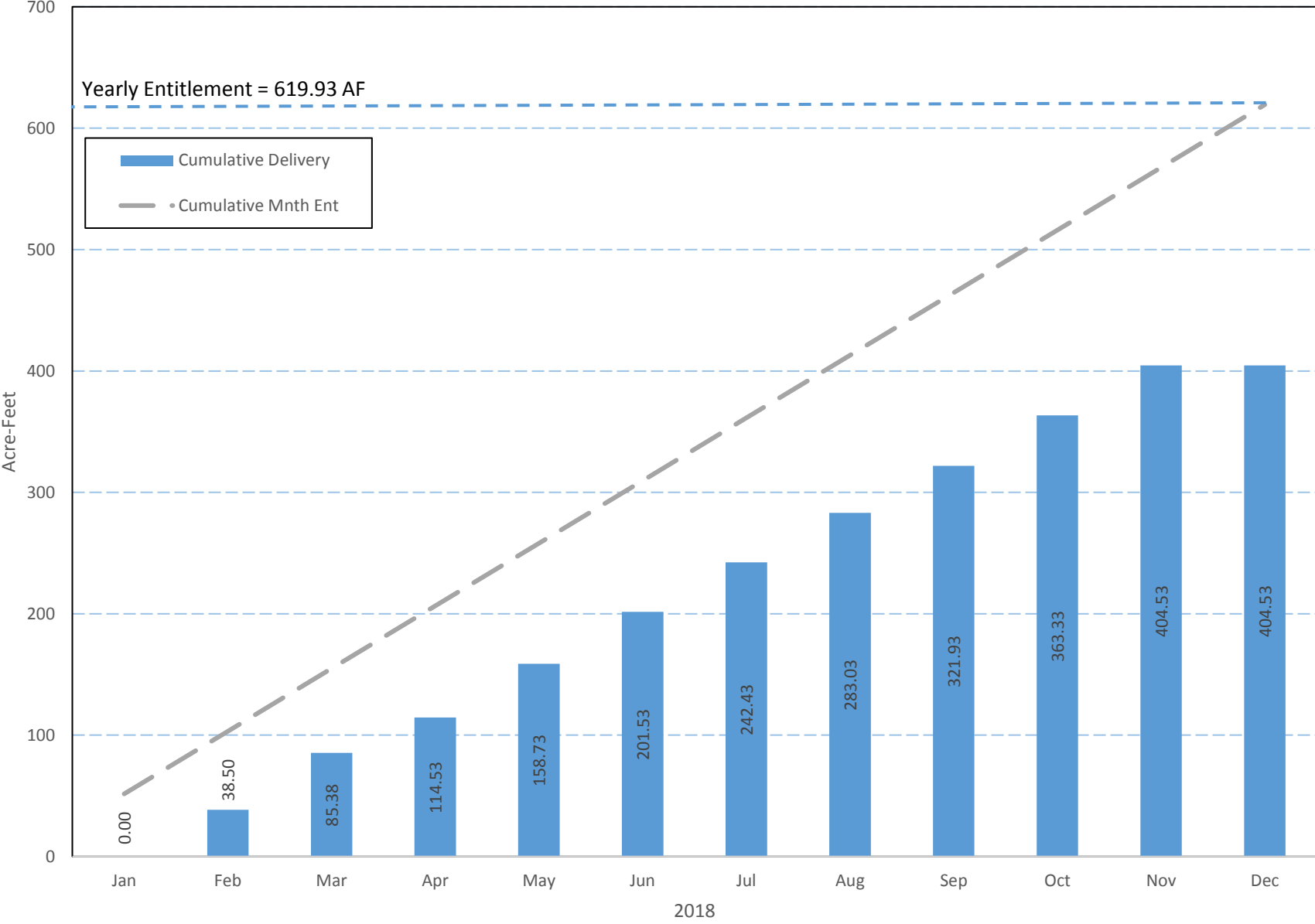
Domestic Deliveries



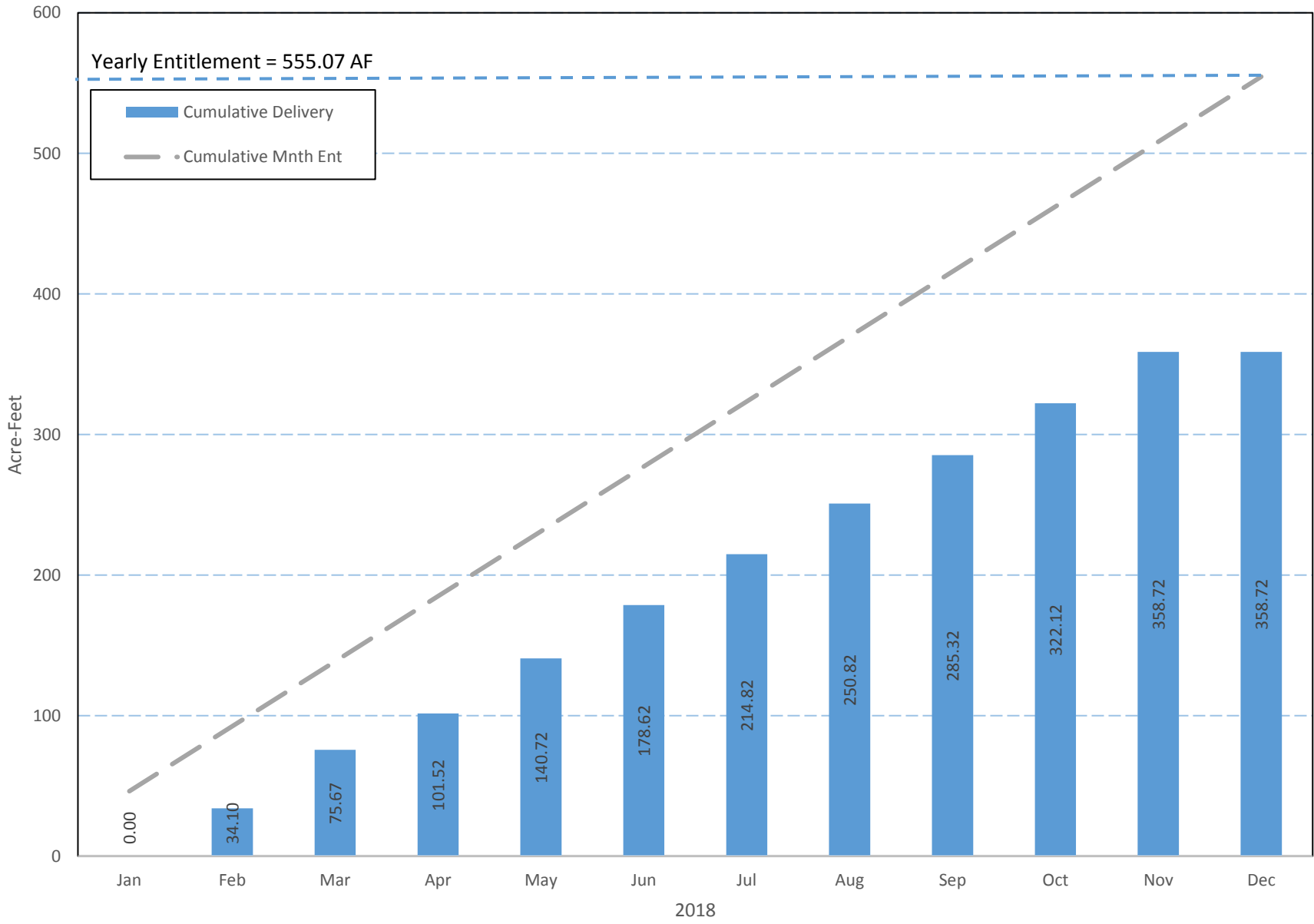
City of Upland Deliveries



Monte Vista Deliveries



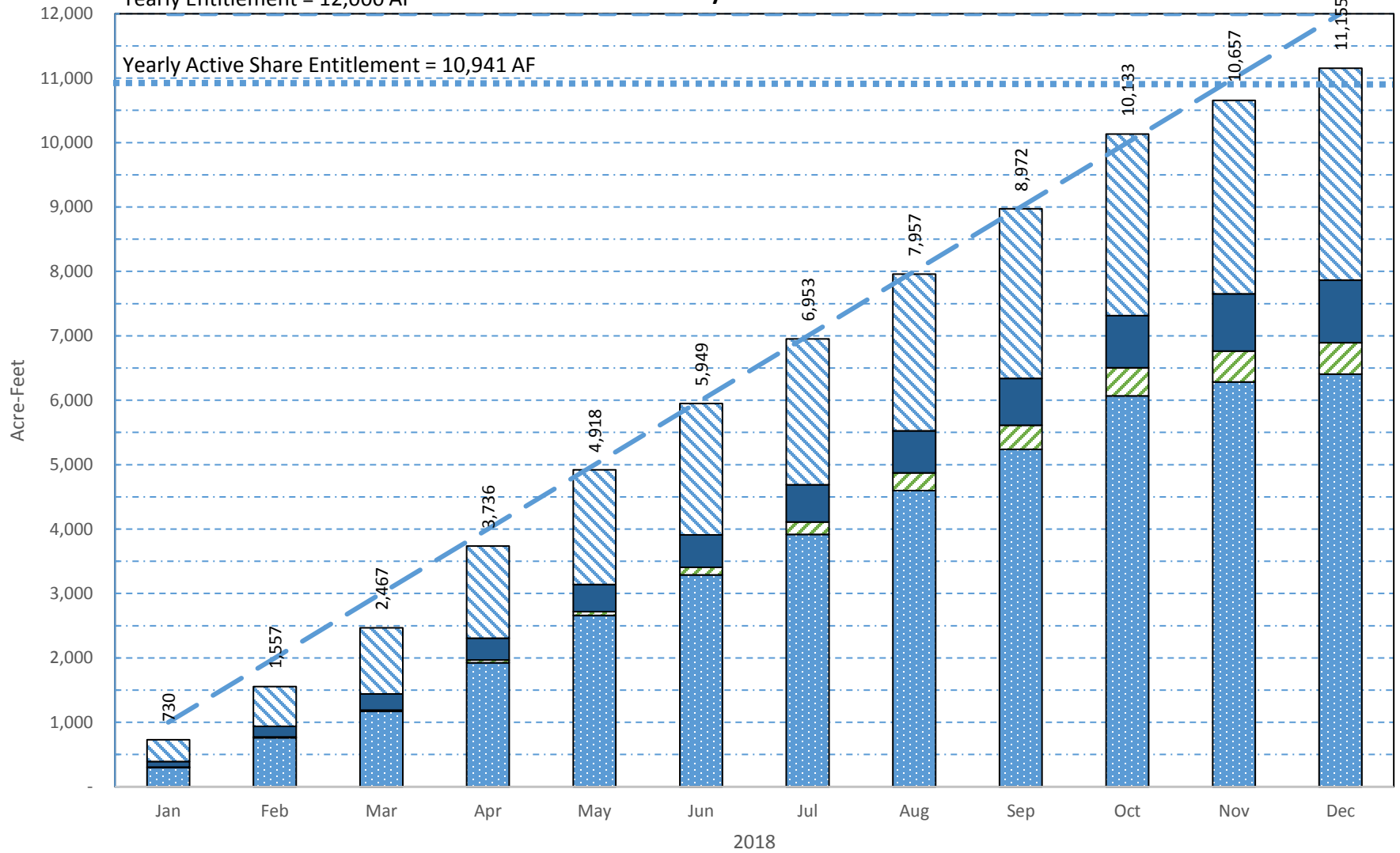
Ontario Deliveries



Yearly Production

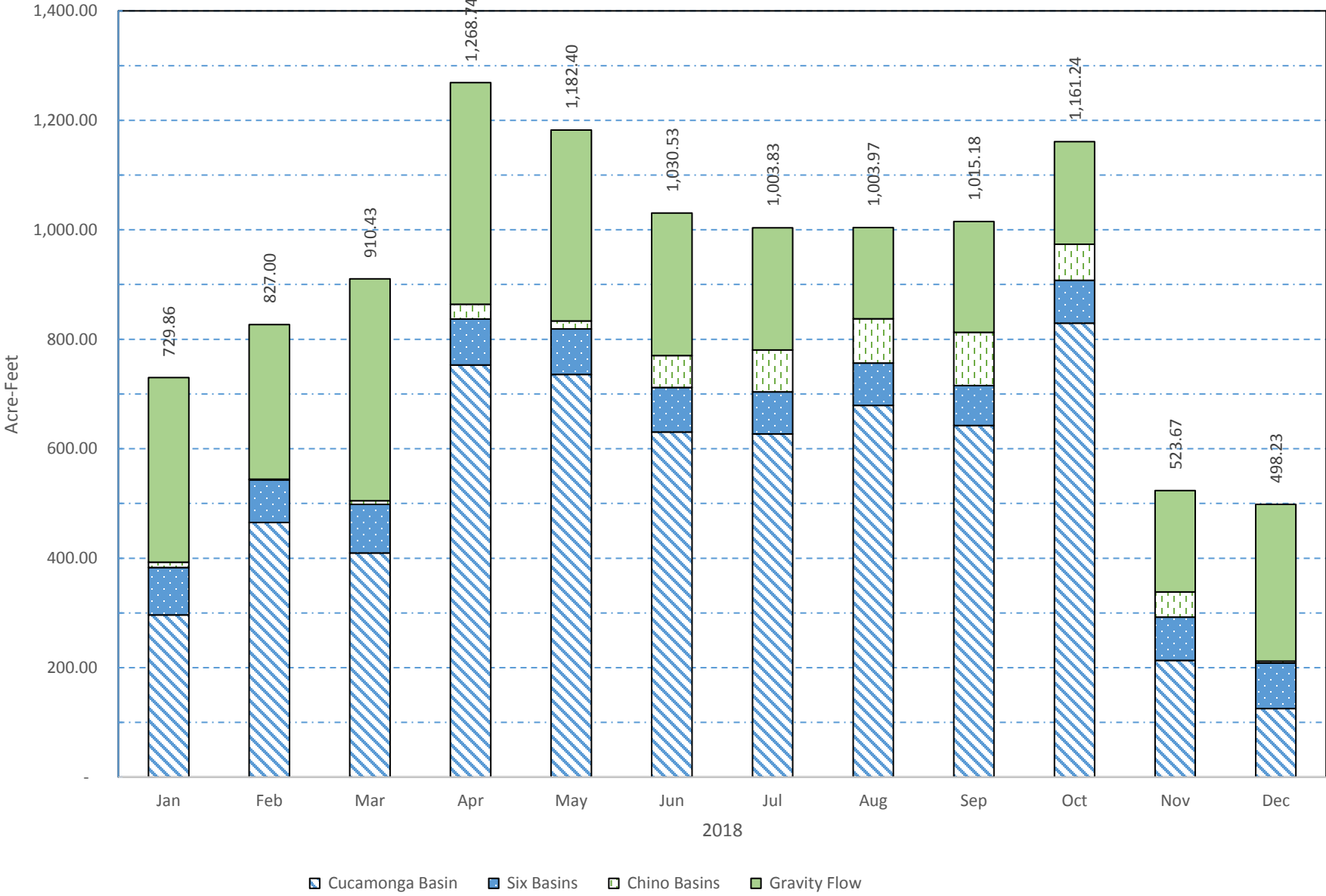
Yearly Entitlement = 12,000 AF

Yearly Active Share Entitlement = 10,941 AF

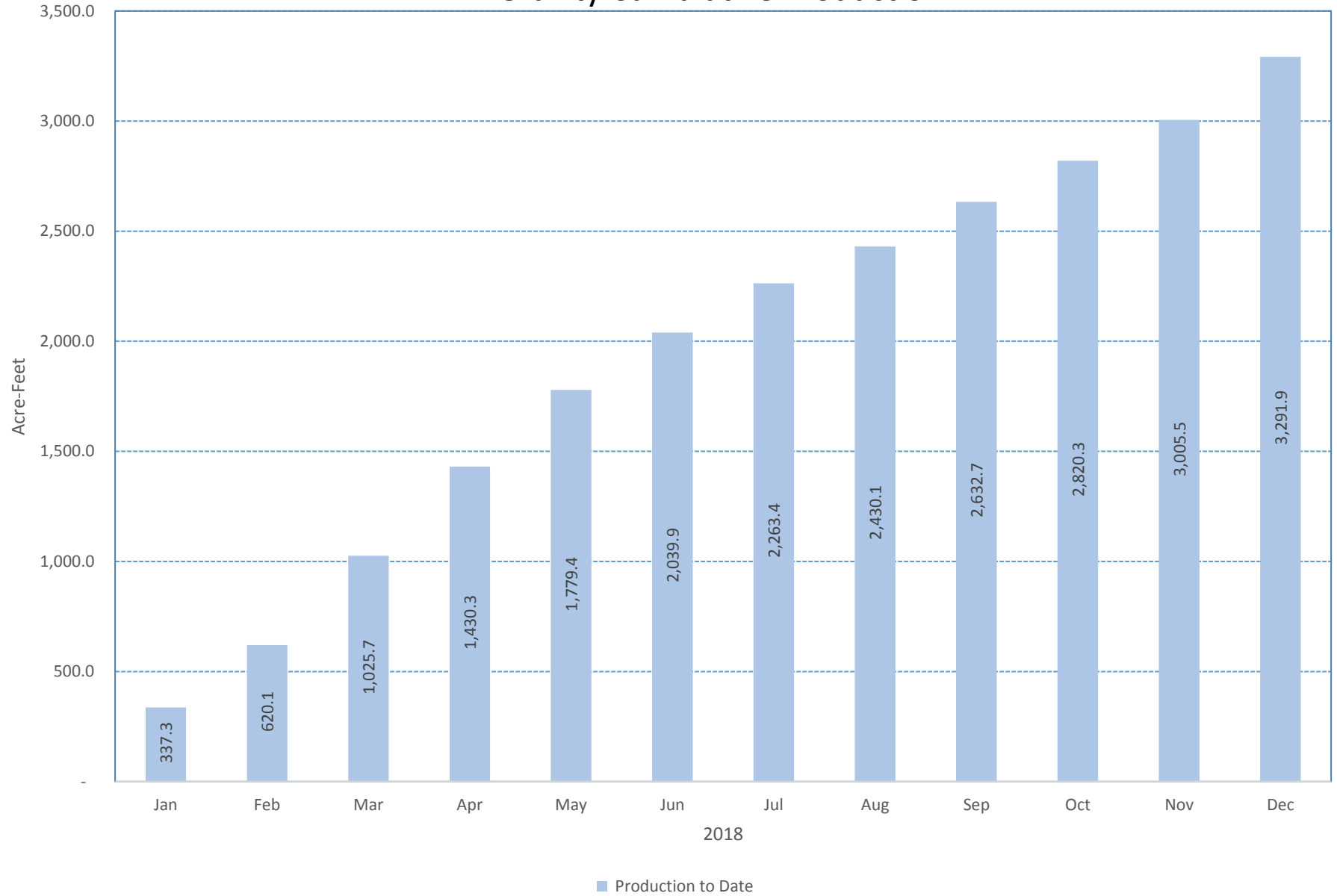


Cucamonga Basin
 Chino Basin
 Six Basins
 Gravity Flow
 Cumulative Production
 Monthly Entitlement
 Yearly Entitlement

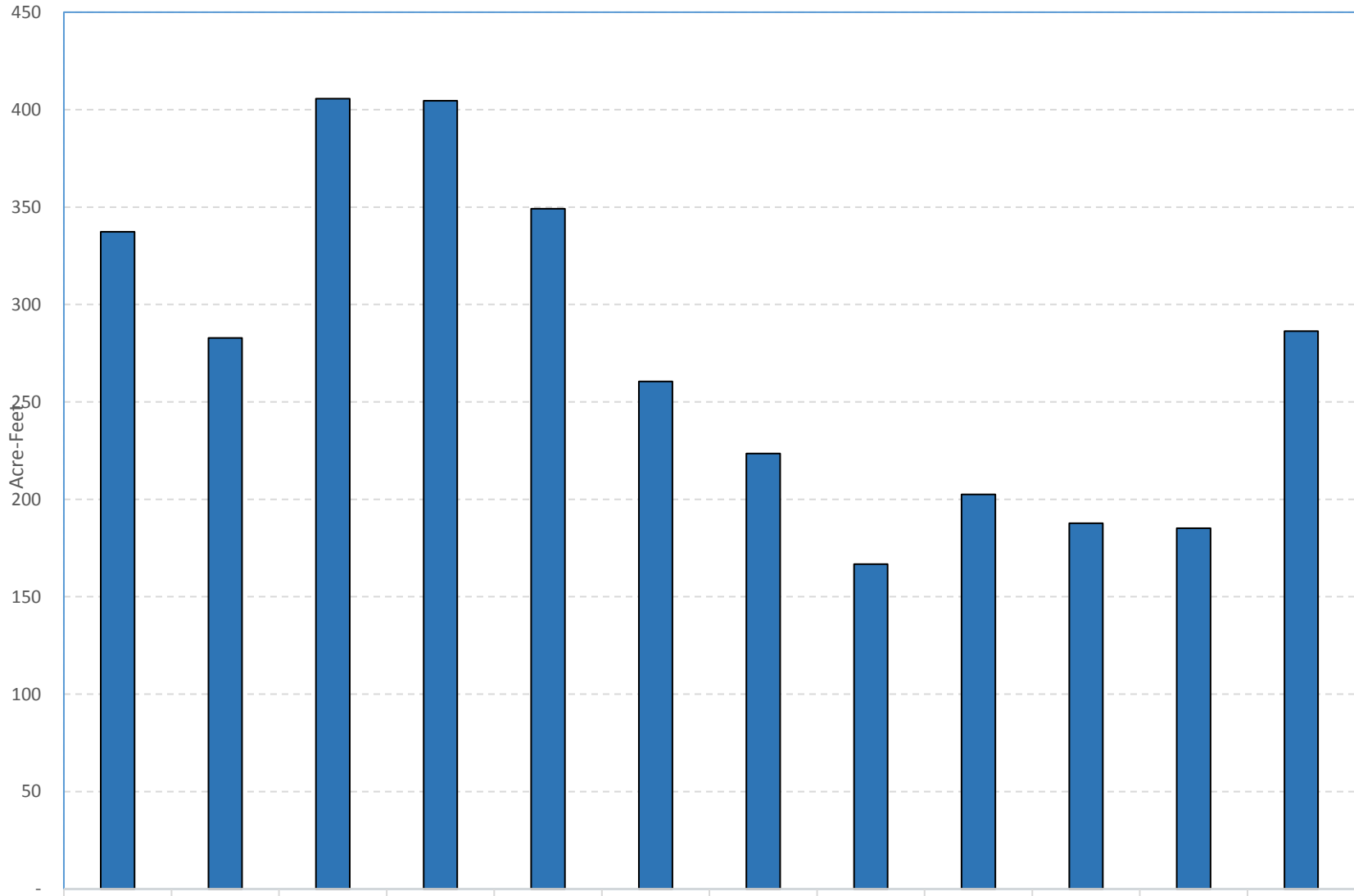
Monthly Production



Gravity Cumulative Production



Cucamonga Basin Monthly Production

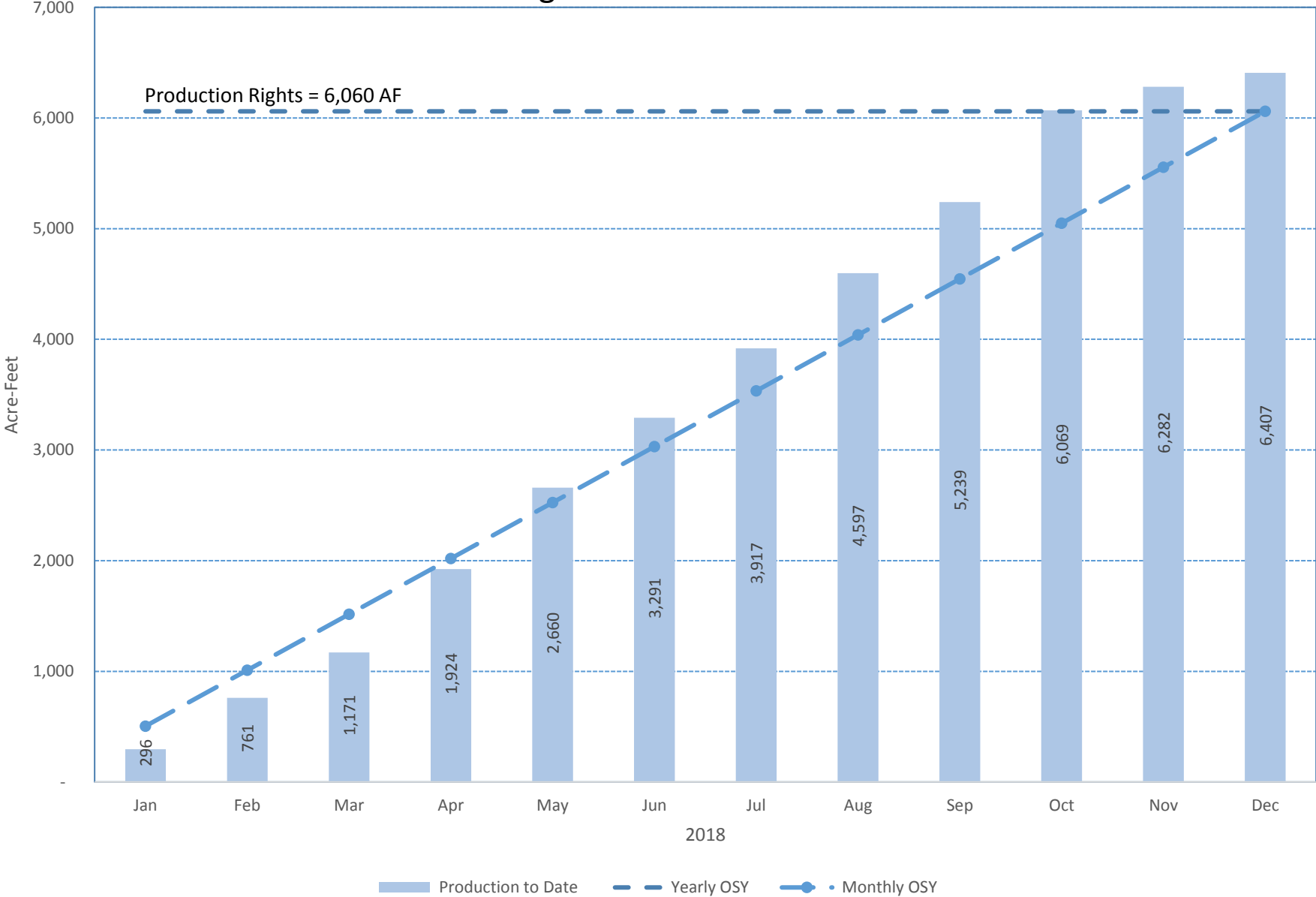


■ Gravity Flow

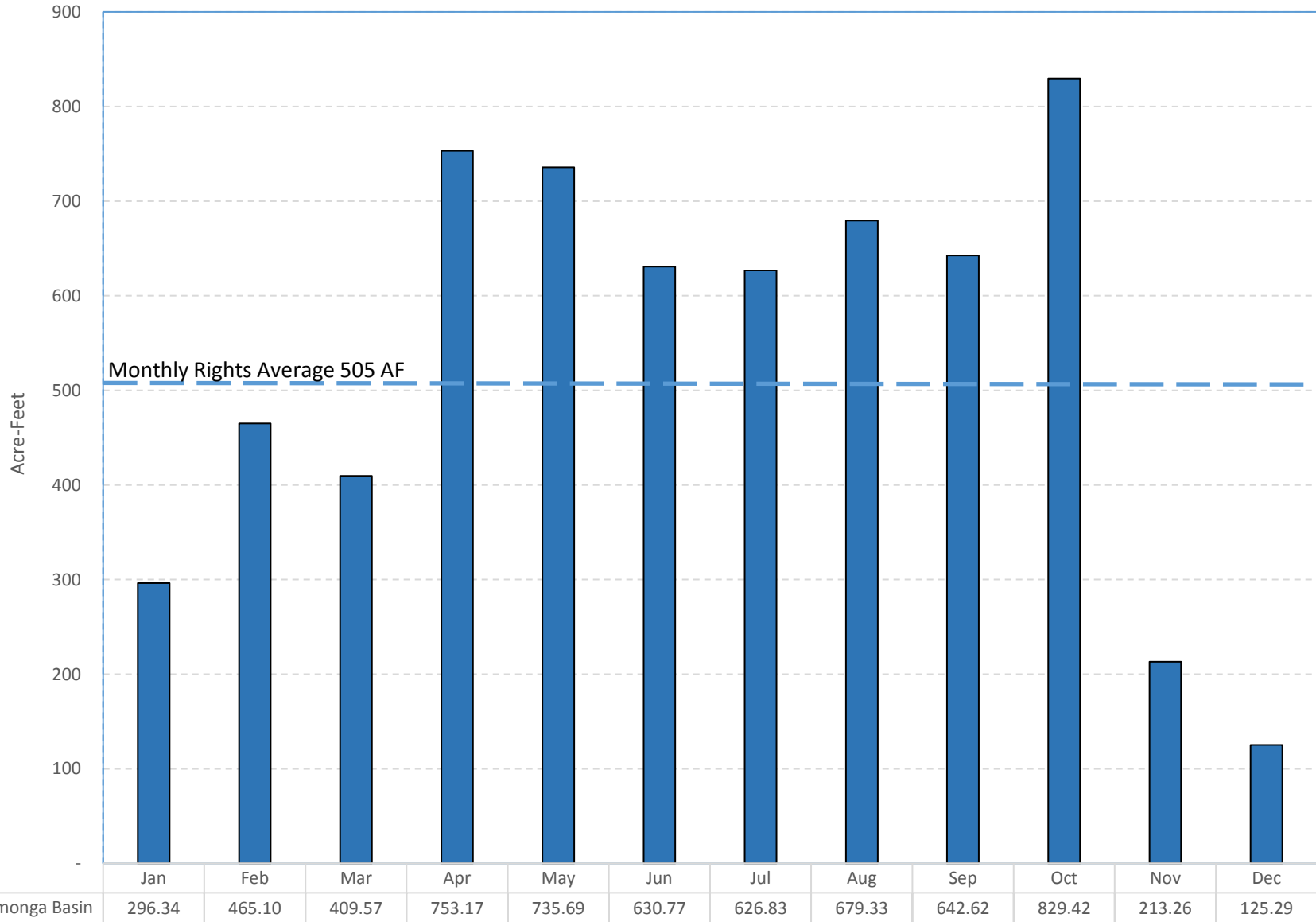
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Gravity Flow	337.33	282.78	405.60	404.59	349.10	260.48	223.54	166.70	202.54	187.66	185.20	286.36

2018

Cucamonga Basin Cumulative Production

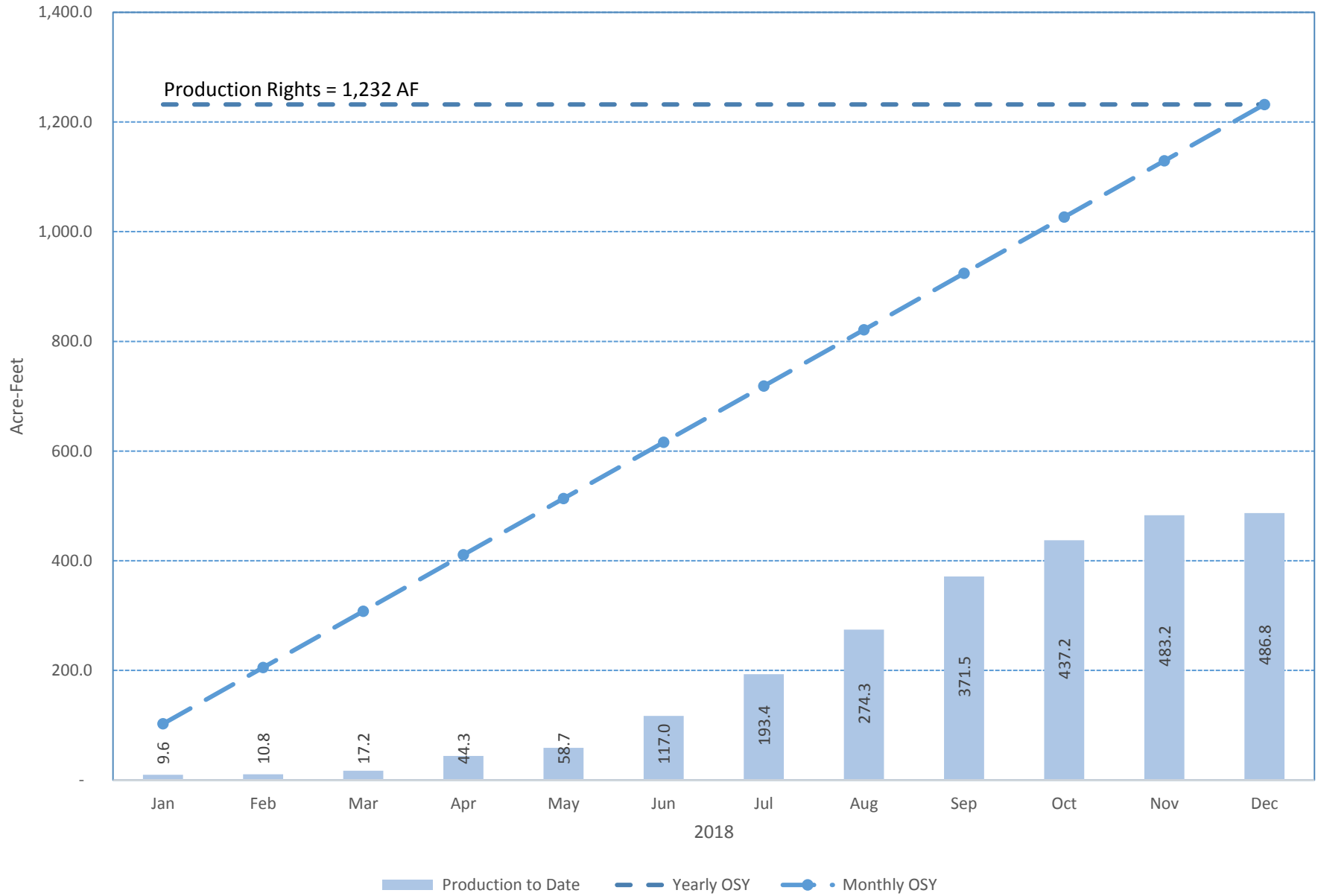


Cucamonga Basin Monthly Production

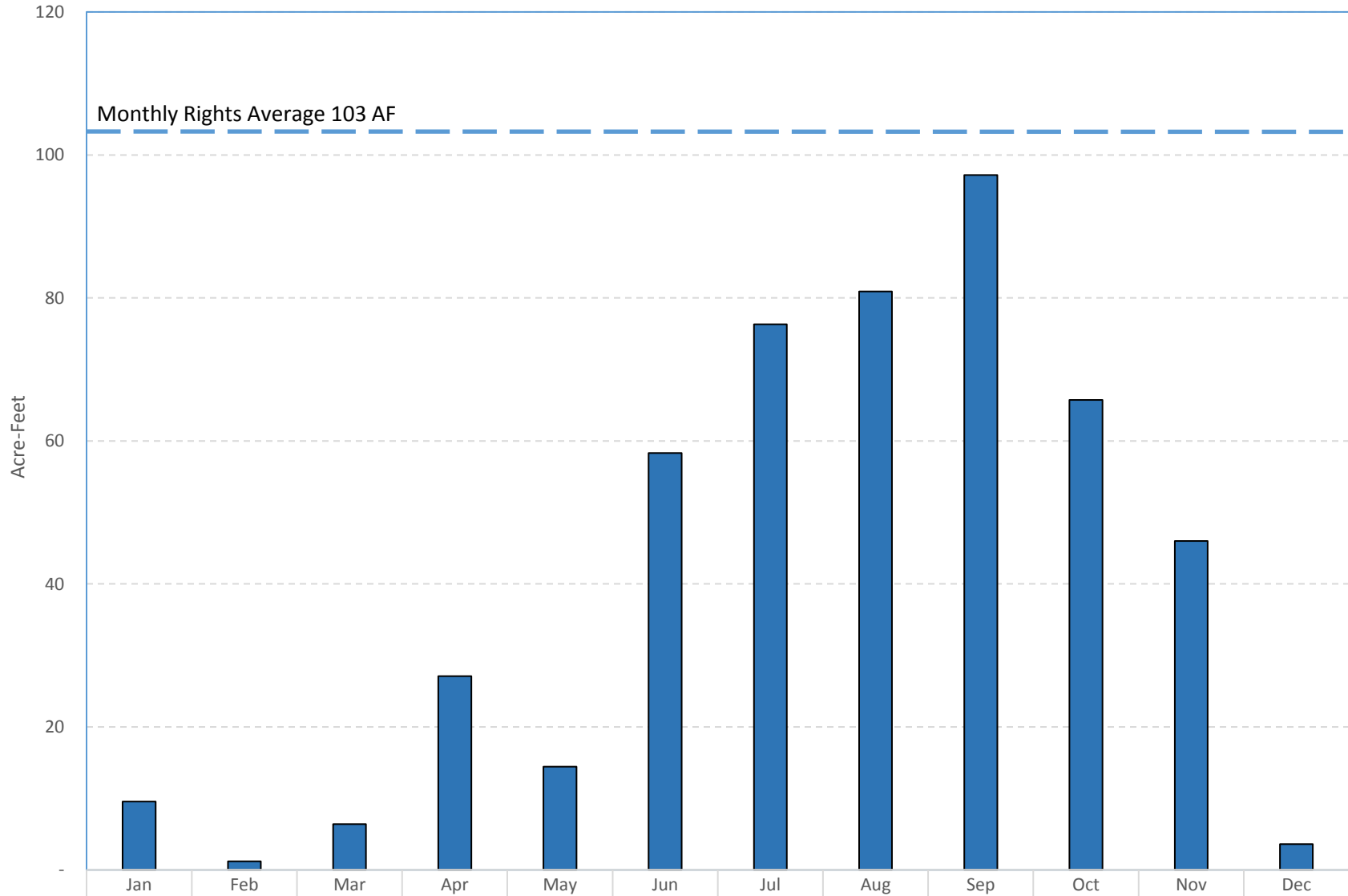


2018

Chino Basin Cumulative Production



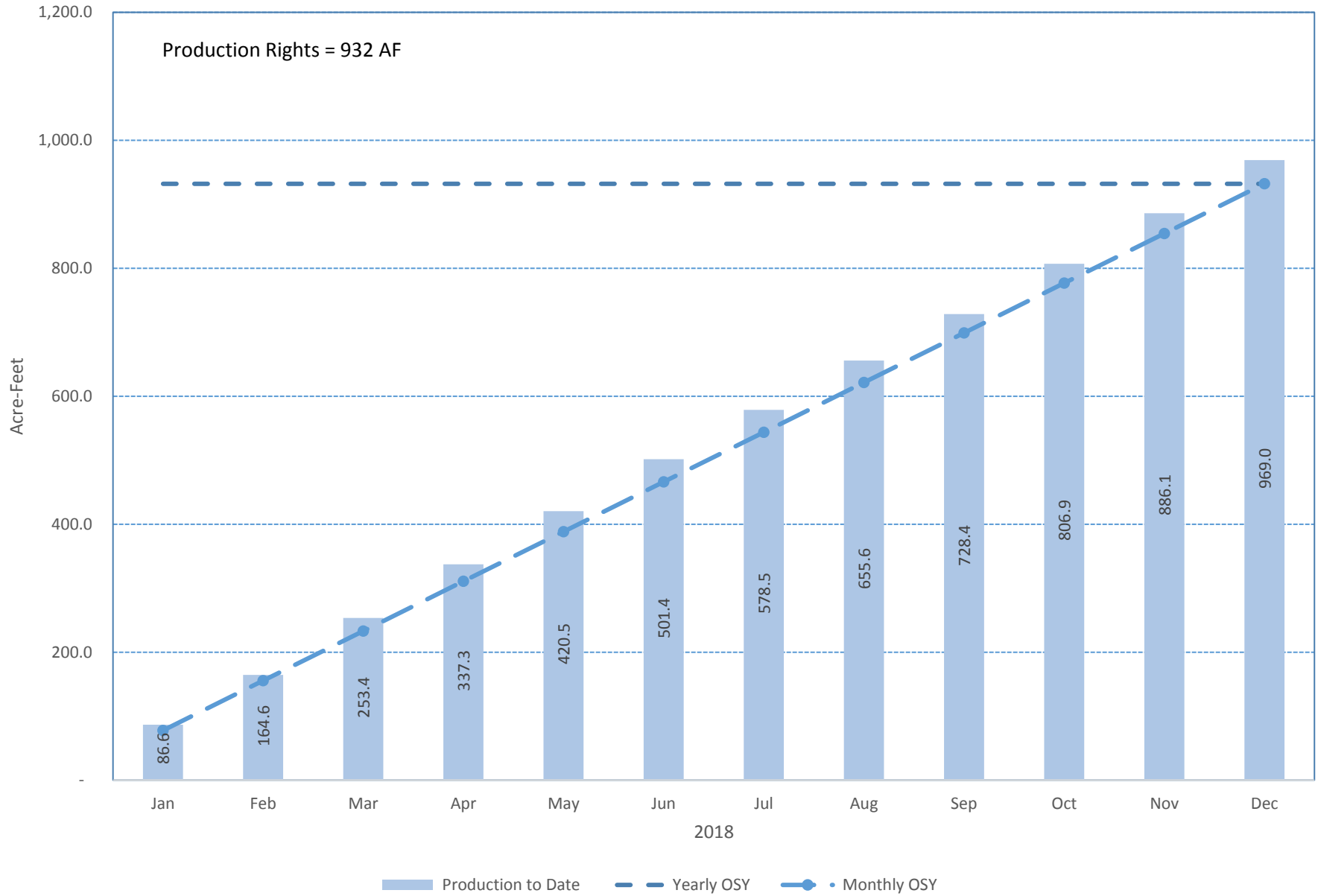
Chino Basin Monthly Production



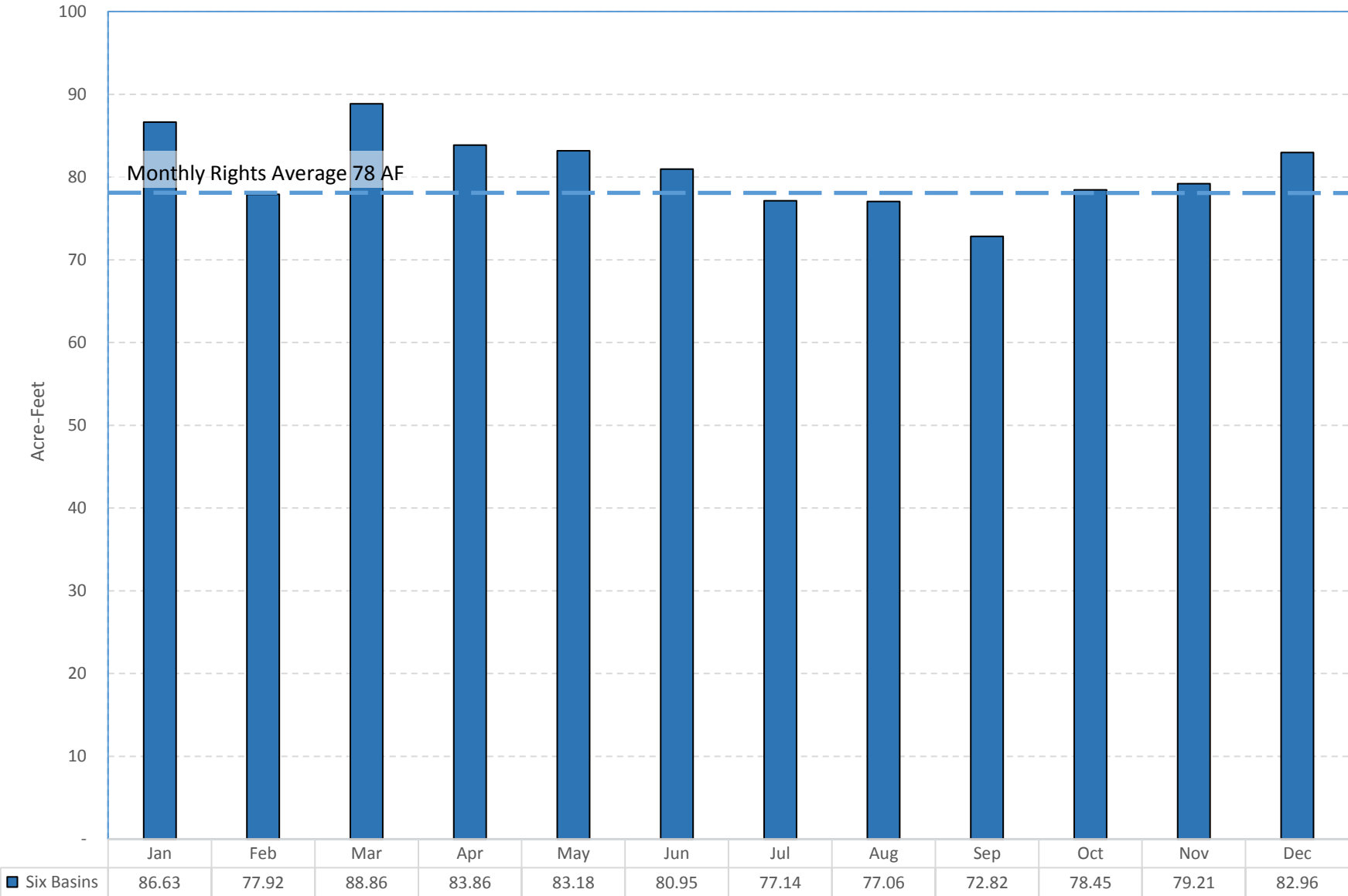
■ Chino Basins

2018

Six Basins Cumulative Production



Six Basins Monthly Production



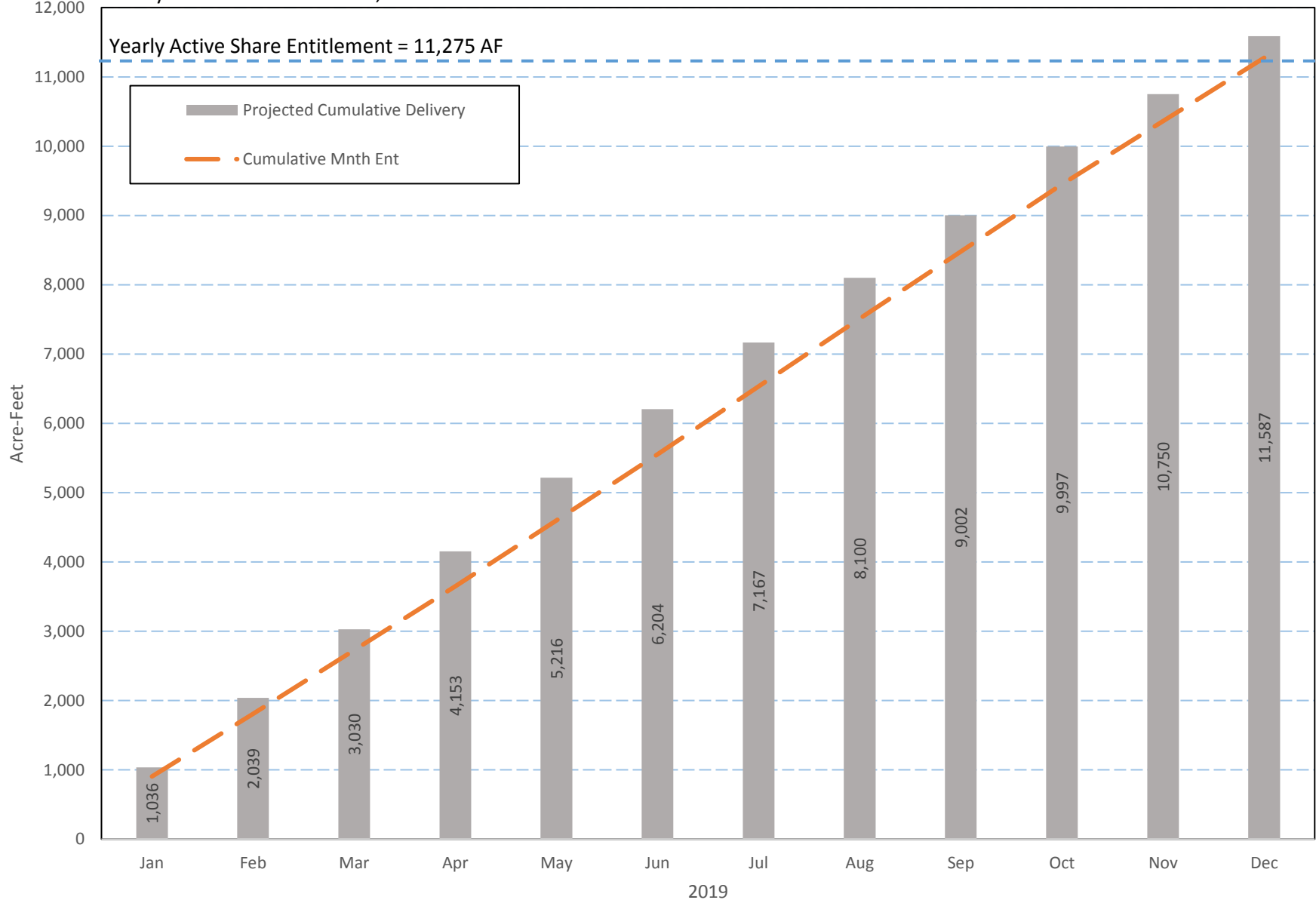
2018

2019

Production and Consumption

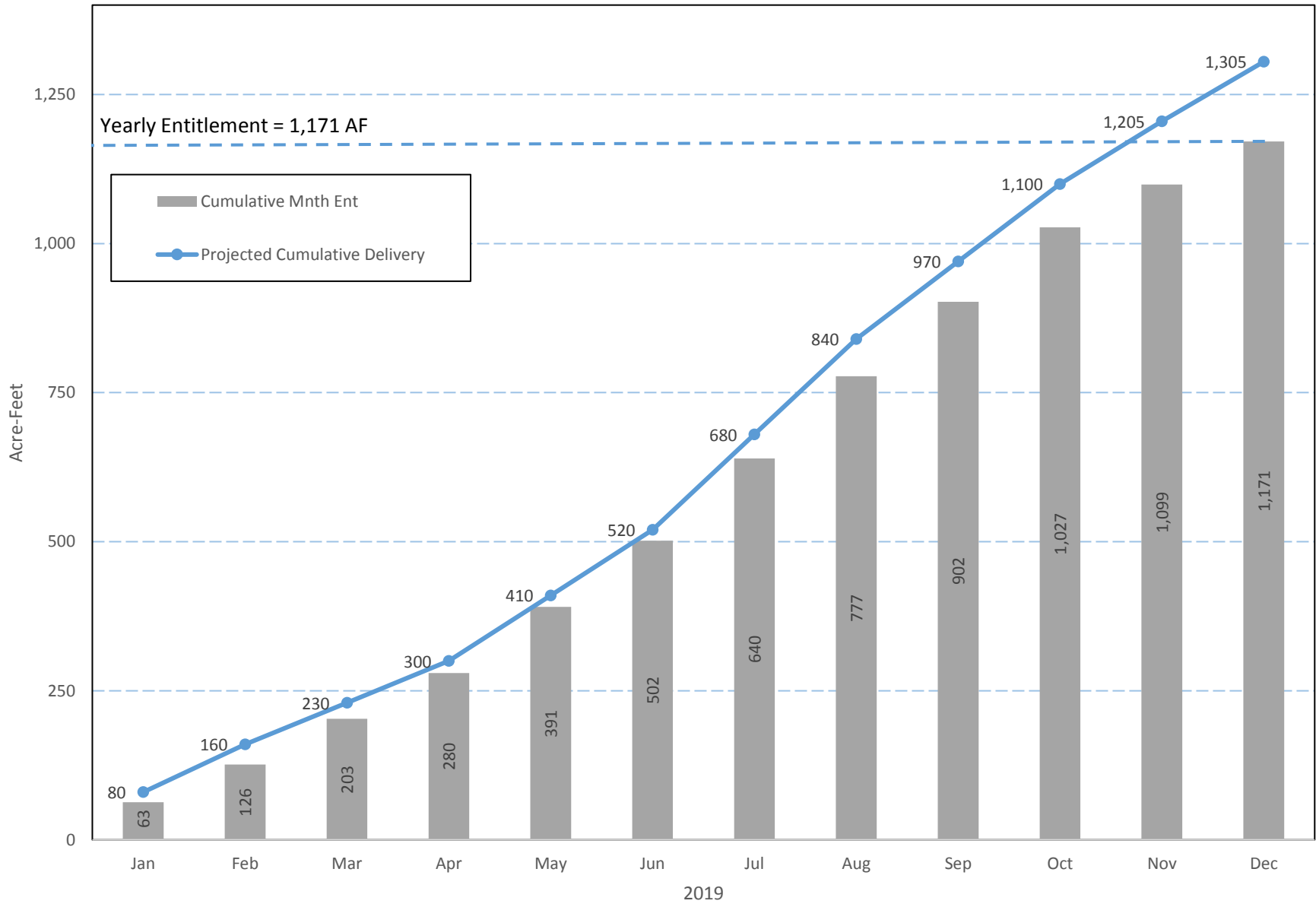
Yearly Share Entitlement = 12,000 AF

Yearly Active Share Entitlement = 11,275 AF



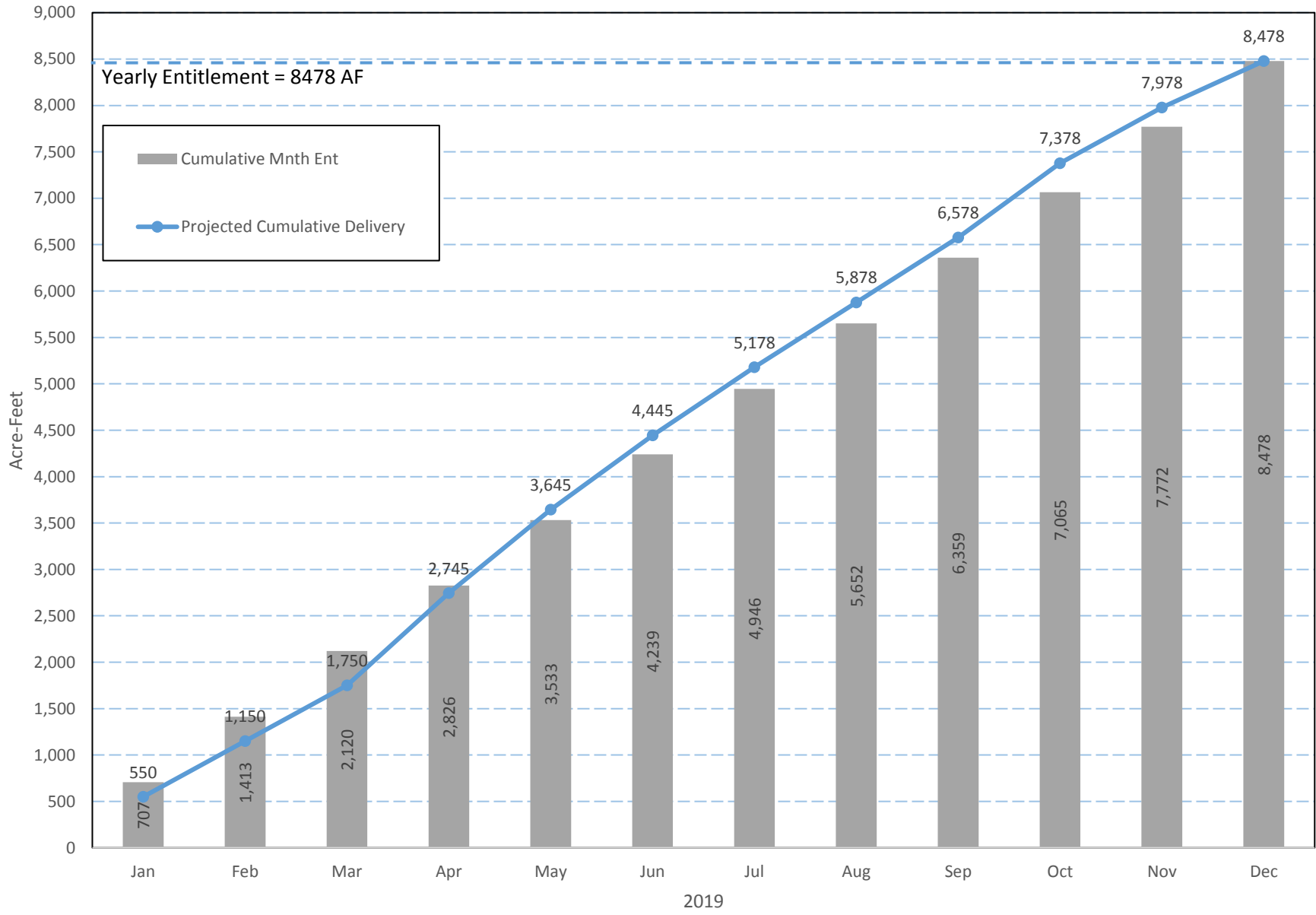
2019

Domestic Deliveries



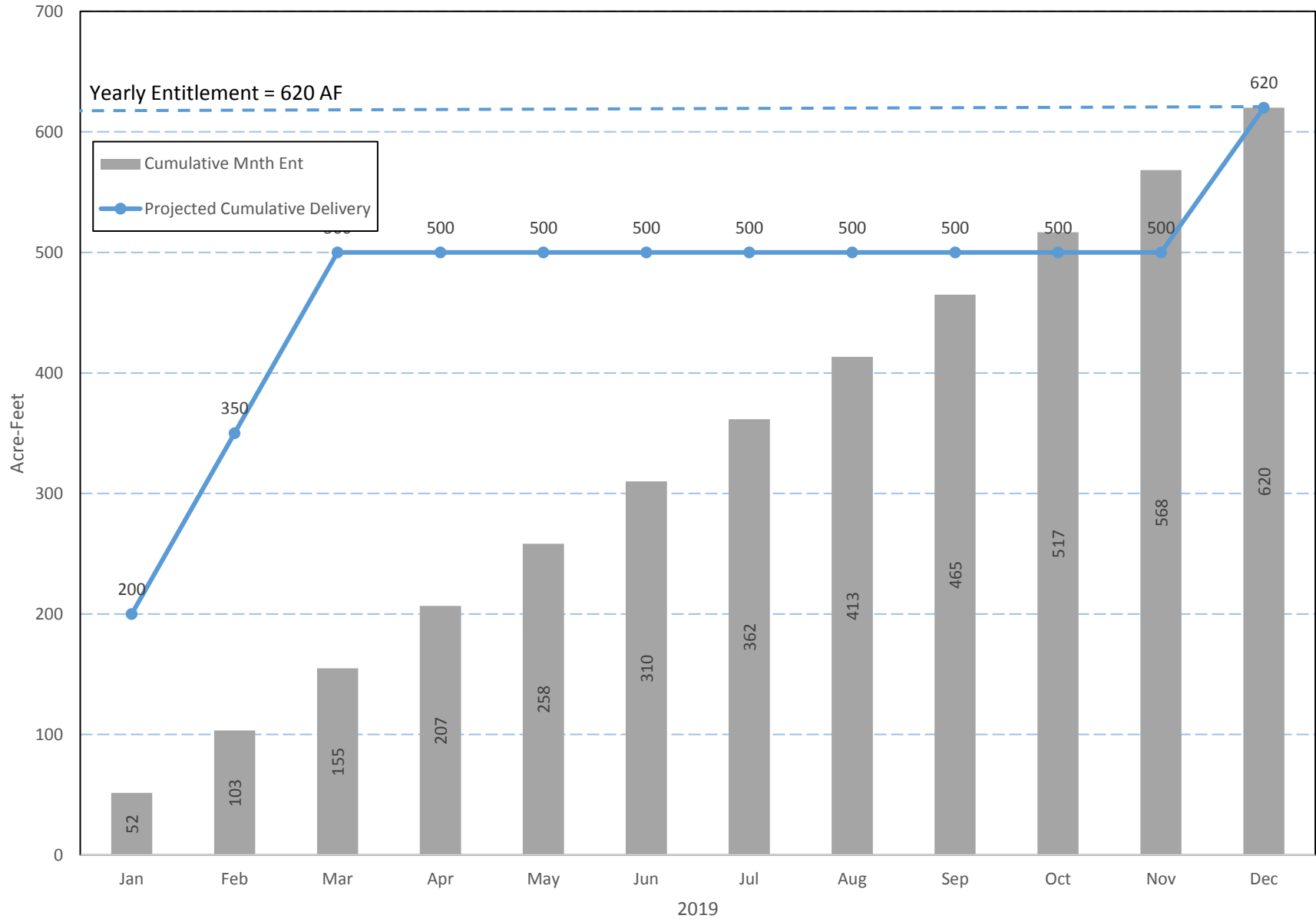
2019

City of Upland Deliveries



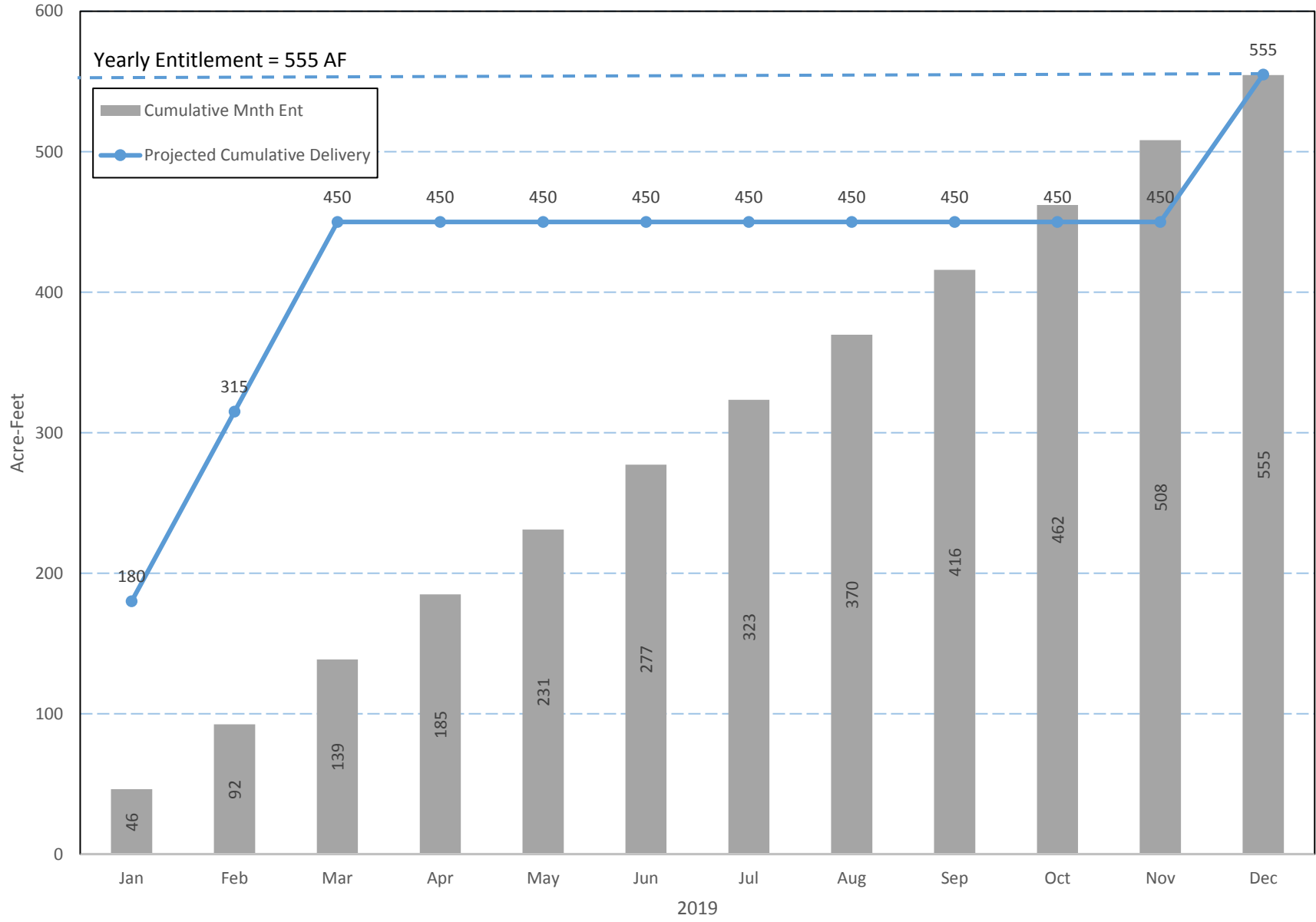
2019

Monte Vista Deliveries



2019

Ontario Deliveries

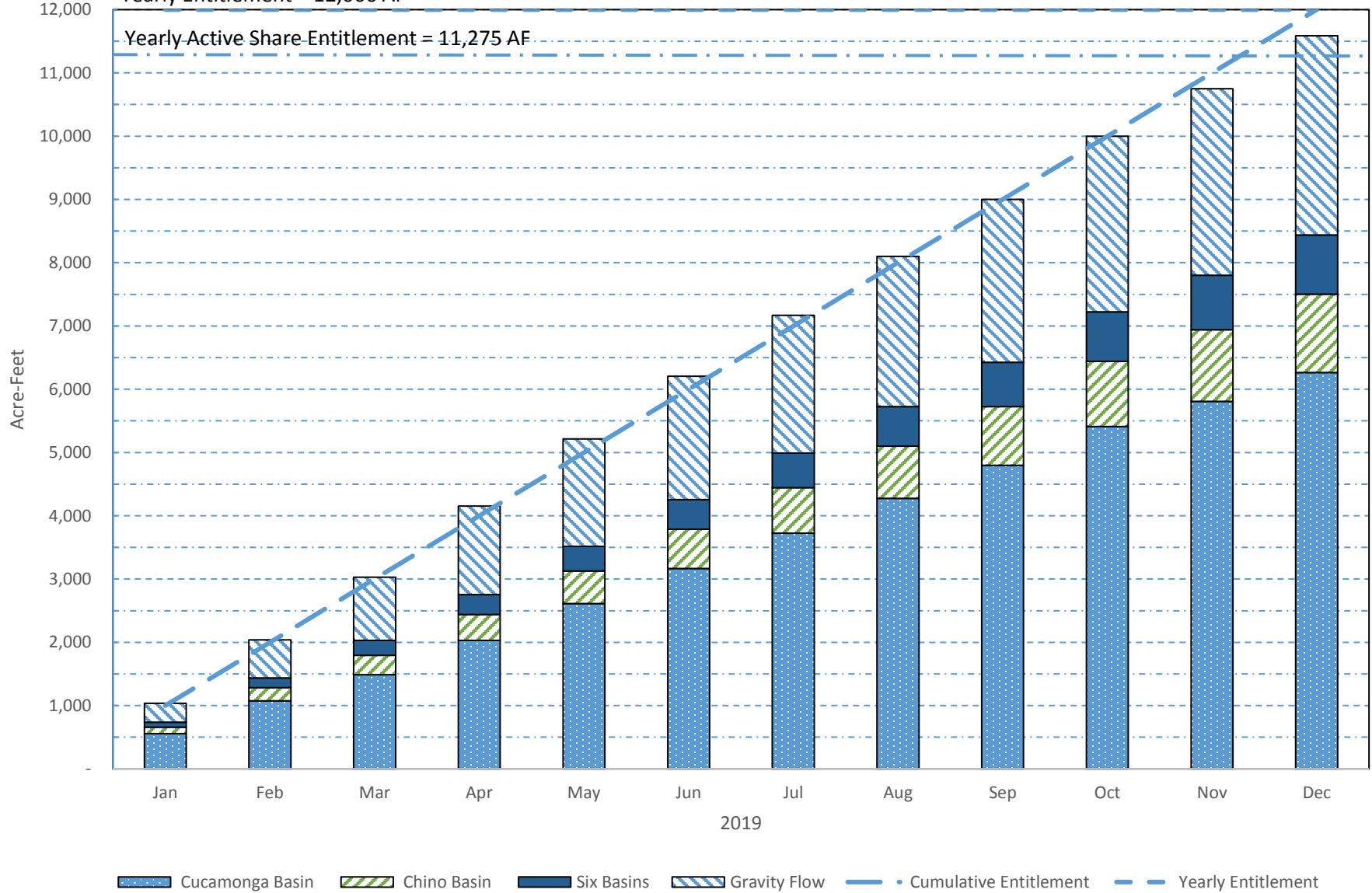


2019

2019 Projected Yearly Production

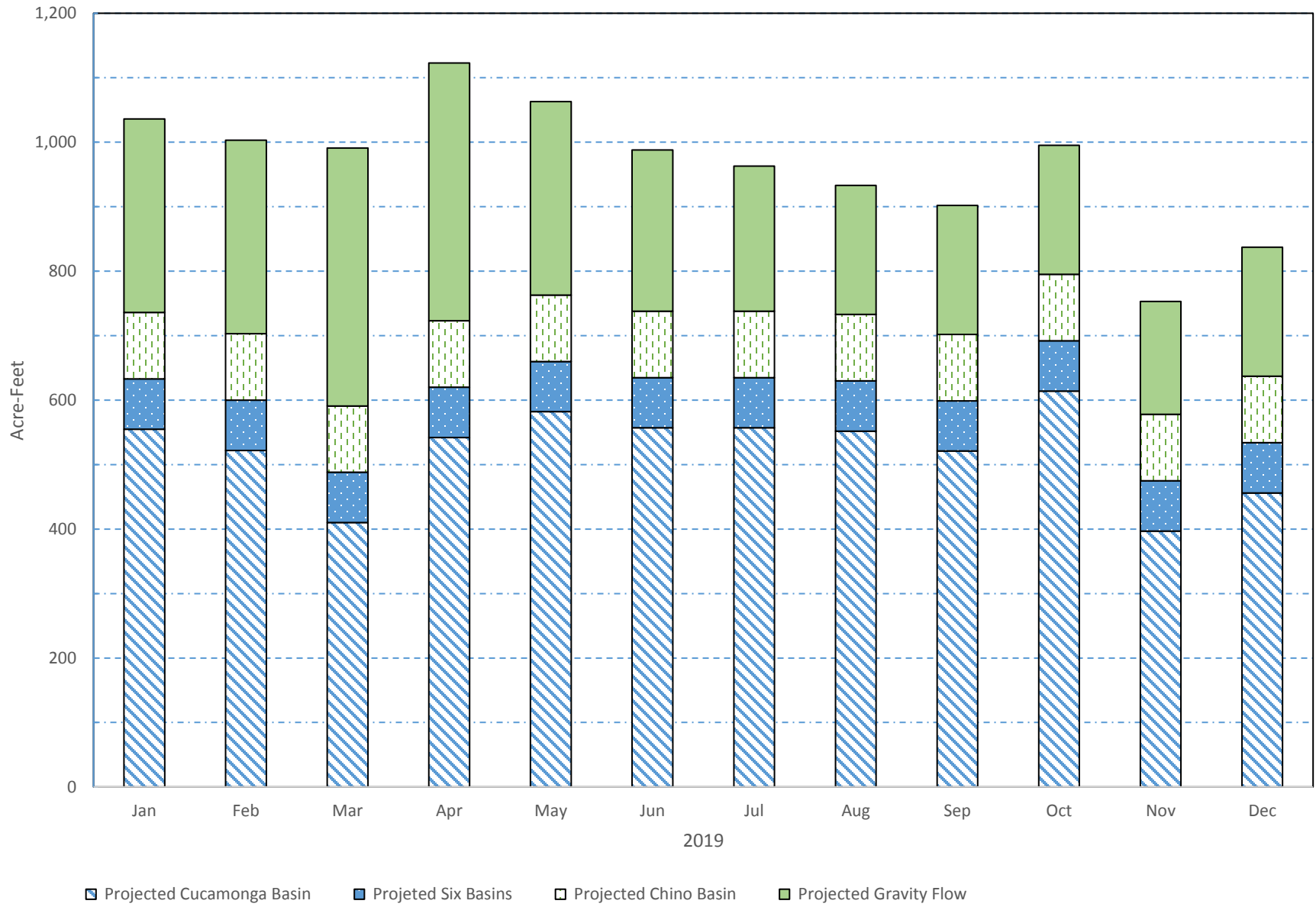
Yearly Entitlement = 12,000 AF

Yearly Active Share Entitlement = 11,275 AF



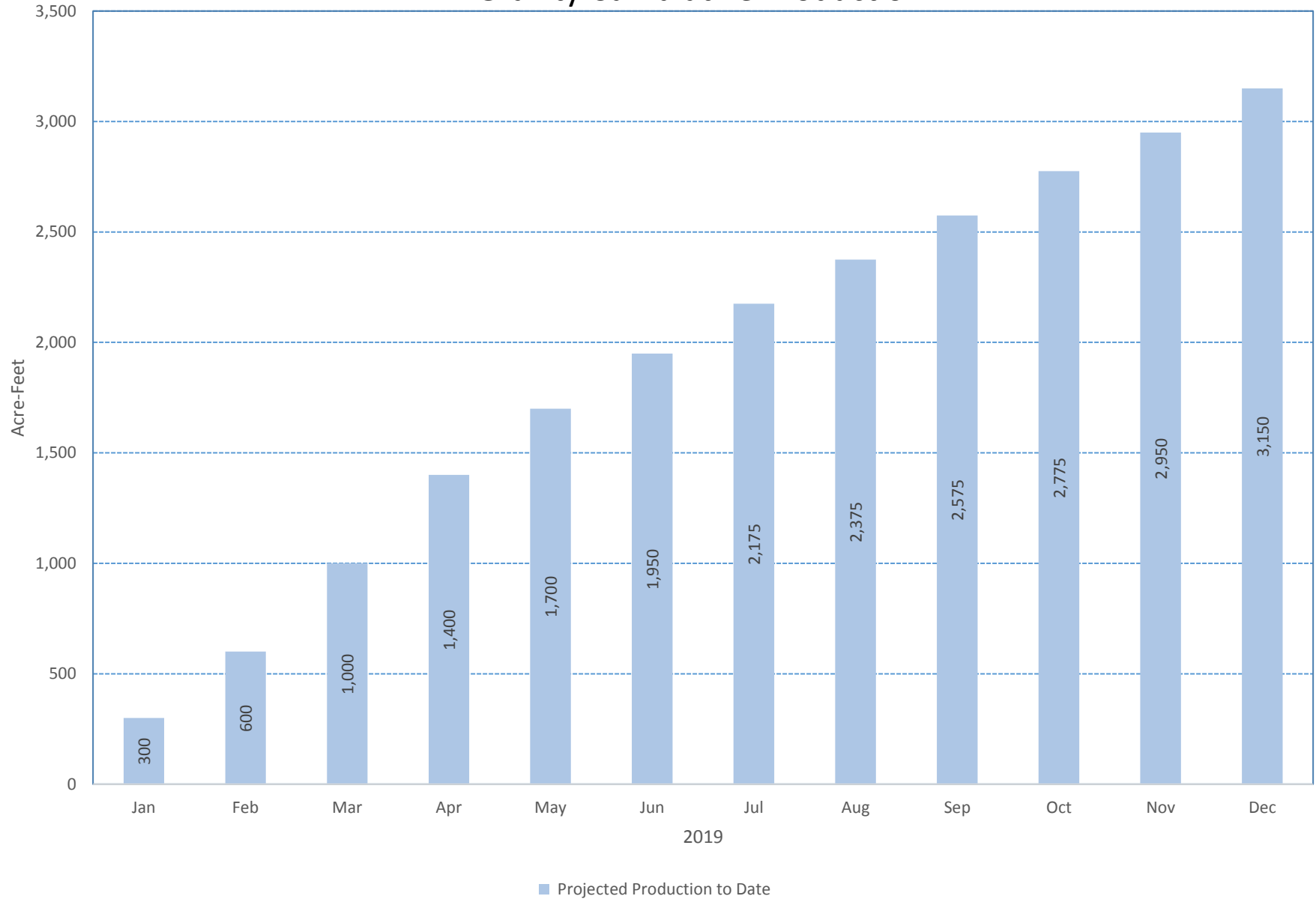
2019

Monthly Production



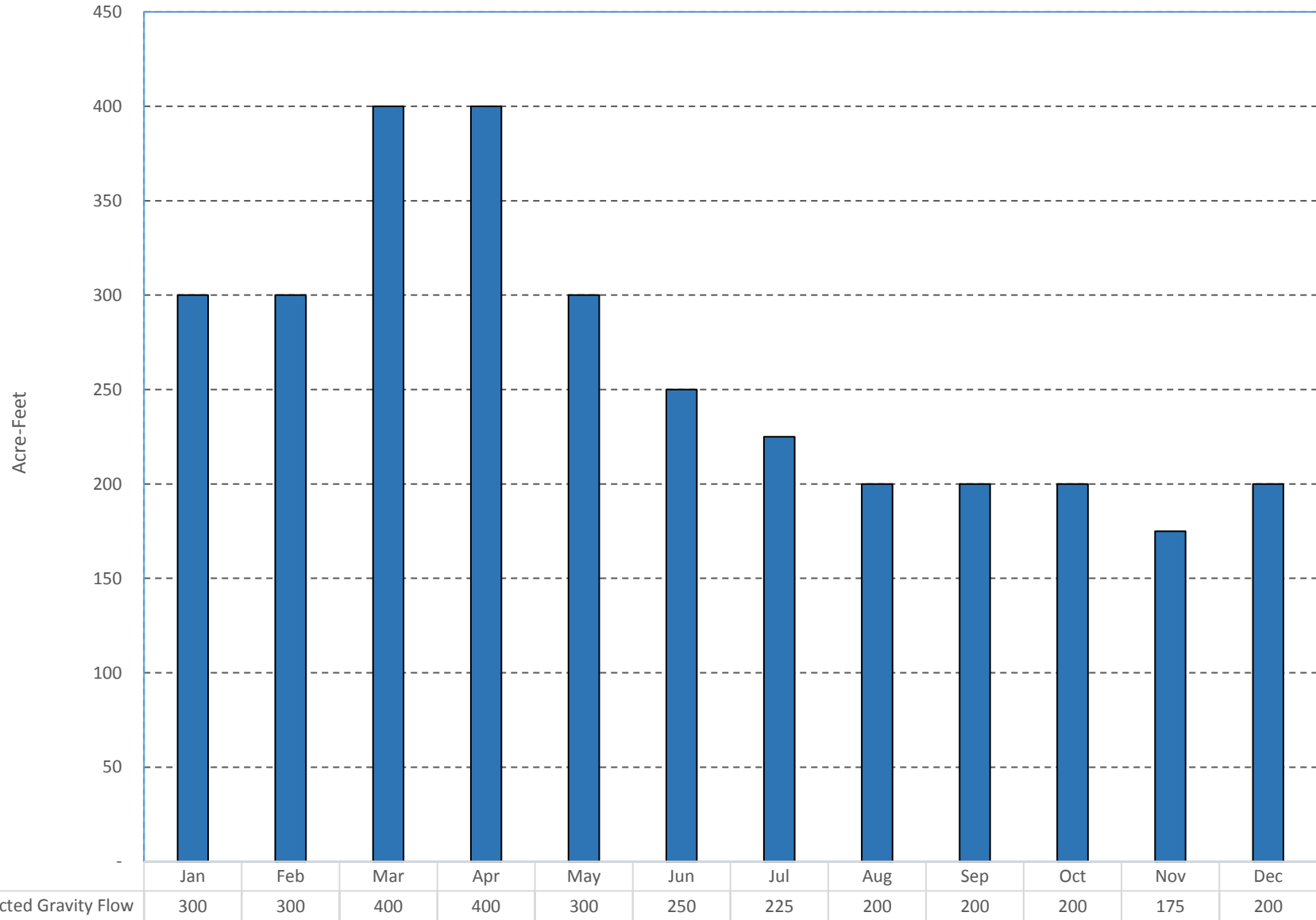
2019

Gravity Cumulative Production



2019

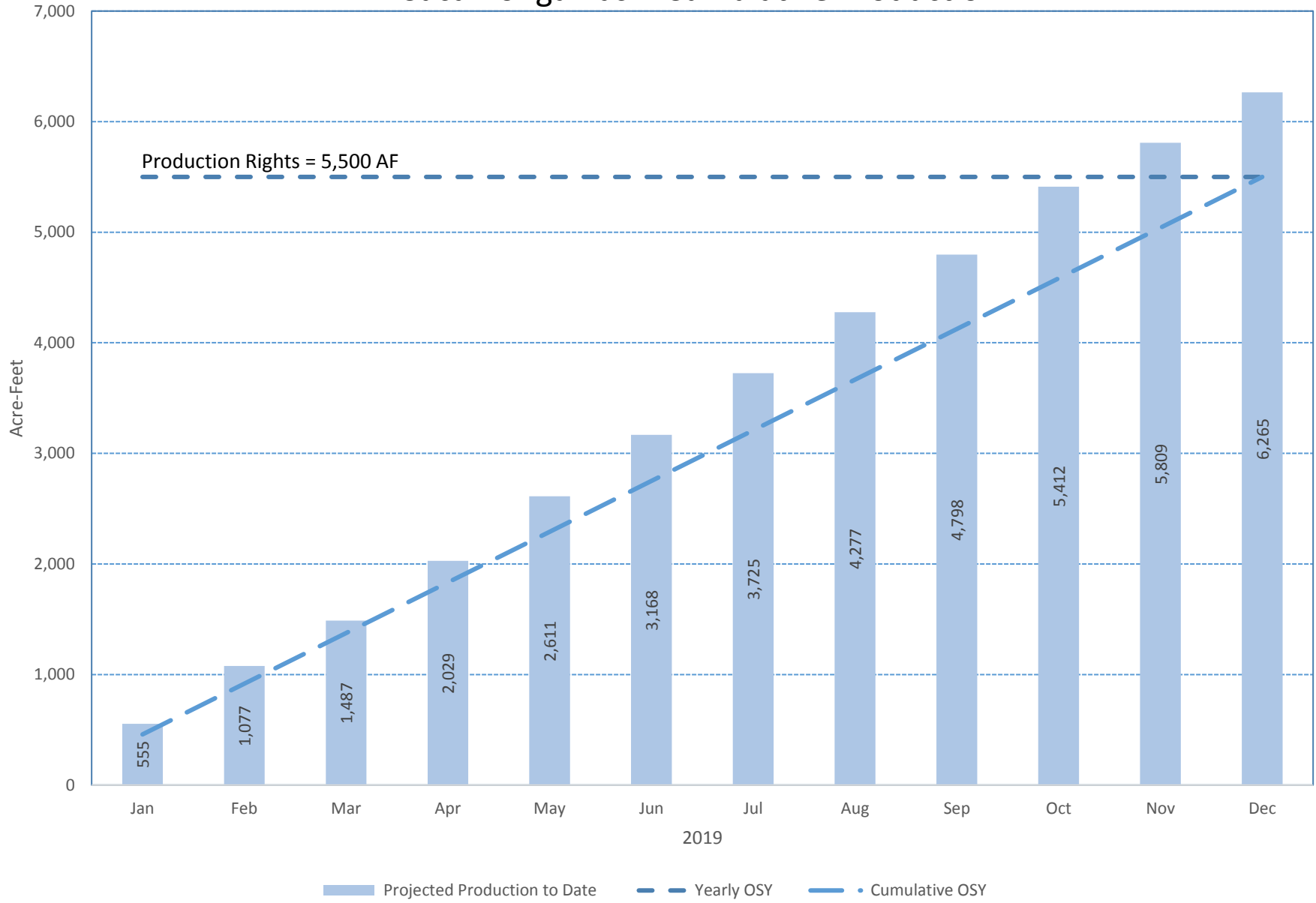
Gravity Monthly Production



2019

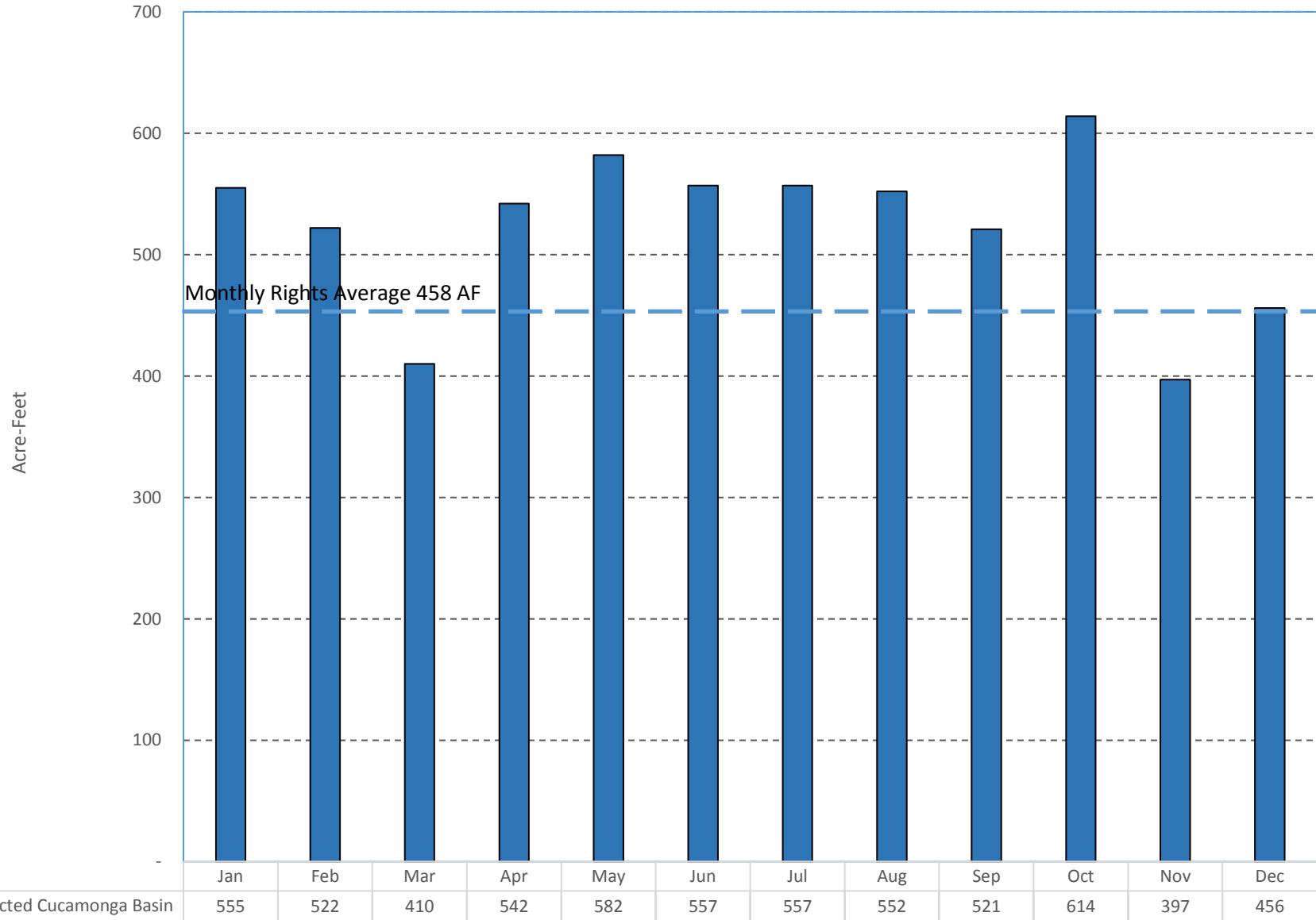
2019

Cucamonga Basin Cumulative Production



2019

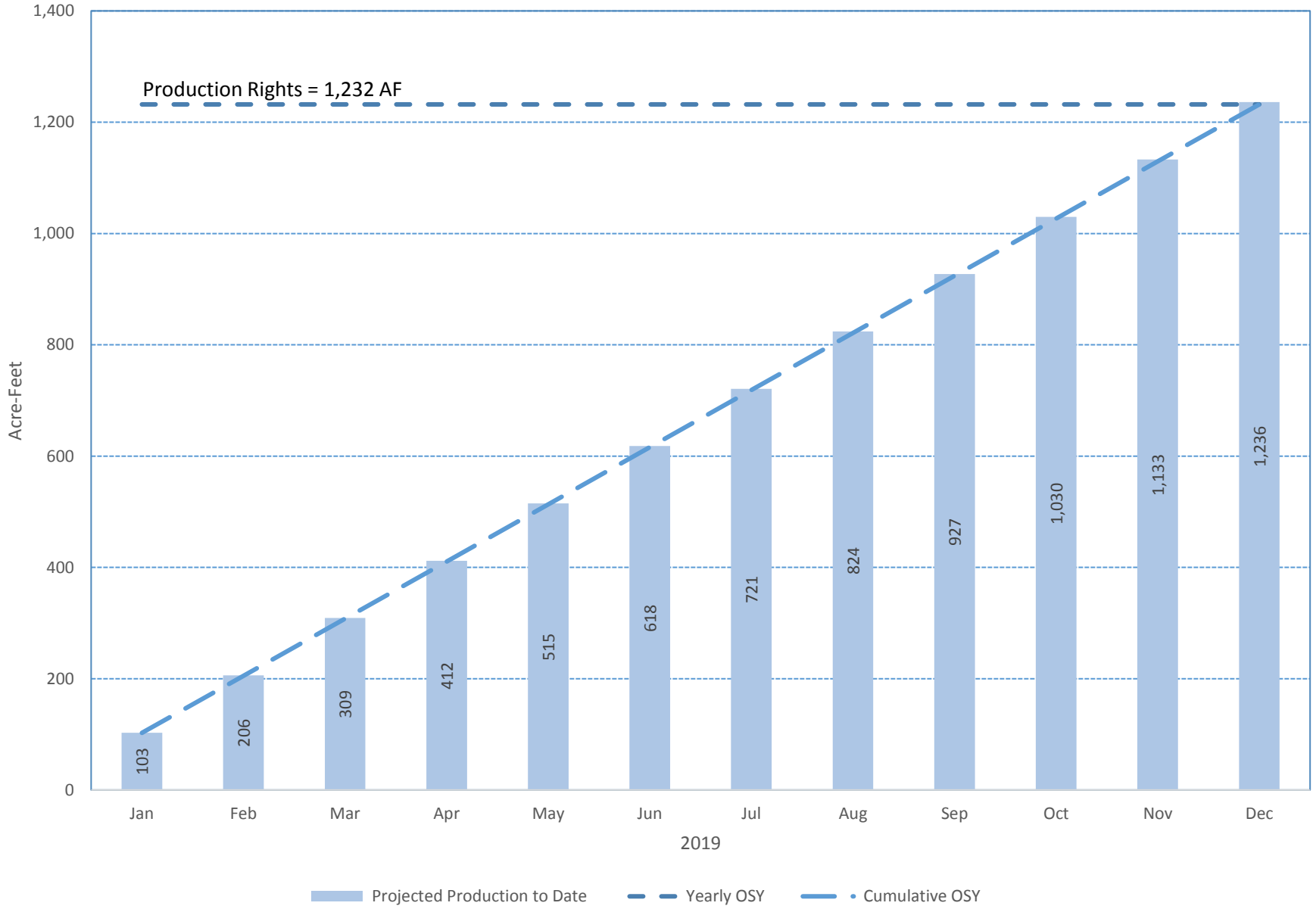
Cucamonga Basin Monthly Production



2019

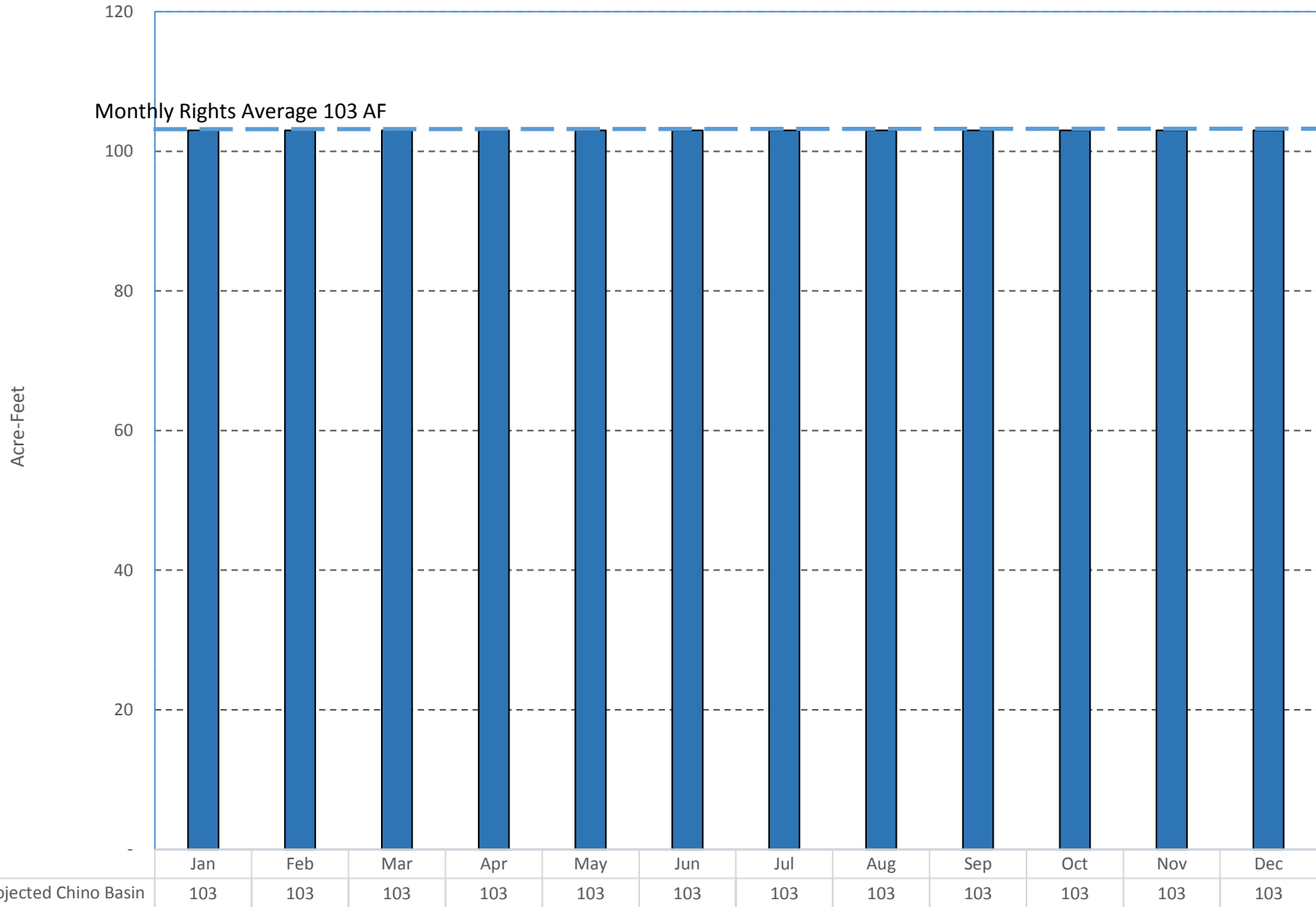
2019

Chino Basin Cumulative Production



2019

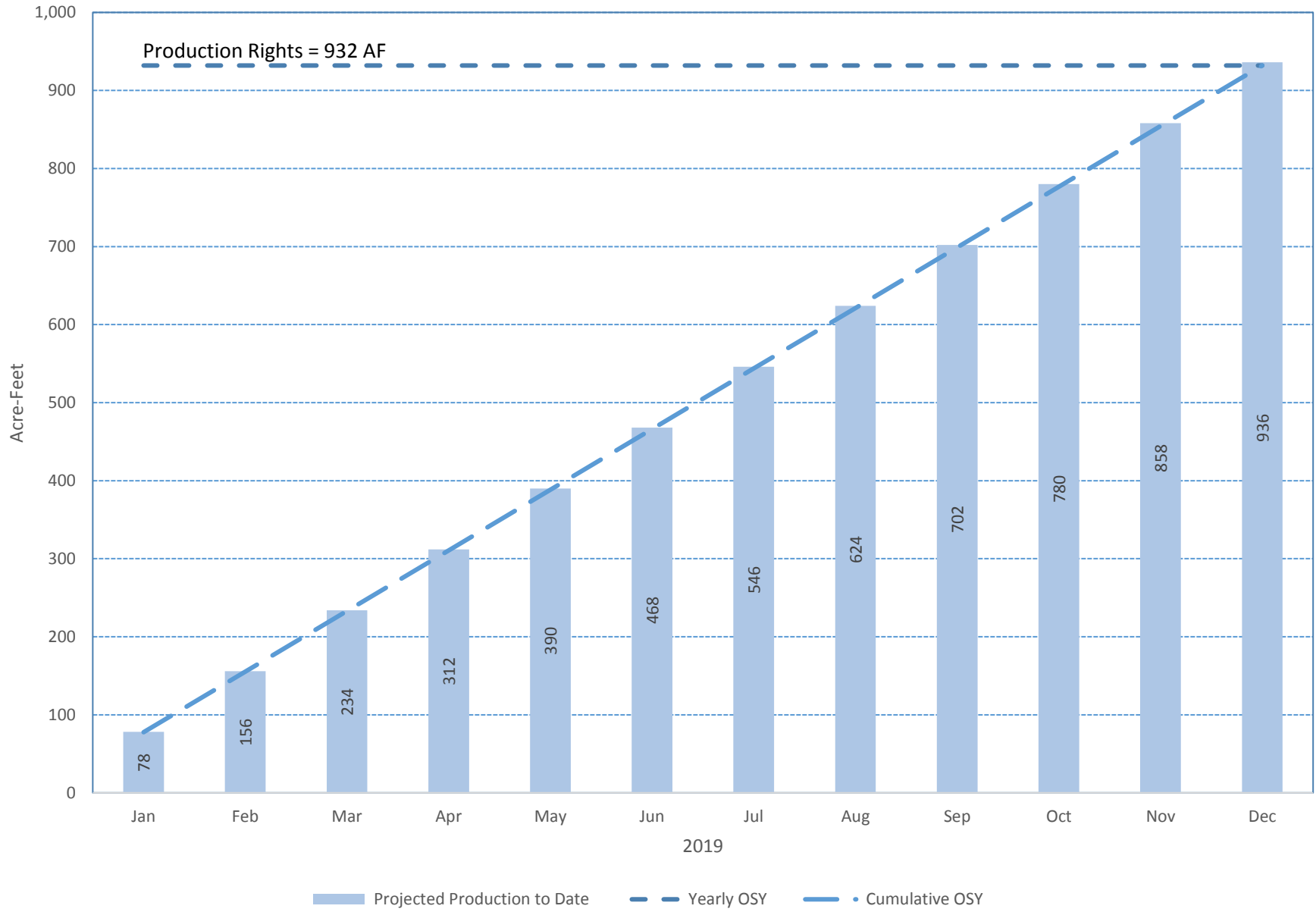
Chino Basin Monthly Production



2019

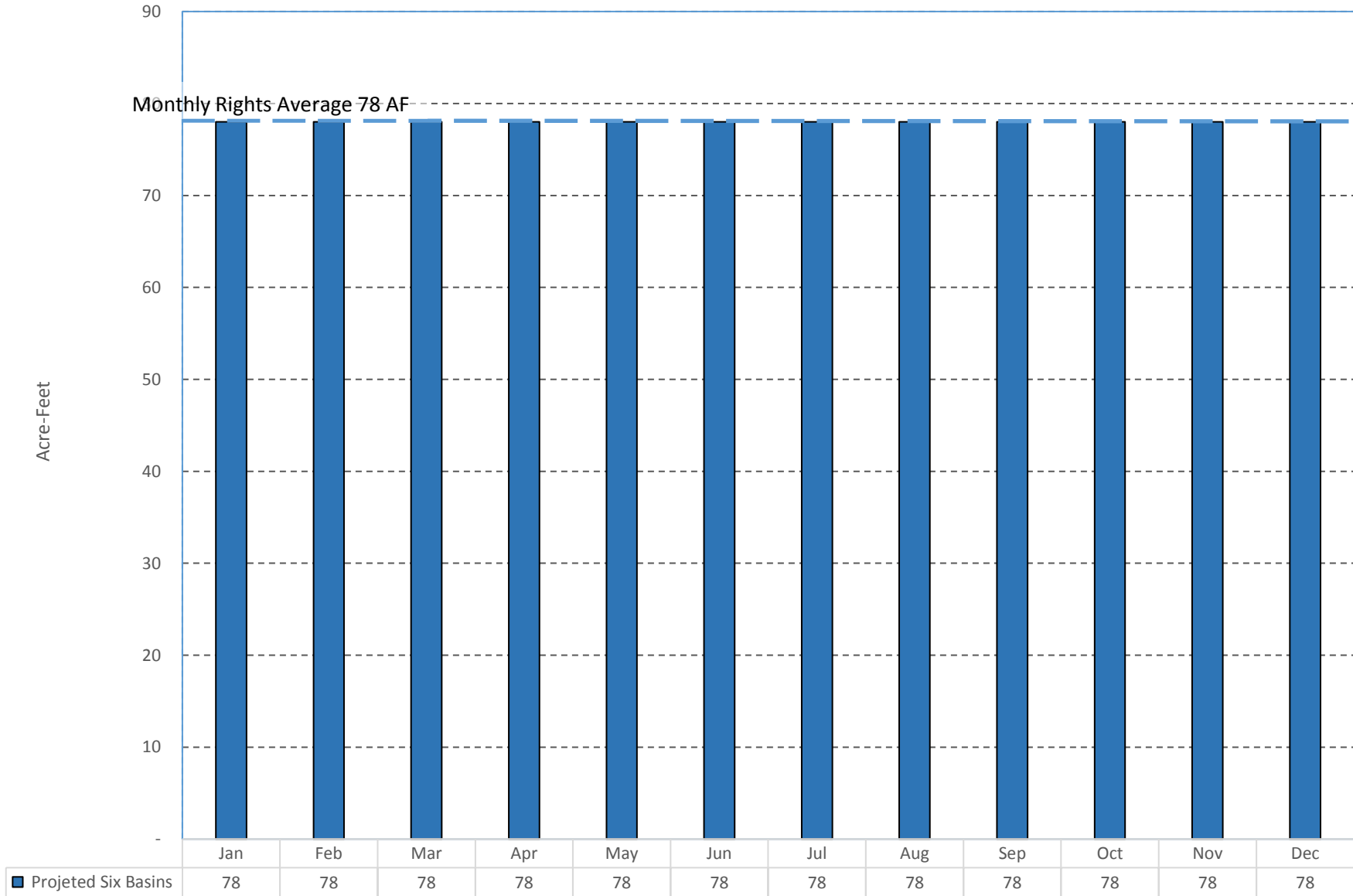
2019

Six Basins Cumulative Production



2019

Six Basins Monthly Production



2019

Project Title: Edison Box 24" Drain Valve

Construction Order:

Total Budget: \$44,000

Construction: \$44,000

Fiscal Year 2019 Budget: \$26,400 (remainder covered by City of Pomona under 60/40 split cost share.)

Schedule:

Purchase and Install Valve: Summer 2019

Project Description

Location: Edison Box



Justification: Current drain line drop gate is damaged and unable to hold back water. Water is passing under gate and discharging back to San Antonio Creek. Proposal is to purchase and install inline drain valve downstream of drop gate.

Status:

12/06/18 – BL – Bring to Board @ Budget Workshop.

12/18/18 – BL – Board approved 2019 budget, which contains this project.

Contacts

Name

Phone / email

Project Title: Edison Box 24" Drain Valve
 Construction Order:
 Approved Budget: \$ 44,000

	Estimated	Actual
Design Start Date:	6/17/2019	
Design Completion Date:	6/30/2019	
Construction Start Date:	7/1/2019	
Constuction Completion Date:	7/30/2019	
Project Close Out Date:	9/30/2019	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo	\$ 44,000.00	\$ -	\$ 44,000.00
			\$ -	\$ -
	TOTAL	\$ 44,000.00	\$ -	\$ 44,000.00

Total Budget: \$517,000

Construction: \$485,000

Fiscal Year 2018 Invoiced: \$21,000

Fiscal Year 2019 Budget: \$496,000

Schedule:

Design: Late 2018

Bid Project: Winter 2019

Award Contract: March 2019

Construct Pipeline: Spring – Summer 2019

Close Contract: Fall 2019

Project Description



Location: Campus Ave, between 20th and 22nd Street

Justification: Replace aging 8" and 10" pipeline that traverses over private property within backyards. Relocate pipeline alignment to Campus Ave and 20th Street.

Status:

07/2018 – Contract awarded and authorization to proceed issued.

11/30/2018 – BL – 100% plans reviewed. Engineer authorized to prepare Bid Documents.

12/18/18 – BL – Board approved 2019 budget, which contains this project.

Contacts	Name	Phone / email
Civiltec Engineering, Inc.	Terry Kerger	626.357.0588 tkerger@civiltech.com

Project Title: Campus Avenue Pipeine
 Construction Order: 1807
 Approved Budget: \$ 517,000 12/18/2018

	Estimated	Actual
Design Start Date:		7/2/2018
Design Completion Date:	12/1/2018	
Construction Start Date:	4/1/2019	
Constuction Completion Date:	6/1/2019	
Project Close Out Date:	8/1/2019	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Engineer	CivilTech	\$ 58,324.00	\$ 21,078.78	
Prime Contractor			\$ -	\$ -
	TOTAL	\$ 58,324.00	\$ 21,078.78	\$ 37,245.22

Project Title: Retail Meter Replacement

Construction Order:

Total Budget: \$25,000

Construction: \$25,000

Fiscal Year 2019 Budget: \$25,000

Schedule:

Purchase Meters: Winter 2019

Install Meters: Throughout 2019

Project Description

Location: Various locations within Company's retail service area.

Justification: Best practice is to replace retail water meters every seven to ten years. Staff is recommending replacement of 141 retail water meters: 125 – ¾" meters and 16 1" meters.

Status:

12/18/18 – BL – Board approved 2019 budget, which contains this project.

Contacts	Name	Phone / email
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Total Budget: \$110,000

Engineering/Project Management: \$31,000

Construction: \$79,000

Fiscal Year 2018 Invoiced: \$21,000

Fiscal Year 2019 Budget: \$89,000

Schedule:

Design Project: 2018

Bid Project: Winter 2019

Award Bid: Spring 2019

Construction: Summer 2019

Project Description

Location: WFA facilities @ Benson Avenue



Justification: Install 16" pipeline connecting Company's existing surface water pipeline on Benson Avenue to WFA Facilities. The intent of this project is to allow San Antonio Creek surface water to be delivered straight to the WFA facilities. Delivering surface water to the WFA facilities will increase the Company's ability to meet entitlement for those stockholders that are members of, and receive water from, WFA; City of Upland, City of Pomona and Monte Vista Water District.

Status:

02/19/2016 – BL – Design contract and Authorization-to-Proceed issued to CivilTech Engineering.

12/17/18 – BL – CivilTech emailed draft schematic of lab layout and pipeline design to WSA for review.

12/18/18 – BL – Board approved 2019 budget, which contains this project.

Contacts	Name	Phone / email
Civiltec Engineering, Inc.	Terry Kerger	626.357.0588 tkerger@civiltech.com

Project Title: WFA Connection
 Construction Order: 1601
 Approved Budget: \$ 110,000

	Estimated	Actual
Design Start Date:	7/9/1905	7/9/1905
Design Completion Date:	12/1/2018	
Construction Start Date:	5/1/2019	
Constuction Completion Date:	7/1/2019	
Project Close Out Date:	9/1/2109	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Permitting/CEQA			\$ -	\$ -
Engineering	CivilTech	\$ 30,895.00	\$ 9,965.00	\$ 20,930.00
Geotechnical			\$ -	\$ -
Surveyor			\$ -	\$ -
Environmental			\$ -	\$ -
Prime Contractor		\$ -	\$ -	\$ -
	TOTAL	\$ 30,895.00	\$ 9,965.00	\$ 20,930.00

Total Budget: \$621,000

Engineering/Project Management: \$221,000

Construction: \$400,000

Fiscal Year 2016 Invoiced: \$62,000

Fiscal Year 2017 Invoiced: \$51,000

Fiscal Year 2018 Invoiced: \$48,000

Fiscal Year 2019 Budget: \$460,000

Schedule:

Design Project: 2016-2018

Bid Project: December 2018

Award Bid: Spring 2019

Construction: Summer 2019

Project Description

Location: Holly Drive, North of San Antonio Heights



Justification: Initially, project was conceived as a simple 60,000-gallon tank replacement. Predesign analysis determined that fire flow and storage requirements would be better served by installing two 120,000-gallon tanks at the site. Design costs jumped due, in part, to necessary surveying, geotechnical and environmental requirements enlarging site to accommodate two tanks. Project construction is currently split into three parts; geotechnical earthwork, install new second tank, demolish and replace existing tank. The first construction project (earthwork) design is completed. Bid award is scheduled for December 18, 2018. Design for the Second phase, constructing the new tank, is scheduled to be completed in the first quarter of FY 2019. Bidding the second phase is scheduled for the second quarter of FY2019, with construction beginning soon after.

The third phase, demolishing the original 60,000-gallon tank and replacing with a new 120,000-gallon tank, is not yet scheduled.

Status:

02/19/2016 – Design contract and Authorization-to-Proceed issued to TKE Engineering.

10/2018 – BL – Phase I 100% Plans and Specs reviewed. Engineer authorized to prepare bid documents.

11/2018 – BL – Phase I contract advertised for bid.

- 12/12/18 – BL – Five bids received and opened for Phase I.
 12/18/18 – BL – Board approved 2019 budget, which contains Phase 1 & 2 for this project.
 12/18/18 – BL – Board authorizes staff to execute construction contract with McMinn Construction for \$238,600.
 12/26/18 – BL – Company issues Notice of Award
 1/2/19 – BL – McMinn executes Notice of Award
 1/2/19 – BL – McMinn executes Construction Agreement
 1/2/19 – BL – McMinn provides Certificate of Liability Insurance
 1/3/19 – BL – Water Board informed Dodson of new CEQA guidelines adopted by California Natural Resources Agency. Dodson reviewing to see if any changes are required to project IS/MND prior to circulation.
 1/8/19 – BL – Company returns fully executed Construction Agreement to McMinn

Contacts	Name	Phone / email
TKE Engineering, Inc.		
	Terry Renner Vice President	951.680.0440 trenner@tkeengineering.com
McMinn, Inc.		
	Gabriel Melgoza, Estimator	909.514.1231 gabriel@jmige.com
Tom Dodson & Associates		
	Kaitlyn Dodson Environmental Analyst	909.882.3612 kaitlyn@tdaenv.com
State Water Board		
	Wendy Pierce Senior Env. Planner	916.449.5178 wendy.pierce@waterboards.ca.gov
	Sara Paiva-Lowry Senior Env. Scientist	916.323.0626 sara.paiva-lowry@waterboards.ca.gov

Project Title: Holly Drive Reservoir, Phase 1&2
 Construction Order: 1602
 Approved Budget: \$ 621,000 12/18/2018

	Estimated	Actual
Design Start Date:		4/15/2016
Design Completion Date:		10/17/2018
Construction Start Date:	1/15/2019	
Constuction Completion Date:	1/12/2020	
Project Close Out Date:	3/1/2020	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Engineering	TKE Eng	\$ 186,970.00	\$ 160,327.50	\$ 26,642.50
Construction Services, P1	TKE Eng	\$ 60,000.00	\$ -	\$ 60,000.00
Prime Contractor, P1	James McMinn, Inc.	\$ 228,600.00	\$ -	\$ 228,600.00
Prime Contractor, P2			\$ -	\$ -
	TOTAL	\$ 475,570.00	\$ 160,327.50	\$ 315,242.50

Total Budget: \$1,160,000

Engineering/Project Management: \$160,000

Construction: \$1,000,000

Fiscal Year 2017 Invoiced: \$57,000

Fiscal Year 2018 Invoiced: \$44,000

Fiscal Year 2019 Budget: \$1,059,000

Schedule:

Design Project: 2018

Bid Project: Winter 2019

Award Bid: Spring 2019

Construction: Spring/Summer 2019

Project Description

Location: Intersection of North Mountain Avenue and North Euclid Avenue



Justification: Reservoir 7 currently has a wooden roof that is in serious disrepair. Water quality issues require secure and safe roofing on reservoirs. The Company is planning on installing an aluminum roof to replace the wood roof. Installing a new roof will require installing a concrete perimeter, new access stairways and associated appurtenances.

Status:

04/25/2017 - BL – Design contract and Authorization-to-Proceed issued to CivilTech Engineering.

11/30/2018 – BL – 100% Design reviewed. Engineer authorized to prepare bidding docs.

12/18/18 – BL – Board approved 2019 budget

1/3/19 – BL – Contract docs reviewed and returned to engineer for bidding preparation.
BL removed federal fund requirements from contract

1/9/19 – BL – BL signed County encroachment permit. Engineer to process.

Contacts	Name	Phone / email
Civiltec Engineering, Inc.	Terry Kerger	626.357.0588 tkerger@civiltech.com

Project Title: Reservoir 7 Roof Repair
 Construction Order: 1701
 Approved Budget: \$ 1,160,000 12/18/2018

	Estimated	Actual
Design Start Date:		7/2/2018
Design Completion Date:	12/1/2018	
Construction Start Date:	4/1/2019	
Constuction Completion Date:	8/1/2019	
Project Close Out Date:	10/1/2019	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Structural Inspection	Harper	\$ 51,230.00	\$ 51,230.00	
Engineer	CivilTech	\$ 62,750.00	\$ 49,081.93	\$ 13,668.07
Geologist	Geocon		\$ 6,072.50	\$ (6,072.50)
Prime Contractor			\$ -	\$ -
	TOTAL	\$ 113,980.00	\$ 106,384.43	\$ 7,595.57

Total Budget: \$130,000

TESCO Contract:	\$100,000
Inland Productivity Contract:	\$18,000
Contingency:	\$12,000

Fiscal Year 2018 Budget: \$130,000

Proposed Carry Over to 2019: \$130,000

Schedule:

Develop HMI Screens:	October 2018
Purchase Equipment:	December 2018
Integrate System:	December 2018 – January 2019
Install System:	January – February 2019

Project Description

Location: Various locations throughout Company service area. Primary location of servers will be at Company main office.

The Company currently has 21 remote Supervisory Control and Data Acquisition (SCADA) control sites consisting of reservoirs, booster stations and wells. A SCADA system is used to remotely monitor, record and control remote sites by computer (e.g. record reservoir levels or turn on booster stations) through radio, wifi, cellular or modem communication. A SCADA system consist of the control computer and remote Programable Logic Controllers (PLCs) at each control site. The master control and recording computer currently sits at the corner of a desk in the Company's office meeting room.

SAWCo currently uses an Iconics SCADA control system. It is an older system that has been experiencing communication issue s with the Company's remote sites.

Staff is proposing replacing the master control and recording computer with new hardware and software. The new hardware would be installed in the Company's computer closet, providing better protection and environmental control.

Staff is proposing new software from ClearSCADA. As a product of Schneider Electric, it is predominant in the industry, has a long history within the marketplace, is extremely scalable, easy to integrate, compatible and adaptable with leading industry PLC products, and is highly supported. PLCs are the computers located at remote sites that communicate with the central SCADA control computer.

Staff is working with TESCO Controls, Inc., an industry leading system integrator. A system integrator assembles all the hardware and software components into a viable system.

Status:

-
- 11/27/18 – BL / Bring TESCO proposal and Inland Productivity quote to PROC for ratification.
- 11/27/18 – BL / PROC unanimously approved moving staff recommendation to the full Board.
- 12/18/18 – BL – Board approved 2019 budget, which contains this project.
- 12/18/18 – BL – Board authorizes \$120k for project and purchase of equipment.
- 12/27/18 – BL – BL executes equipment purchase order. Emailed Inland Productivity

Contacts	Name	Phone / email
System Integrator: TESCO Controls Inc		
	Alex Leeth Technical Sales	aleeth@tescocontrols.com 916.395.8800 ext. 2606
	John Zitlau Project Manager	jsitlau@tescocontrols.com (O) 916.395.8800 ext. 3005 (D) 916.596.4529
Hardware Procurement: Inland Productivity		
	Eric Hanson Sr. Solution Developer	ehanson@inland-prod.com 909.981.4500

Project Title: New Company SCADA
 Construction Order: 1808
 Approved Budget: \$ 130,000 12/18/2018

	Estimated	Actual
Design Start Date:		7/2/2018
Design Completion Date:	12/1/2018	
Construction Start Date:	4/1/2019	
Constuction Completion Date:	6/1/2019	
Project Close Out Date:	8/1/2019	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Material Supplier	Inland Productivity	\$ 17,750.09	\$ 17,809.60	\$ (59.51)
Engineer	TESCO	\$ 100,000.00	\$ -	\$ 100,000.00
Prime Contractor			\$ -	\$ -
	TOTAL	\$ 117,750.09	\$ 17,809.60	\$ 99,940.49

Total Budget: \$250,000

Environmental Monitoring: \$100,000

Environmental Mitigation: \$150,000

Fiscal Year 2019 Budget: \$50,000

Environmental Monitoring: \$20,000

Environmental Mitigation: \$30,000

Schedule:

Mitigation Request for Proposals: Jan-Feb 2019

Mitigation for 2019: Mar- Apr 2019

Mitigation for 2020: Mar- Apr 2020

Mitigation for 2021: Mar- Apr 2021

Mitigation for 2022: Mar-Apr 2022

Mitigation for 2023: Mar-Apr 2023

Project Description



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 seed to germinate and invasive species to germinate but not establish strong roots or go to seed.

Status:

12/18/18 – BL – Board approved 2019 budget, which contains 2019 mitigation phase for this project.

1/9/19 – BL – BL email to Millington/Spencer regarding possible contractors for remediation work.

Contacts	Name	Phone / email
TKE Engineering, Inc.	Terry Renner Vice President	951.680.0440 trenner@tkeengineering.com
Michael Baker International	Ashley M. Spencer Biologist	949.472.3454 Ashley.spencer@mbakerintl.com
	Tom Millington Senior Biologist	949.855.5777 tommillington@mbakerintl.com

Project Title: Cucamonga Crosswalls
 Construction Order: 1405
 Approved Budget: \$ 20,000 *2019 mitigation

	Estimated	Actual
Design Start Date:		7/18/2014
Design Completion Date:		7/15/2018
Construction Start Date:		7/16/2018
Constuction Completion Date:		11/15/2018
Project Close Out Date:	2/1/2019	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ 1,605.91	\$ (1,605.91)
Permitting/CEQA			\$ -	\$ -
RWQCB		\$ 90,000.00	\$ 90,000.00	\$ -
NWP31 (5-yr maint/ plan)		\$ 11,000.00	\$ -	\$ 11,000.00
Noise Monitoring		\$ 12,145.00	\$ 12,145.00	\$ -
Engineering	TKE Engineering	\$ 65,040.00	\$ 74,867.83	\$ (9,827.83)
Geotechnical			\$ -	\$ -
Surveyor			\$ -	\$ -
Environmental	Altum/Baker Int	\$ 126,295.00	\$ 120,801.82	\$ 5,493.18
CO#1		\$ 5,012.00	\$ 7,829.00	\$ (2,817.00)
Prime Contractor	GRB	\$ -	\$ -	\$ -
	TOTAL	\$ 309,492.00	\$ 307,249.56	\$ 2,242.44

Total Budget: \$4,000,000

Engineering/Project Management: \$400,000

Construction: \$3,600,000

Fiscal Year 2016 Invoiced: \$32,000

Fiscal Year 2019 Budget: \$100,000

Out Year's Budget: \$3,868,000

Schedule:

Design Project: 2018

Bid Project: Winter 2019

Award Bid: Spring 2019

Construction: Spring/Summer 2019

Project Description

Location: Benson Ave just south of 18th Street



Justification: The Company's main office on Euclid Ave. has served as the company headquarters for almost one hundred years. When initially constructed, the main office provided a local presence for agricultural shareholders to conduct company business. Changing demographics of the surrounding area has shifted the company's retail customer base almost exclusively into the San Antonio Heights.

Current Company facilities are old and showing their age. Issues include needed modern seismic construction, energy efficiency and security. Additionally, space constraints are evident. Parking space is inadequate. Office space is at a premium. There is no additional room for desks, much less the work space necessary for productivity. Field crew and office crew are separated on two parcels. Records storage is at a premium. Office computer servers are housed in a closet. Company SCADA hardware is located on a corner desktop in the meeting room. Due to a lack of adequate public meeting space, the Company currently utilizes the City of Upland Council chambers for its Board Meetings.

The Company has an opportunity to consolidate onto property located at Benson Avenue and 18th Street. Relocating to the Benson Property will allow the Company to build a presence closer to our retail customers while modernizing our facilities.

Status:

06/15/2016 – Needs Assessment contract and Authorization-to-Proceed issued to
Claremont Environmental Design Group.

12/18/18 – BL – Board approved 2019 budget, which includes conceptual/design
services for this project.

Contacts	Name	Phone / email
CEDG	Erik Peterson	909.973.7282 info@cedg-design.com

Project Title: Office Relocation
 Construction Order: 1507
 Approved Budget: \$ 100,000

	Estimated	Actual
Design Start Date:	2016	2016
Design Completion Date:	6/1/2019	
Construction Start Date:	10/1/2019	
Constuction Completion Date:	6/1/2022	
Project Close Out Date:	8/1/2022	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Permitting/CEQA			\$ -	\$ -
Architect	CEDG	\$ 40,060.00	\$ 32,000.00	\$ 8,060.00
Engineering			\$ -	\$ -
Geotechnical			\$ -	\$ -
Surveyor			\$ -	\$ -
Environmental			\$ -	\$ -
Prime Contractor		\$ -	\$ -	\$ -
	TOTAL	\$ 40,060.00	\$ 32,000.00	\$ 8,060.00

Project Title: Cucamonga Basin 6A
 Construction Order: 1303
 Approved Budget: \$ 266,000

	Estimated	Actual
Design Start Date:		3/18/2015
Design Completion Date:		
Construction Start Date:	9/13/2017	10/1/2018
Constuction Completion Date:	11/15/2018	10/19/2018
Project Close Out Date:	12/15/2018	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ 10,823.63	
Permitting/CEQA			\$ 15,280.78	\$ (15,280.78)
RWQCB 401			\$ 775.00	
DFW Streambed Alteration			\$ 54,398.00	
Engineering	TKE Engineering	\$ 25,000.00	\$ 28,105.11	\$ (3,105.11)
Geotechnical	CHJ/Terracon	\$ 9,578.00	\$ 16,780.03	\$ (7,202.03)
CO#1		\$ 1,672.00	\$ 1,672.00	\$ -
CO#2		\$ 1,224.00	\$ 1,224.00	\$ -
Surveyor			\$ -	\$ -
Environmental	Altum/Baker Int	\$ 39,740.00	\$ 29,855.97	\$ 9,884.03
CO#1		\$ 31,800.00	\$ 245.00	\$ 31,555.00
Prime Contractor	CP Construction	\$ 253,030.00	\$ 258,865.50	\$ (5,835.50)
	TOTAL	\$ 362,044.00	\$ 418,025.02	\$ (55,981.02)

Project Title: Holly Drive Booster Station
 Construction Order: 1801
 Approved Budget: \$ 290,000

	Estimated	Actual
Design Start Date:		4/16/2018
Design Completion Date:		7/13/2018
Construction Start Date:		9/26/2018
Construction Completion Date:	11/29/2018	12/30/2018
Project Close Out Date:	2/1/2019	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Engineering	TKE Eng	\$ 28,040.00	\$ 27,865.00	\$ 175.00
Structural	HK Structural	\$ 50,738.00	\$ 64,180.00	\$ (13,442.00)
Mechanical	KSM Mechanical	\$ 220,785.38	\$ 123,172.66	\$ 97,612.72
Material Supplier	United Fabrication Inc.	\$ 323.25	\$ 323.25	\$ -
Welding	J&K Welding	\$ 4,372.57	\$ 4,372.57	\$ -
	TOTAL	\$ 304,259.20	\$ 219,913.48	\$ 84,345.72

Project Title: Edison Pond Sluice Gate
 Construction Order: 1803
 Approved Budget: \$ 70,000

	Estimated	Actual
Design Start Date:		
Design Completion Date:		
Construction Start Date:		5/10/2018
Constuction Completion Date:	11/30/2018	12/30/2018
Project Close Out Date:	12/30/2018	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Prime Contractor	CP Construction	\$ 64,500.00	\$ 71,067.50	\$ (6,567.50)
CO#1		\$ 2,350.00	\$ 2,350.00	\$ -
	TOTAL	\$ 66,850.00	\$ 73,417.50	\$ (6,567.50)

GROUNDWATER LEVELS
(feet below ground surface)

JFM AMJ JAS OND
1st Qtr 2nd Qtr 3rd Qtr 4th Qtr

	2011				2012				2013				2014				2015				2016				2017				2018			
	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr	1qtr	2qtr	3qtr	4qtr
CUCAMONGA BASIN	-219	-190	-201	-191	-211	-192	-202	-195	-191	-199	-210.5	-213	-202	-230	-255	-238	-239	-239	-249	-259	-251	-251	-261	-280	-301	-296	-312	-298	-305	-313	-321	-324
CHINO BASIN	-333	-295	-289	-296	-309	-307	-341	-328	-368	-353	-341.3	-385	-357	-391	-409	-418	-423	-424	-427	-427	-430	-452	-462	-466	-451	-441	-441	-442	-450	-451	-468	-473
SIX BASINS																																
Six Basins																																
Well 26 & 27A & 25A	-306	-262	-279	-271	-282	-322	-358	-347	-380	-385	-448	-421	-477	-425	-439	-454	-450	-428	-459	-439	-467	-472	-528	-482	-447	-463	-547	-451	-525	-432	-506	-437
Well 28	-256	-240	-262	-262	-265	-268	-271	-273	-277	-278	-279.4	-280	-281	-280	-280		-277	-281	-282	-283	-283	-283	-284	-286	-283	-270	-270	-272	-267	-277	-281	-283

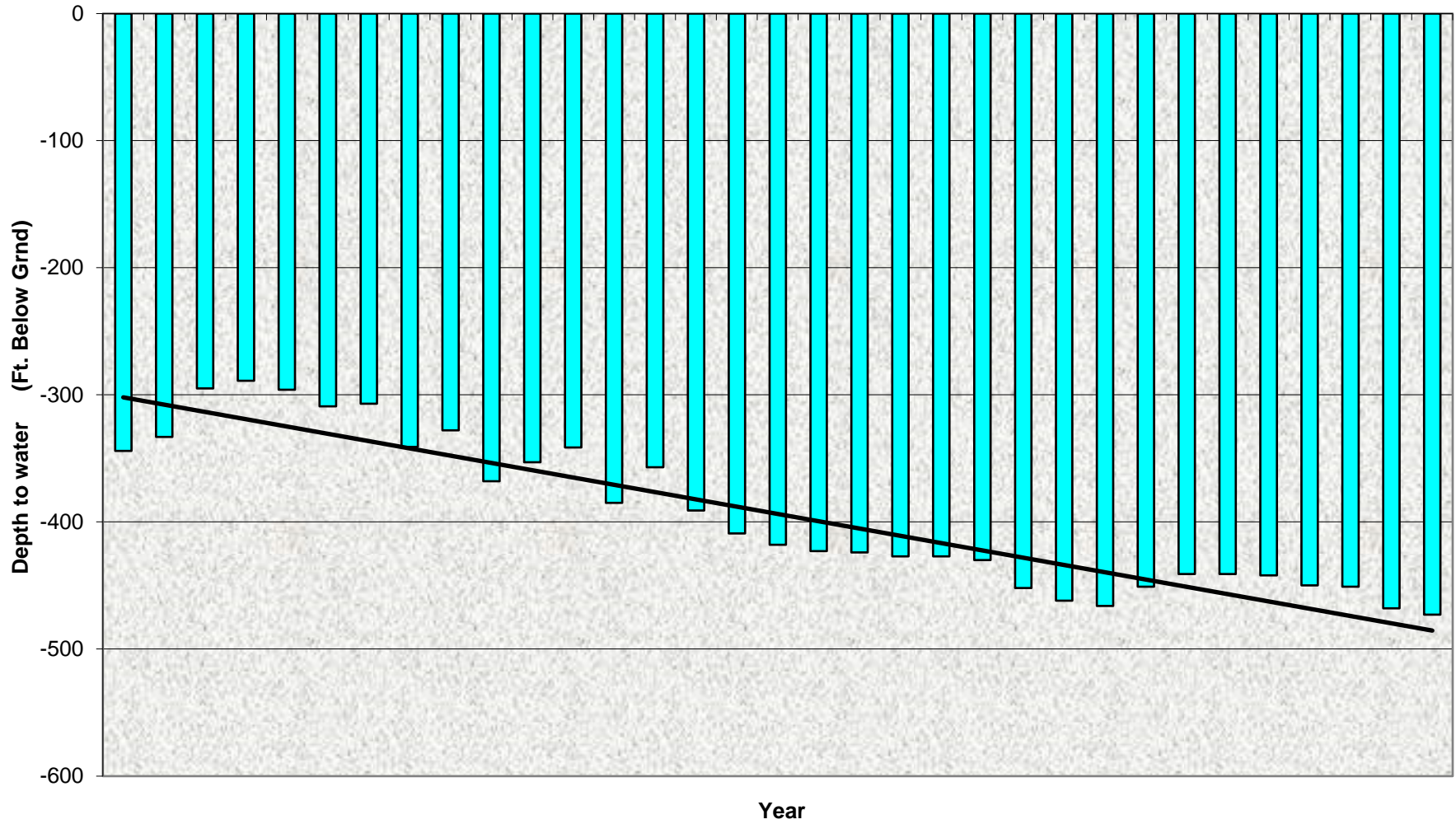
* six basin levels come from well 25A only, the other wells (26&27A) were not shut down during the third quarter 2017.

Static water levels for Cucamonga Basin wells 2, 3, 22, 24, 31, 32

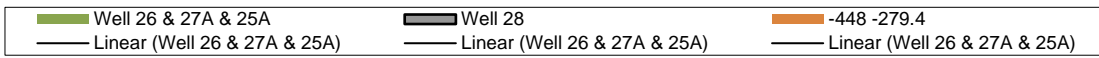
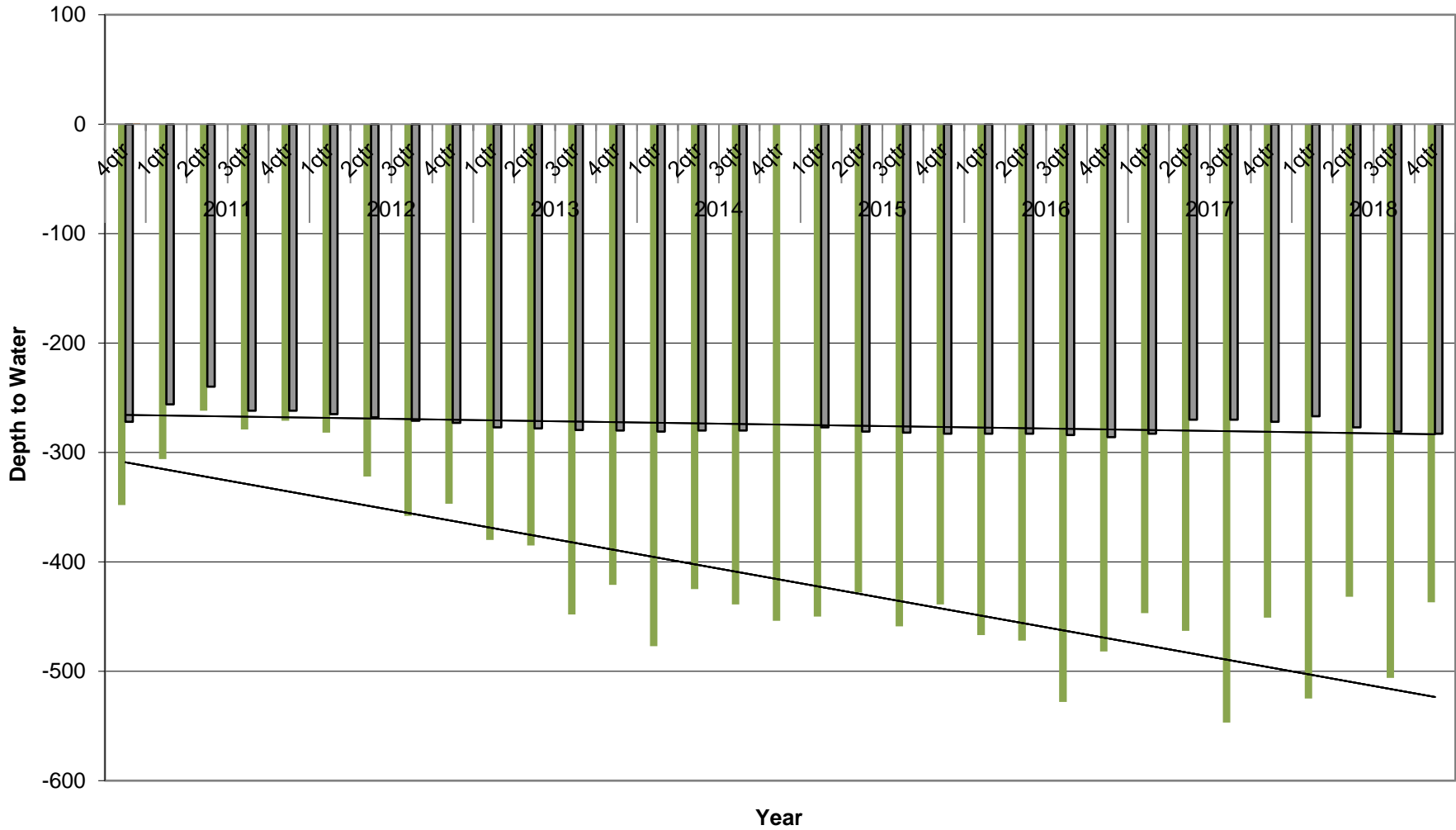
Static water levels for Chino Basin wells 15, 16

Static water levels for 6 Basin wells 25a, 26 and 27a

Chino Basin Water Levels



Six Basins



Agenda Item No. 6A

Title: Annual Shareholder's Meeting - Appointment of Inspectors of Election

Purpose:

To appoint Inspectors of Election for the Annual Shareholders meeting scheduled for April 9, 2019 at City Hall at 6pm.

Issue:

Does the Board wish to appoint Inspectors of Election at this time?

Manager's Recommendation:

Reappoint the same Inspectors from previous Annual Meetings/elections.

Background:

Pursuant to the By-laws, the annual meeting of the Shareholders shall be held each year on a date and time designated by the Board of Directors. Directors shall be elected at this time as well as conducting other business transactions as appropriate. There are three director positions up for re-election this year; Sue Sundell, Will Elliott and John Gerardi.

Before any meeting of Shareholders, the Board may appoint any persons other than nominees for office to perform duties as inspectors of election. From 2013 to 2018 Pete Cherbak, Betty Garrison, and Donna Hawthorne performed the duties of the Inspectors of Election and have agreed to perform these duties at the 2019 Annual Meeting if elected to do so.

Previous Actions:

The Shareholder's meeting in 2018 took place on Tuesday, April 10th at 6pm at the City of Upland, City Hall. Inspectors of Election duties were performed by Pete Cherbak, Betty Garrison, and Donna Hawthorne.

Impact on the Budget:

None

Agenda Item No. 6B

Title: Adoption of Section 457(b) retirement plan for General Manager

Purpose:

Provide retirement benefits consistent with General Manager's employment contract.

Issue:

Creation of a tax deferred retirement plan for General Manager.

Manager's Recommendation:

Adopt Resolution 2019-01-01 authorizing creation of a 457(b) retirement plan for the General Manager, consistent with employment agreement. Authorize Company to execute necessary documents to create a 457(b) retirement plan.

Background:

The Company's 401(k) retirement plan provides a graduated percentage increase according to an established schedule based on years of service, eventually reaching 7.5% of annual salary. As a condition of employment, the Company agreed to fund the General Manager's retirement account at 7.5% of annual salary starting on the first day of employment. Therefore, an alternative retirement account is necessary for the General Manager.

A 401(a) plan was originally proposed as a similar instrument to a 401(k) that would allow the General Manager the agreed-upon full Company tax-deferred contribution. After legal review it was determined that the IRS would likely not allow a 401(a) tax-deferred plan without putting the Company's 401(k) plan at risk.

In brief:

- If the IRS views the Company's retirement plans as 'governmental', a 401(a) would be available, but a 401(k) would not.
- If the IRS views the Company's retirement plans as 'non-governmental', the 401(a) plan is not tax-deferred.
- A non-governmental 401(a) plan has additional restrictions that the Company would likely not meet regarding equitable treatment of retirement plans.

After considerable discussion between the GM, AGM, Company Legal Counsel and a Tax Counsel, it was agreed that a 457(b) plan would be the most comparable alternative to the Company's 401(k) plan but allowing full Company contribution. The biggest difference between a 401(k) and 457(b) plan is 'ownership' of the deposited funds. Funds deposited into a 401(k) plan immediately become the property of the employee. Funds deposited in a 457(b) plan remain the property of the Company until eligible withdrawal by the employee. The Company agrees to hold the funds 'in trust' for the employee. The 457(b) funds remain 'at risk' from creditors should the Company declare bankruptcy.

Participation in the 457(b) plan would not restrict the General Manager's participation in the Company's 401(k) plan when eligible. Employee contribution in the 401(k) plan would include matching Company contributions unless the 401(k) plan is modified.

January 15, 2019

Previous Actions:

General Manger's Employment Contract.

Impact on the Budget:

None

RESOLUTION NO. 2019-01-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN ANTONIO WATER COMPANY APPROVING THE ADOPTION OF A SECTION 457 DEFERRED COMPENSATION PLAN AND TRUST AGREEMENT

WHEREAS, San Antonio Water Company (“SAWC”) desires to establish an eligible deferred compensation plan in accordance with Section 457(b) of the Internal Revenue Code; and

WHEREAS, SAWC also desires to establish a trust agreement to hold the assets of the Section 457(b) deferred compensation plan;

WHEREAS, SAWC has reviewed the proposed documents prepared by Best Best & Krieger LLP, comprising the San Antonio Water Company Eligible Deferred Compensation Plan and trust agreement (“457 Plan Documents”), to establish an eligible deferred compensation plan and related trust; and

WHEREAS, the Board desires to authorize the President of the Board of Directors of SAWC, or his or her designee, to execute the proposed 457(b) Plan Documents on behalf of SAWC, along with any future amendments that contain only non-substantive and/or administrative changes to the plan documents.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the San Antonio Water Company, as follows:

Section 1. San Antonio Water Company hereby adopts the 457 Plan Documents heretofore considered and discussed, to establish the San Antonio Water Company Eligible Deferred Compensation Plan and related trust, effective January 1st, 2019, for the benefit of the eligible SAWC employees.

Section 2. That the Board hereby authorizes the President of the Board to duly execute the 457 Plan Documents on behalf of the SAWC, as well as any additional documents and agreements required to establish and administer the 457(b) Plan.

Section 3. That the Assistant General Manager, or his or her designees, shall be the coordinator for the 457 Plan; shall receive reports notices, etc., from the appointed brokerage company; and may delegate any administrative duties relating to the 457 Plan to appropriate individuals or departments.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the San Antonio Water Company held on the ____ day of January, 2019.

AYES:
NOES:
ABSTAIN:
ABSENT:

Date

President

ATTEST:

Secretary/Treasurer

**SAN ANTONIO WATER COMPANY
ELIGIBLE DEFERRED COMPENSATION PLAN**

SUMMARY OF CHARACTERISTICS

1. Who Can Participate. Section 457(b) “top hat” plans like the San Antonio Water Company Eligible Deferred Compensation Plan (“Plan”) limit participation to a select group of management or highly compensated employees. Participation in the Plan is limited to the General Manager of the San Antonio Water Company.

2. Tax Treatment. Compensation deferred, and any income attributable to such deferred compensation, are includible in gross income for the tax year in which the compensation or other income is paid or otherwise “made available” to the participant or other beneficiary. Amounts are not considered “made available” until the earliest date on which the amounts are payable after severance from employment.

3. Unfunded Plan. All deferred compensation and all income of the plan must remain solely the property of the employer, subject only to the claims of the employer’s general creditors.

4. Deferrals.

(a) Non-Elective Deferrals. San Antonio Water Company (“Employer”) contributes an amount equal to seven and one-half percent (7.5%) of the General Manager’s annual salary each year. The Employer contributions are referred to as “Nonelective Deferred Compensation.”

(b) Elective Deferrals. The General Manager may also elect to defer a portion of his or her salary pursuant to the terms of a compensation reduction agreement. The compensation reduction agreement must be entered into, and submitted to the Assistant General Manager at least five (5) business days prior to the payroll period for which it is to be effective.

5. Deferral Limits. The Plan provides that the maximum amount that may be deferred—including both non-elective and elective deferrals—under the Plan for a tax year may not exceed the lesser of:

- Nineteen thousand dollars (\$19,000.00) or such larger amount as may be permitted by the Secretary of the Treasury pursuant to Code section 457(e)(15)(B); or
- One hundred percent (100%) of the Participant’s Includible Compensation for such calendar year.

A limited catch-up rule applies under which for one or more of the last three years before the General Manager reaches “normal retirement age” the limit on deferrals is the lesser of:

- Twice the applicable dollar amount of the Plan ceiling the current tax year (see above), or
- The sum of:

- The Plan ceiling for the tax year, plus
- The unused amount of Plan ceilings from previous years.

Age 50 catch-up contributions are not an option under the Plan.

The deferral limit applies not only to the Plan, but also to the individual participant. The amounts an individual participant defers under *all* Section 457(b) plans he or she participates in cannot exceed the limit set forth above. Excess deferrals (deferrals in excess of the deferral limit) must be distributed no later than April 15 following the close of the tax year of the excess deferrals if the Plan is to remain an eligible Section 457(b) plan.

6. Distributions. Under the Plan amounts may not be paid or “made available” to participants earlier than:

- The calendar year when the participant reaches age seventy and one-half (70 1/2);
- The participant’s severance from employment with the employer;
- Distributions of a specified small amount (\$5,000 or less);
- A distribution required under a qualified domestic relations order (QDRO); or
- In certain circumstances, upon plan termination.

Eligible deferred compensation plans are subject to the required minimum distribution requirements under Section 409(a), which require generally that payment of deferred compensation commences no later than the April 1 of the calendar year following the calendar year in which the participant attains age seventy and one-half (70 1/2) or retires, whichever occurs later.

**SAN ANTONIO WATER COMPANY
ELIGIBLE DEFERRED COMPENSATION PLAN**

RECITALS

A. San Antonio Water Company (“Employer”) hereby adopts the San Antonio Water Company Eligible Deferred Compensation Plan (“Plan”) for the exclusive benefit of its General Manager and his or her beneficiaries.

B. The Employer is exempt from tax pursuant to section 501(c)(12) of the Internal Revenue Code of 1986, as amended (the “Code”), and is an eligible employer within the meaning of section 457(e)(1)(B) of the Code.

C. The Plan is intended to constitute an eligible deferred compensation plan within the meaning of section 457(b) of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations issued by the Internal Revenue Service.

D. The Employer hereby adopts the Plan, effective January 1st, 2019.

**ARTICLE I
GENERAL**

1.1 Income Tax And ERISA Status.

(a) This Plan is intended to be an “eligible deferred compensation plan” as that term is defined in Code section 457(b), such that the Employees who participate in the Plan will have gross income by virtue of the operation of the Plan only in the taxable year in which amounts deferred under the Plan are paid to the participating Employees or their Beneficiaries.

(b) This Plan is intended to qualify as an unfunded plan of deferred compensation that is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, as membership in such group is determined in accordance with sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. The Plan is intended to be exempt from the requirements of ERISA title I, parts 2, 3, and 4, as a “top hat” plan and is intended to comply with the alternative reporting requirements for top hat plans prescribed under ERISA.

(c) It is understood that the amounts payable to the Participants under this Plan are strictly from the general assets of the Employer and that the Participants have no greater rights to the general assets of the Employer than any other unsecured general creditor. The Employer may, in its sole and absolute discretion, establish a “rabbi trust” as a means of setting aside a portion of its general assets for the payment of benefits under this Plan. However, the Employer shall be under no obligation to establish such a trust nor shall the Employer establish such a trust if its establishment or existence would in any way cause this Plan to be anything other than an unfunded plan of deferred compensation under ERISA and the Code. The

Employer shall in no event establish such a trust unless it is impossible under the terms of the trust for any trust assets to be located at the time of set aside, or subsequently transferred, outside the United States.

1.2 Plan Administrator. The Employer or person(s), individual(s) or an administrative committee appointed by the Employer, shall be the Administrator of the Plan. The Administrator may engage the services of one or more third parties to assist the Administrator with the administration of the Plan.

1.3 Defined Terms. All initially capitalized terms (other than headings) are defined terms and will be defined in the General Definitions article.

ARTICLE II DEFINITIONS

The following terms, when used herein, shall have the following meaning, unless a different meaning is clearly required by the context.

2.1 Account. “Account” means the book account maintained by the Administrator for each Participant representing the Participant’s Deferred Compensation as adjusted for withdrawals, and the earnings and losses thereon. “Account” also means the separate book account(s) maintained by the Administrator for each Participant representing the amounts transferred to the Plan on behalf of the Participant pursuant to the Transfers From Other Plans section, below.

2.2 Administrator. “Administrator” means the person(s), individual(s) or committee appointed by the Employer from time to time with authority and responsibility to manage and direct the operation and administration of the Plan. If the Employer does not appoint an Administrator, the Employer shall be the Administrator.

2.3 Beneficiary. “Beneficiary” means any one or more person(s) entitled under the provisions of this Plan to receive benefits after the death of a Participant.

2.4 Code. “Code” means the Internal Revenue Code of 1986, as it may be amended from time to time.

2.5 Compensation And Includible Compensation. The terms “Compensation” and “Includible Compensation” are defined in this section.

(a) Compensation. Except as otherwise provided, “Compensation” means:

(1) Basic Compensation. “Compensation means Includible Compensation.

include: (2) Exclusions From Compensation. “Compensation” shall not

(i) Noncash compensation, reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation, and welfare benefits, even if includible in gross income.

(ii) Any amount which is contributed by the Employer pursuant to a salary reduction agreement and which is not includible in the gross income of the Employee under Code section 125, 132(f)(4), 402(e)(3), 402(h)(1)(B) or 402(k).

(iii) Accumulated sick pay, accumulated vacation pay, or back pay for a Participant who has not had a Severance From Employment.

(3) Adjustments To Compensation. For the purpose of determining contributions under the Plan, Compensation shall include only amounts that were paid while the Employee is a Participant.

(4) Payments After Severance From Employment. “Compensation” shall not include any amounts paid after the Employee has a Severance From Employment, as described in Treasury regulations section 1.415(c)-2(e)(3) except for payments to an individual who does not currently perform services for the Employer by reason of qualified military service (within the meaning of Code section 414(u)(1)) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering qualified military service.

(b) Includible Compensation.

(1) Includible Compensation In General. “Includible Compensation” means the Employee’s “compensation” as determined under Code section 415(c)(3), including any amount contributed or deferred by the Employer at the election of the Employee that is not includible in the gross income of the Employee under Code section 125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b). Compensation shall be determined without regard to any community property laws.

(c) Differential Wage Payments. “Includible Compensation” shall include differential wage payments to Participants on active duty to the extent required by the provisions of Code section 414(u)(12)(A)(ii), the Treasury regulations thereunder and any subsequent guidance issued under Code section 414(u)(12)(A)(ii).

(d) Payments After Severance From Employment. “Includible Compensation” includes amounts paid after the Employee’s Severance From Employment if paid by the later of (i) two and one-half (2-1/2) months after the Employee’s Severance From

Employment, or (ii) the end of the calendar year that includes the date of the Employee's Severance From Employment subject to the following requirements:

(1) The payment is regular compensation for services during the Employee's regular working hours, or compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments and the payment would have been made to the Employee prior to a Severance From Employment if the Employee had continued in employment with the Employer.

(2) The payment is for unused accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if the employment with the Employer continued.

(3) Notwithstanding the provisions of this Payments After Severance From Employment paragraph, Includible Compensation shall include all payments to an individual who does not currently perform services for the Employer by reason of qualified military service (within the meaning of Code section 414(u)(1)) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering qualified military service.

2.6 Deferred Compensation. "Deferred Compensation" means either Elective Deferred Compensation or Nonelective Deferred Compensation.

2.7 Designated Beneficiary. "Designated Beneficiary" means the individual who is designated as the Participant's Beneficiary and is the designated beneficiary under Code section 401(a)(9) and Treasury regulations section 1.401(a)(9)-4.

2.8 Distribution Calendar Year. "Distribution Calendar Year" means a calendar year for which a minimum distribution is required under Code section 401(a)(9), the Treasury regulations promulgated thereunder, and the provisions of the Plan that implement these requirements. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year that contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin under the Payment Of Death Benefits section, below.

2.9 Elective Deferred Compensation. "Elective Deferred Compensation" means the amount of the Participant's Compensation, not yet earned by the Participant that the Participant designates as the amount that shall be deferred in accordance with the provisions of this Plan.

2.10 Employee. "Employee" means an individual who is employed by the Employer as a common law employee of the Employer.

2.11 Employer. "Employer" means the San Antonio Water Company, and predecessor employer and any successor assuming the Plan.

2.12 ERISA. “ERISA” means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

2.13 Nonelective Deferred Compensation. “Nonelective Deferred Compensation” means the amount, if any, of Compensation deferred by the Employer under the Plan for the Participant that is not subject to an election by the Participant to receive such amount in cash or property.

2.14 Normal Retirement Age. “Normal Retirement Age” means the age designated by the Participant between:

(a) The earlier of (i) age sixty-five (65) and (ii) the earliest age at which the Participant has the right to retire under the Employer’s basic retirement plan without the Employer’s consent and to receive immediate retirement benefits without actuarial or similar reduction because of some later specified age in the Employer’s basic retirement plan; and

(b) Age seventy and one-half (70-1/2).

2.15 Participant. “Participant” means any Employee who is selected by the Employer to participate in the Plan, as provided in the Eligibility And Participation article, below, who commenced participation in the Plan and is or may become eligible to receive a benefit under the Plan, or whose Beneficiary(ies) may be eligible to receive any such benefit.

2.16 Plan. “Plan” means the San Antonio Water Company Eligible Deferred Compensation Plan.

2.17 Required Beginning Date. “Required Beginning Date” means April 1 of the calendar year following the later of (i) the calendar year in which the Participant attains age seventy and one-half (70-1/2) or (ii) the calendar year in which the Participant retires.

2.18 Severance From Employment. “Severance From Employment” means the Employee ceases to be an Employee of the Employer within the meaning of Code section 457(d)(1)(A)(ii). A Participant shall be deemed to have severed employment with the Employer for purposes of this Plan when both parties consider the employment relationship to have terminated and neither party anticipates any future employment of the Participant by the Employer.

2.19 USERRA. “USERRA” means the Uniformed Services Employment And Reemployment Rights Act of 1994, as it may be amended from time to time.

2.20 Valuation Date. “Valuation Date” means each day of the year for which current valuation information regarding a Participant’s account is available.

ARTICLE III
ELIGIBILITY AND PARTICIPATION

3.1 Eligible Employees; Excluded Employees. The only Employee who is eligible to participate in this Plan is the Employer's General Manager. This Plan excludes all other Employees.

3.2 Commencement Of Participation. The General Manager shall be eligible to participate in the Plan effective as of January 1st, 2019.

3.3 Enrollment. An Employee who has been selected to participate in the Plan shall participate in the Plan by entering into such agreements with the Employer and completing such forms as the Employer may require. The Participant shall set forth (i) the amount of the Participant's Elective Deferred Compensation for each Plan Year, in accordance with the Deferrals article, below, and (ii) the Participant's Beneficiary in accordance with the Payment Of Death Benefits section, below.

3.4 Participation. By becoming a Participant, the Employee agrees to be bound by all terms, conditions and covenants of this Plan as then in effect or as thereafter amended.

3.5 Beneficiary Designation.

(a) Each Participant shall have the right to designate, in writing, on forms provided by the Administrator, a Beneficiary or Beneficiaries to receive the Participant's death benefits, and shall have the right, at any time, to revoke such designation or to substitute another such Beneficiary or Beneficiaries without the consent of any Beneficiary. A Beneficiary shall not be changed except with the signed acknowledgment of the Administrator.

(b) If a Participant has designated the Participant's spouse as the Participant's Beneficiary under this Plan, such designation shall be deemed to have been revoked in the event of a judgment, decree, order, or approval of a settlement agreement, issued either (i) by a court of competent jurisdiction, or (ii) through an administrative process established under State law having the force and effect of law under applicable State law, dissolving such marriage, unless the Participant designates the Participant's ex-spouse as the Participant's Beneficiary by a new designation signed by the Participant and delivered to the Administrator after the entry of such judgment, decree, order or approval of a settlement agreement and prior to the Participant's death.

(c) If, upon the death of a Participant, there is no valid designation of Beneficiary on file with the Administrator, or the Participant's Beneficiary is not alive, the Administrator shall designate as the Beneficiary, in order of priority:

- (1) The surviving spouse;
- (2) The surviving children, including adopted children, in equal shares or their issue, by right of representation; or

- (3) Surviving parents in equal shares; or
- (4) The Participant's heirs at law.

The determination of the Administrator as to which persons, if any, qualify within the aforementioned categories shall be final and conclusive upon all persons, but the Administrator may seek a declaratory judgment of a court of competent jurisdiction to determine the identity of Beneficiaries and their respective shares at the expense of the Participant's Account.

3.6 Military Leaves.

(a) Each period served by a person in the uniformed services shall, upon reemployment under USERRA, be deemed to constitute service with the Employer maintaining the Plan for the purpose of determining the accrual of benefits under the Plan, all to the extent required by and as provided under USERRA. Notwithstanding any provision in the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code section 414(u).

(b) The Plan specifically incorporates herein by reference the requirements of Code section 401(a)(37), the Treasury regulations thereunder and any subsequent guidance under Code section 401(a)(37) requiring that if a Participant dies while performing qualified military service (as defined in Code section 414(u)), the Beneficiary(ies) of the Participant shall be entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan had the Participant resumed employment on the date before the Participant's date of death and then had a Severance From Employment on account of death.

(c) For purposes of the Restrictions On Distributions subsection of the Commencement Of Payment Of Benefits section, below, a Participant shall be treated as having a Severance From Employment during any period the Participant is performing service in the uniformed services described in Code section 3401(h)(2)(A). If a Participant elects to receive a distribution from the Plan as result of the application of this subsection, the Participant may not make Elective Deferred Compensation to the Plan during the six (6) month period beginning on the date of the distribution.

3.7 Termination Of Participation.

(a) A Participant will cease to be a Participant on the earliest of the following dates:

- (1) The date of the death of the Participant;
- (2) The date of the termination of the Participant's employment with the Employer for any reason;

(3) The date of the Participant's failure to continue to be eligible to participate under the terms of the Plan;

(4) The termination of the Participant's participation in the Plan as determined by the Employer in its sole and absolute discretion;

(5) The distribution of all of the Participant's benefits under the Plan; or

(6) The date of the termination of the Plan in accordance with the Plan Termination section, below.

(b) Termination of participation shall not affect the Participant's or the Participant's Beneficiary's right to claim benefits accrued and vested prior to such termination. However, no additional Plan benefits shall be accrued or vested after such termination.

(c) A Participant's Beneficiary designation shall survive a Participant's termination of participation.

3.8 Loss Of Eligible Employee Status. If the Administrator determines that the Participant has ceased to be the Employer's General Manager, then:

(a) All new Deferred Compensation under the Plan shall cease as of the date of the Participant's last pay check;

(b) Amounts credited to the Participant's Account shall continue to be held pursuant to the terms of the Plan and shall be distributed as provided in the Payment Of Benefits article, below; and

(c) The Participant shall retain the right to designate Beneficiary(ies) with respect to the Participant's Account.

ARTICLE IV DEFERRAL OF COMPENSATION

4.1 Employer Contributions – Elective Deferred Compensation. Each calendar year, the Employer shall credit to the Participant's Account an amount equal to the total amount of Elective Deferred Compensation elected by the Participant pursuant to this Employer Contributions – Elective Deferred Compensation section.

(a) Elective Deferred Compensation In General. Each calendar year, the Employer shall credit to the Participant's Account an amount equal to the total amount of Elective Deferred Compensation elected by the Participant pursuant to this Employer Contributions – Elective Deferred Compensation section.

(b) Compensation Reduction Agreements In General. A Participant may elect to enter into a written compensation reduction agreement with the Employer or the Administrator whereby the Participant agrees to accept a reduction in cash compensation from the Employer and to have the Employer credit the Participant's Account with such amount. Such amount shall be equal to a fixed dollar amount per payroll period as specified on the Participant's compensation reduction agreement. In addition, if any extraordinary compensation is payable to a Participant (such as a year-end bonus), the Participant may elect to enter into a separate written compensation reduction agreement with the Employer or the Administrator whereby the Participant agrees to accept a reduction in cash compensation from the Employer with respect to such extraordinary compensation equal to a fixed dollar amount of such extraordinary compensation.

(c) Compensation Reduction Agreements Requirements. A Participant's compensation reduction agreement shall be subject to the following:

(1) A compensation reduction agreement shall become effective no earlier than the first day of the calendar month next following the execution of the compensation reduction agreement and the first day of the calendar month for which the Employer can reasonably process the request. If the compensation reduction agreement has been executed on or before the Employee's first day of employment, the compensation reduction agreement shall become effective no earlier than the Employee's first day of employment with the Employer or the first day of the calendar month for which the Employer can reasonably process the request.

(2) Thereafter, the compensation reduction agreement shall apply to each payroll period during which a compensation reduction agreement is on file with the Employer or the Administrator; provided, however, that a compensation reduction agreement with respect to any extraordinary compensation shall apply only to that extraordinary compensation and shall not affect the Participant's compensation reduction agreement then in effect with respect to each payroll period.

(3) Except as provided below, a Participant's compensation reduction agreement with respect to each payroll period (i.e., not a compensation reduction agreement with respect to any extraordinary compensation) may be entered into or amended by a Participant at such times as the Employer shall prescribe for the purpose of:

(i) Decreasing the amount of such Participant's compensation which is subject to compensation reduction during the remainder of such calendar year; or

(ii) Increasing the amount of such Participant's compensation that is subject to compensation reduction during the remainder of such calendar year.

Any such modified compensation reduction agreement shall provide that the Employer shall provide the Employee with

modified Elective Deferred Compensation effective no earlier than the first day of the calendar month next following the execution of the modified compensation reduction agreement.

(4) A Participant may revoke the Participant's compensation reduction agreement then in effect with respect to each payroll period at any time, thereby ceasing Elective Deferred Compensation as of first day of the next following payroll period. A Participant who has revoked the Participant's compensation reduction agreement may again become an active Participant in accordance with rules established by the Employer. Any subsequent compensation reduction agreement shall provide that the Employer shall provide the Employee with Elective Deferred Compensation effective no earlier than the first day of the calendar month next following the execution of the subsequent compensation reduction agreement.

(5) The aggregate amount of a Participant's Deferred Compensation during a calendar year shall not exceed the amount that would cause the Plan to violate the provisions of the Limitation On Contributions And Benefits article, below, and which shall take into account the provisions of the Employer Contributions – Nonelective Deferred Compensation section, below. The Employer may modify or revoke its compensation reduction agreement with any Participant at any time if the Employer determines that such revocation or amendment is necessary to ensure that the Plan will not exceed this limitation.

(6) Except as provided above, a compensation reduction agreement applicable to any given calendar year, once made, may not be revoked or amended by the Participant or the Employer.

4.2 Employer Contributions – Nonelective Deferred Compensation. Unless or until changed, the Nonelective Deferred Compensation contributed by the Employer under this Plan on behalf of the General Manager shall be equal to 7.5% of his or her annual salary for each calendar year. The amount of the Nonelective Deferred Compensation shall be pro-rated based on the General Manager's actual period of employment during the calendar year should his participation commence on a day other than the first day of a calendar year or end before the last day of a calendar year.

4.3 Transfers From Other Plans. If (i) an Employee is entitled to benefits under this Plan, (ii) such Employee was previously covered by a Code section 457(b) eligible deferred compensation plan maintained by an employer that is an eligible employer within the meaning of Code section 457(e)(1)(B), and (iii) such plan provided for the transfer of such benefits pursuant to the provisions of Code section 457(e)(10) and the Treasury regulations promulgated thereunder, then this Plan will accept the transfer of such amounts if the Employer is satisfied, in its sole and absolute discretion, that such transfer and acceptance is permissible under Code section 457.

ARTICLE V ACCOUNTS

5.1 Establishment Of Accounts. The Administrator shall establish and maintain an Account in the name of each Participant.

5.2 Account Adjustments.

(a) As of each Valuation Date, each Participant's Account shall be adjusted for the amount of the earnings or losses attributable to the Participant's Account since the preceding Valuation Date, taking into account the Deferred Compensation for each such period as of the date when such amounts were credited to the Participant's Account, and taking into account any distributions from the Participant's Account during such period; and

(b) Except as otherwise provided herein, all expenses associated with the implementation and administration of the Plan shall be paid by the Employer and the Participants' Accounts shall not bear any expense of the implementation or administration of the Plan.

5.3 Crediting Of Nonelective Deferred Compensation. A Participant's share of the Nonelective Deferred Compensation, if any, for a calendar year shall be credited to the Participant's Account as soon as administratively feasible after the last day of such calendar year or at such other times as the Employer or the Administrator may direct in its sole and absolute discretion.

5.4 Crediting Of Elective Deferred Compensation. The Elective Deferred Compensation shall be credited to the Accounts of those Participants making the election for a contribution to the Plan under the Elective Deferred Compensation section, above, in the amount so elected by each Participant. Elective Deferred Compensation, if any, will be credited as soon as administratively feasible after the date when such amount would have been paid to the Participant, in the absence of the Participant's deferral election.

ARTICLE VI LIMITATION ON CONTRIBUTIONS AND BENEFITS

6.1 Limitations In General. The maximum amount of Deferred Compensation under the Plan for any Participant for any calendar year, taken into account at its present value and including Elective and Nonelective Deferred Compensation, shall not exceed the lesser of:

(a) Nineteen thousand dollars (\$19,000.00) or such larger amount as may be permitted by the Secretary of the Treasury pursuant to Code section 457(e)(15)(B); or

(b) One hundred percent (100%) of the Participant's Includible Compensation for such calendar year.

6.2 Limitations – Last Three Years Of Participation. In any of the Participant's last three (3) years ending before the Participant's Normal Retirement Age, instead

of the amount set forth in the Limitations In General section, above, the maximum amount of Deferred Compensation under the Plan for the Participant for the calendar year, taken into account at its present value, shall not exceed the lesser of:

(a) Two (2) times the dollar amount set forth in subsection A of the Limitations In General section, above (e.g., thirty-eight thousand dollars (\$38,000) in 2019); or

(b) The sum of:

(1) The limitation established for purposes of the Limitations In General section, above, for the year, determined without regard to this Limitations – Last Three Years Of Participation section; plus

(2) So much of the limitation established for purposes of the Limitations In General section, above, for years before the year that has not previously been used under the Limitations In General section, above, or this Limitation – Last Three Years Of Participation section; provided, however, that taxable years commencing before January 1, 1979 and taxable years when the Participant was not a Participant shall not be taken into account.

6.3 Distribution Of Excess Deferred Compensation.

(a) The maximum amount of the Compensation that any individual may defer under Code section 457(a) during any taxable year under the Plan and any other eligible deferred compensation plans shall not exceed the limitation set forth in this Limitation On Contributions And Benefits article.

(b) If a Participant's Deferred Compensation for the calendar year would be more than the amount permitted (Excess Deferred Compensation), the following provisions shall apply:

(1) Any direction for such Excess Deferred Compensation consisting of Elective Deferred Compensation shall be invalid and the directed deferral shall not be made. Excess Deferred Compensation consisting of Nonelective Deferred Compensation shall not be assigned to any such Participant's Account.

(2) Notwithstanding any other provision of the Plan, Excess Deferred Compensation consisting of Elective Deferred Compensation under the Plan and any other Code section 457(b) eligible deferred compensation plan(s) maintained by the Employer, computed without regard to any other Code section 457(b) eligible deferred compensation plan(s) maintained by any employer(s) other than the Employer, and any income allocable to such amount shall be distributed from the Plan or such other plan(s), as determined by the Administrator in its sole and absolute discretion, no later than the first April 15 following the close of the year of the Excess Deferred Compensation, to each Participant to whose Account Excess Deferred Compensation was assigned for the preceding calendar year.

(3) If Excess Deferred Compensation occurs solely because of combined Deferred Compensation under (i) the Plan and any other Code section 457(b) eligible deferred compensation plan(s) maintained by the Employer and (ii) any other Code section 457(b) eligible deferred compensation plan(s) maintained by any employer(s) other than the Employer, the Plan (or any other Code section 457(b) eligible deferred compensation plan(s) maintained by the Employer, as determined by the Administrator in its sole and absolute discretion) may distribute the Excess Deferred Compensation and any income allocable to such amount, as soon as administratively practicable after the Administrator determines that the amount is Excess Deferred Compensation, to each Participant to whose Account Excess Deferred Compensation was assigned for the preceding calendar year. Each such Participant shall notify the Employer or the Administrator of how much Excess Deferred Compensation the Administrator should distribute from the Plan (or any other Code section 457(b) eligible deferred compensation plan(s) maintained by the Employer) in accordance with rules established by the Administrator.

ARTICLE VII PAYMENT OF BENEFITS

7.1 Measure Of Benefits. Except as otherwise indicated, the benefit distributable to a Participant upon Severance From Employment, or to the Participant's Beneficiary or Beneficiaries in the event of the Participant's death, shall be the Participant's Account.

7.2 Method Of Payment Of Benefits. The Administrator shall determine the amount of the Participant's Account and the time when benefit payments commence. The Administrator shall distribute the Participant's Account in accordance with the method of payment of benefits selected by the Participant (or the Beneficiary of a deceased Participant) in accordance with the following provisions:

(a) Form Of Distribution. Except as otherwise provided under the Plan, the Participant (or where the Participant has died, the Participant's Beneficiary) shall receive the Participant's benefit, in the form of:

- (1) A single-sum distribution;
- (2) Annual or more frequent (but not more frequently than monthly) installments as nearly equal as practicable over a fixed period of years not to exceed the Participant's life expectancy, with each annual installment equal to the quotient derived by dividing the value of the Participant's Account as of the Valuation Date immediately preceding the payment by the number of installments remaining to be paid at the time of such payment; provided, however, that the last annual installment shall be an amount equal to the remaining amount in the Participant's Account on the day of the distribution; or
- (3) A combination of these methods.

(b) Incidental Benefits. Death and other nonretirement benefits payable under the Plan shall be incidental to the primary purpose of the Plan. Thus, distributions to the Participant under the Plan shall be in sufficient amounts so that the relationship of a Participant's total benefits under the Plan to the deferred compensation payable to the Participant under the Plan is such that the primary purpose of the Plan is to provide deferred compensation to the Participant, all as required by Code section 401(a)(9)(G) and the Treasury regulations promulgated thereunder.

(c) Transfers To Other Code Section 457(b) Plans. If (i) a Participant has a Severance From Employment, (ii) such Participant is entitled to benefits under this Plan, (iii) such Participant is subsequently employed by another employer that is an eligible employer within the meaning of Code section 457(e)(1)(B), and (iv) such employer maintains a Code section 457(b) eligible deferred compensation plan, the Participant may request (before the Participant's Account is paid) that the Participant's Account under the Plan shall not be distributed to the Participant, but shall be transferred to such employer's plan; provided that:

(1) Such employer and such employer's plan will accept the transfer;

(2) Such a transfer in no way reduces such employer's obligations to the Participant under such employer's plan;

(3) Such transfer is accomplished in accordance with the requirements of Code section 457(e)(10) and the Treasury regulations promulgated thereunder; and

(4) The Employer and the Participant have entered into such agreements as the Employer deems necessary or appropriate, in the Employer's sole and absolute discretion, to assure that the Employer's obligations to pay benefits to the Participant under this Plan have been fulfilled by virtue of such a transfer and that the Employer shall have no further obligations to the Participant under the Plan.

The Employer may require such documentation as it deems necessary or appropriate, in its sole and absolute discretion, from the other employer in order to ensure that the requirements set forth above have been satisfied, and in order to effect the transfer.

(d) Distribution Elections. Elections under this Payment Of Benefits article shall be made in such form and manner as the Administrator may specify from time to time. If the Participant fails to elect a form of distribution, the form of distribution shall be a single-sum distribution.

7.3 Commencement Of Payment Of Benefits.

(a) Benefits Commencement In General.

(1) Subject to the provisions of the Required Minimum Distributions subsection, below, and except as otherwise provided in this Plan, the payment of a Participant's benefits under this Plan shall be made on the date that is sixty

(60) days after the Participant's Severance From Employment with the Employer (First Permissible Payout Date).

(2) A Participant may irrevocably elect, before the date that is thirty (30) days after the Participant's Severance From Employment with the Employer, not to receive a distribution at the First Permissible Payout Date. In the event of such an election, the Participant's benefits under this Plan shall be paid to the Participant in one of the forms elected by the Participant in the election commencing at the time specified by the Participant in such election (which cannot be before the first Permissible Payout Date).

(3) A Participant, who has made the election permitted in the preceding paragraph, may also elect, after the First Permissible Payout Date but before commencement of distributions under the Plan (other than distributions under the Distributions Upon An Unforeseeable Emergency Benefits section, below), to defer commencement of distributions under the Plan, to a date that is after the date originally selected by the Participant. Only one (1) such additional deferral election can be made by a Participant.

(4) A Participant, who has made either (i) the initial election or (ii) both the initial election and the additional election permitted under the preceding paragraphs, may also irrevocably elect, after such election(s), but before the date that is thirty (30) days before commencement of distributions under the Plan (other than distributions under the Distributions Upon An Unforeseeable Emergency Benefits section, below), the method of payment under the Plan. If no such election as to the method of payment is made, the distribution will be made in accordance with the method elected by the Participant in the Participant's initial election.

(b) Required Minimum Distributions.

(1) Notwithstanding anything contained in the Plan to the contrary, the Participant's entire interest either (i) will be distributed to the Participant not later than the Required Beginning Date, or (ii) will begin to be distributed beginning not later than the Required Beginning Date over the life of the Participant or over the lives of the Participant and the Participant's Designated Beneficiary (or over a period not extending beyond the life expectancy of the Participant or the life expectancy of the Participant and the Participant's Designated Beneficiary).

(2) The required minimum distribution for the Participant's first Distribution Calendar Year will be made on or before the Participant's Required Beginning Date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that Distribution Calendar Year.

(3) Unless the Participant's interest is distributed in the form of a single sum on or before the Required Beginning Date, as of the first Distribution

Calendar Year, distributions will be made in accordance with this Required Minimum Distributions subsection or the Payment Of Death Benefits section, below, if applicable.

(4) All minimum distributions under this subsection will be made in accordance with the provisions of Code section 401(a)(9), the Treasury regulations promulgated under Code section 401(a)(9), and any other provisions reflecting Code section 401(a)(9) that are prescribed by the Commissioner of Internal Revenue in revenue rulings, notices and other guidance published in the Internal Revenue Bulletin.

(5) The provisions of the Required Minimum Distributions subsection will override any distribution options in the Plan inconsistent with Code section 401(a)(9).

(6) This Required Minimum Distributions subsection and the provisions under the Payment Of Death Benefits section set forth the minimum required distributions pursuant to Code section 401(a)(9) and the Treasury regulations promulgated thereunder and shall not be construed as creating any payment method under the Plan not otherwise provided under the Method Of Payment Of Benefits section, provided that the method or methods of payment under the Method Of Payment Of Benefits section meet or exceed the requirements of this Required Minimum Distributions subsection.

(c) Restrictions On Distributions. Notwithstanding the foregoing provisions and except as provided in the In-Service Distributions section, below, the payment of a Participant's benefits under the Plan may not commence earlier than the earliest of:

(1) The calendar year in which the Participant attains age seventy and one-half (70-1/2); or

(2) When the Participant has a Severance From Employment.

7.4 In-Service Distributions. The Plan may distribute to a Participant, who has not had a Severance From Employment with the Employer, the total amount payable to the Participant under the Plan if all of the following requirements are satisfied:

(a) The total amount payable to the Participant under the Plan that does not exceed the greater of (i) five thousand dollars (\$5,000) or (ii) the dollar limit then in effect under Code section 411(a)(11)(A);

(b) No amount has been deferred under the Plan with respect to the Participant during the two (2) year period ending on the date of the in-service distribution;

(c) There has been no prior distribution under the Plan to such Participant under this In-Service Distributions section; and

(d) Either (i) the Participant elects to receive the distribution or (ii) the Employer determines, in its sole and absolute discretion, to make the distribution without the Participant's consent.

7.5 Payment Of Death Benefits.

(a) Upon the death of a Participant, the Participant's Account shall be paid to the Participant's Beneficiary or Beneficiaries in a single sum within ninety (90) days following the Administrator's verification of the Participant's death.

(b) Any death benefits paid under this Plan are subject to the requirements of Code section 401(a)(9).

7.6 Distributions To Incapacitated Participants. If the Administrator determines that a Participant or Beneficiary who is entitled to a payment under the Plan is not able to care for his or her affairs due to a mental condition, a physical condition, or by reason of age, the Administrator may make all benefit distributions to the Participant's or Beneficiary's parent, guardian, conservator, trustee, custodian (including under a Uniform Transfers of Gifts to Minors Act custodian) or to his or her attorney-in-fact or other legal representative upon receiving evidence of such status satisfactory to the Administrator, in its sole discretion. Payments made pursuant to the terms of this Distributions To Incapacitated Participants section shall constitute a distribution to the Participant or Beneficiary entitled thereto, and shall immediately discharge the Employer, Administrator, and the Plan of any further liability therefor. The Administrator does not have a duty to inquire or investigate the competence of any Participant or Beneficiary entitled to receive payments under the Plan.

7.7 Repayment Of Overpayment Of Benefits. By accepting payment of benefits under this Plan, the Participant or Beneficiary receiving the payment agrees that, in the event of overpayment, the Participant or Beneficiary will promptly repay the amount of overpayment without interest, upon notice by the Administrator; provided that, if the Participant or Beneficiary has not repaid the overpayment within thirty (30) days after notice:

(a) The Participant or Beneficiary will also pay an amount equal to simple interest at the rate of ten percent (10%) per annum (or the highest rate allowable, if less) on the unpaid amount from the date of overpayment to the date of repayment, and in addition, will pay all legal fees, court costs and the reasonable time value of the Administrator or Employer, or any of their employees or agents, related to the collection of such overpayment; and

(b) The Administrator may deduct all or any portion of the overpayment, with interest, that is not timely repaid from any amount that would otherwise then be payable or that may become payable, to the Participant or Beneficiary under the Plan.

7.8 Qualified Domestic Relations Order Payments. All rights and benefits, including elections, provided to a Participant in this Plan shall be subject to the rights afforded to any "alternate payee" under a "qualified domestic relations order," as those terms are defined in Code section 414(p) and ERISA section 206(d)(3). Notwithstanding any other provision of this Plan, a distribution may be made to an "alternate payee" pursuant to a "qualified domestic

relations order,” as each term is defined in Code section 414(p), prior to the times otherwise specified in this Plan, if the qualified domestic relations order requires such a distribution, even if the Participant is not yet entitled to receive a distribution; provided, however, that nothing contained in this provision nor such qualified domestic relations order shall entitle a Participant to a distribution prior to the time as otherwise determined under the Plan. A domestic relations order will not fail to be a qualified domestic relations order (i) because the order is issued after, or revises another domestic relations order or qualified domestic relations order, or (ii) because of the time at which the order is issued, including the issuance after the Participant’s death.

7.9 Withholding. The Employer or the Administrator may withhold from any benefit payable under the Plan all federal, State or local taxes that may be required to be withheld pursuant to applicable law.

7.10 Lost Participant Or Beneficiary.

(a) If, according to the records of the Plan, a Participant who had a Severance From Employment or the Beneficiary of a deceased Participant has not made a claim for benefits, and the Participant or Beneficiary cannot be located after (i) mailing a letter by certified mail to the last known mailing address of the Participant or Beneficiary according to the records of the Plan and (ii) further diligent efforts to locate the missing Participant or Beneficiary, the Participant’s Account balance shall be held in the Plan until such time that the Participant or Beneficiary can be located or the Plan is terminated, if later.

(b) Upon Plan termination, prior to taking any action with respect to the Account of a missing Participant or Beneficiary, the Administrator shall take the following steps to locate the missing Participant or Beneficiary, but only to the extent that the Administrator determines any such step(s) to be reasonable in the Administrator’s sole and absolute discretion:

(1) Mail a letter by certified mail to the Participant or Beneficiary’s last known mailing address according to the Plan’s records;

(2) Check related plan records to determine if one or more of the related plans may have more up-to-date information with respect to the Participant or Beneficiary;

(3) Attempt to identify and contact the individual(s) who the Participant has designated as a Beneficiary; and

(4) Use any other search method or methods, including Internet search tools, commercial locator services and credit reporting agencies that the Administrator determines is a prudent method to use to locate the Participant or Beneficiary based on the particular facts and circumstances.

(c) If after the use of the search methods specified in the previous subsection, the Administrator is still unable to locate a missing Participant or Beneficiary, then the Participant’s benefits under the Plan shall be forfeited upon the termination of the Plan.

ARTICLE VIII
PLAN ADMINISTRATION

8.1 Employment Records. The Employer shall maintain sufficient employment records to calculate benefits under this Plan for each Participant. The Employer shall make such records available to the Administrator, in a timely manner, and the Employer shall be responsible for the accuracy of such information, upon which the Administrator is entitled to rely.

8.2 Reports And Disclosure. The Administrator shall prepare, file and distribute, in a timely manner, all reports and information to be disclosed to the Participants as may be required by ERISA, the Code, applicable State law, the Internal Revenue Service, or any other government agency, if any. The Administrator shall prepare any reports from records kept by it and information furnished by the Employer.

8.3 Retention Of Records. Every person subject to a requirement to file any description or report or to certify any information thereof under ERISA, or who would be subject to such a requirement but for an exemption or simplified reporting requirement under the Code or ERISA section 104(a)(2) or (3), shall maintain records on the matters of which disclosure is required which will provide in sufficient detail the necessary basic information and data from which the documents thus required may be verified, explained or clarified and checked for accuracy and completeness, and shall include vouchers, worksheets, receipts and applicable resolutions, and shall keep such records available for examination for a period of not less than six (6) years after the filing date of the documents based on the information which they contain, or six (6) years after the date on which such documents would have been filed but for an exemption or simplified reporting requirement under ERISA section 104(a)(2) or (3).

8.4 Powers And Responsibilities.

(a) The Employer shall be empowered to appoint and remove the Administrator from time to time as it deems necessary for the proper administration of the Plan and to assure that the Plan is being operated for the exclusive benefit of the Participants and their Beneficiaries in accordance with the terms of the Plan, the Code and ERISA.

(b) The Employer shall periodically review the performance of any fiduciary or other person to whom duties have been delegated or allocated by it under the provisions of this Plan, or pursuant to procedures established hereunder. This requirement may be satisfied by formal periodic review by the Employer or by a qualified person specifically designated by the Employer, through day-to-day conduct and evaluation, or through other appropriate means.

8.5 Designation Of Administrative Authority.

(a) The Employer shall be the Administrator unless and until it appoints another person or persons to serve as the Administrator. Any person, including, but not limited to, the Employees of the Employer, shall be eligible to serve as an Administrator. Any person so appointed shall signify such appointee's acceptance by filing written acceptance with the Employer. An Administrator may resign by delivering a written resignation to the Employer

or may be removed by the Employer with or without cause by delivery of written notice of removal, to take effect at a date specified therein, or upon delivery to the Administrator if no date is specified.

(b) The Employer, upon the resignation or removal of an Administrator, shall promptly designate in writing a successor to this position. If the Employer does not appoint a successor Administrator, the Employer will function as the Administrator.

8.6 Allocation And Delegation Of Responsibilities. If more than one person is appointed as the Administrator, the responsibilities of each appointed person may be specified by the Employer and accepted in writing by each Administrator. In the event that the Employer makes no such delegation, the Administrators may allocate the responsibilities among themselves, in which event the Administrators shall notify the Employer in writing of such action and specify the responsibilities of each Administrator. Except where there has been an allocation and delegation of administrative authority pursuant to this section, if there shall be more than one Administrator, they shall act by a majority of their number, but may authorize one or more of them to sign all papers on their behalf. The Administrators may act with or without a meeting being called or held and shall keep minutes of all meetings held and a record of all actions taken by written consent. No Administrator may participate in any decision that involves solely the Administrator's interest as a Participant in the Plan.

8.7 Powers And Duties Of The Administrator. The primary responsibility of the Administrator is to administer the Plan for the exclusive benefit of the Participants and their Beneficiaries, subject to the specific terms of the Plan. The Administrator shall administer the Plan in accordance with its terms and shall have the power and discretion to interpret and construe the terms of the Plan, to decide any disputes and resolve any ambiguities which may arise relative to the rights of the Participants and their Beneficiaries, under the terms of the Plan, and to determine all questions arising in connection with the administration, interpretation and application of the Plan. Any such determination by the Administrator shall be conclusive and binding upon all persons. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan; provided, however, that any such procedure, discretionary act, interpretation or construction shall be consistent with the intent that the Plan shall continue to be deemed an eligible deferred compensation plan under the terms of Code section 457(b) and shall comply with the terms of ERISA and all regulations issued pursuant thereto. The Administrator shall have all powers necessary or appropriate to accomplish its duties under the Plan.

8.8 Settlement Of Disputes. If any dispute arises between the Administrator and any other person, including, without limitation, the Employer or any Participant or Beneficiary under the Plan with respect to the interpretation of this Plan, the duties of the Administrator or of any other fiduciary, then the Administrator shall not be obligated to take any other action in connection with the matter involved in the controversy until such time as the controversy is resolved, unless this would clearly be imprudent or not in the best interest of the Participants and Beneficiaries. In addition, the Administrator may deposit (or the Administrator may direct the deposit) of the disputed amounts in an interpleader action with the court having jurisdiction of the dispute.

8.9 Appointment Of Fiduciaries And Agents. The Employer or its designee shall have the right to hire and fire any fiduciary or agent, including the Administrator, or any agent designated pursuant to the Appointment And Responsibility Of Representatives section, above.

8.10 Compensation Of Administrator. The Administrator(s) shall receive no compensation from the Plan for acting as such, but the Employer shall reimburse the Administrator(s) for all necessary and proper expenses incurred in carrying out its duties under the Plan.

8.11 Use Of Electronic Media. In accordance with Treasury regulations, the Administrator may use telephonic or electronic media to satisfy the notice requirements under this Plan.

ARTICLE IX CLAIMS

9.1 Request For Information. A Participant or Beneficiary may request such information concerning the Participant's or Beneficiary's rights or benefits under this Plan as is required to be disclosed under part 1, title I of ERISA. The Administrator shall respond, in writing, within a reasonable time, not to exceed thirty (30) days, unless the failure to respond results from matters reasonably beyond the Administrator's control.

9.2 Claims For Benefits. In order to receive benefits under this Plan, the Participant need not submit a claim for benefits because benefits shall be paid in accordance with the Payment Of Benefits article, above, without the need for any such claim.

9.3 Filing Claims. A Participant, Beneficiary, or duly authorized representative of a Participant or Beneficiary (Claimant) may file a claim for benefits to which such Claimant believes he or she is entitled. Claims must be made in writing and delivered to the Administrator in accordance with this Claims Procedures article. Claimants shall provide the Administrator with such information and evidence, and shall sign such documents, as may reasonably be requested from time to time for the purpose of administration of the Plan.

9.4 Initial Determination Of Claim.

(a) The Administrator shall have full discretion to grant or deny a claim in whole or in part.

(b) The Administrator will notify the Claimant, in writing, of the granting or denying, in whole or in part, of such claim, within ninety (90) days after receipt of such claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension exceed ninety (90) days from the end of the initial ninety (90) day period.

(c) If an extension of time is necessary, the Claimant must be given a written notice to this effect prior to the expiration of the initial ninety (90) day period and the

notice must indicate the special circumstances requiring the extension and the date by which a decision will be made.

(d) If a claim is denied in whole or in part, the Administrator's notice denying such claim shall set forth, in a manner calculated to be understood by the Claimant, the following:

- (1) The specific reason or reasons for the denial;
- (2) Specific reference to pertinent Plan provisions on which the denial is based;
- (3) A description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why such material information is necessary; and
- (4) An explanation of the Plan's claim review procedures, including a statement of the Claimant's right to bring a civil action under ERISA section 502(a) following an adverse benefit determination upon review.

(e) If notice of the granting or denying of a claim is not furnished in accordance with the preceding provisions, the claim shall be deemed denied and the Claimant shall be permitted to exercise the Claimant's right to review pursuant to the Claims Appeals section, below.

9.5 Claims Appeals.

(a) If a Claimant wishes to appeal a denial of a claim, the Claimant or the Claimant's duly authorized representative:

- (1) May request a review upon written application to the Administrator;
- (2) May submit written comments, documents, records, and other information relating to the claim; and
- (3) May obtain, upon request and free of charge reasonable access to, and copies of, all documents, records, and other information relevant (determined in accordance with Department of Labor regulations section 2560.503-1(m)(8)) to the Claimant's claim for benefits.

(b) The written request for review must be received by the Administrator no later than sixty (60) days after the Claimant receives notice that the Claimant's claim for Plan benefits has been denied.

(c) The decision on the review shall be made by the Administrator, who may, in its discretion, hold a hearing on the denied claim.

(d) The Administrator shall make its decision promptly, and not later than sixty (60) days after the Administrator's receipt of the request for a review, unless the Administrator determines that special circumstances require an extension of time for processing the claim. If the Administrator determines that an extension of time for processing is required, this period may be extended no more than sixty (60) days from the end of the initial sixty (60) day period, in which case the Administrator shall give the Claimant a written notice to this effect prior to the expiration of the initial sixty (60) day period and the notice shall indicate the special circumstances requiring the extension of time and the date by which a decision will be made on review.

(e) The decision on review must be written in a manner calculated to be understood by the Claimant. In the case of an adverse benefit determination, the notification to the Claimant shall set forth, in a manner calculated to be understood by the Claimant, the following:

- (1) The specific reason or reasons for the denial;
- (2) Specific reference to pertinent Plan provisions on which the denial is based;
- (3) A statement that the Claimant is entitled to receive, upon request and free of charge reasonable access to, and copies of, all documents, records, and other information relevant (determined in accordance with Department of Labor regulations section 2560.503-1(m)(8)) to the Claimant's claim for benefits; and
- (4) A statement of the Claimant's right to bring an action under section 502(a) of ERISA.

(f) If the decision on review is not furnished to the Claimant within the time required in this section, the claim shall be deemed denied on review and the Claimant shall be permitted to exercise the Claimant's right to legal remedy pursuant to the remaining sections of this Claims Procedures article.

9.6 Administration Pending Resolution Of Disputes. If a dispute arises with respect to any matter under this Plan, the Administrator may refrain from taking any other or further action in connection with the matter involved in the controversy until the dispute has been resolved under the Plan. If a dispute arises as to the proper amount or recipient of any payment of benefits, the Administrator, in the Administrator's sole and absolute discretion, may withhold or cause to be withheld such payment until the dispute has been settled by the parties concerned, or the Administrator may deposit such funds or property with the court in an interpleader action brought under the law of the State having jurisdiction.

9.7 Time. The filing of claims or receipt of notices of rulings and any event starting a time period shall be deemed to commence with personal delivery signed for by the Claimant or by affidavit of personal service, or the date of actual receipt of certified mail or date returned if delivery is refused or a Claimant has moved without giving the Administrator a forwarding address.

ARTICLE X
AMENDMENT AND TERMINATION

10.1 Amendments.

(a) The Employer reserves the right to amend this Plan at any time without the consent of the Administrator, any fiduciary, or any Participant or Beneficiary.

(b) Any such Plan amendment shall be made by means of a written instrument identified as an amendment of the Plan effective as of a specified date.

(c) Notwithstanding any other provision of the Plan to the contrary, if there is a scrivener's error in properly transcribing the provisions of this Plan, it shall not be a violation of the Plan terms to operate the Plan in accordance with its proper provisions, rather than in accordance with the term of the Plan, pending correction of the Plan through amendment. In addition, any provisions of the Plan improperly added as a result of scrivener's error shall be considered null and void as of the date such error occurred.

10.2 No Amendment To Reduce Prior Earned Benefits. Except as otherwise specifically permitted by law, the Employer shall not have the right to modify or amend the Plan retroactively in such manner as to deprive any Participant or Beneficiary of any benefit to which such Participant or Beneficiary was entitled under the Plan prior to the adoption date of such amendment, unless such modification or amendment is necessary to conform the Plan to, or to satisfy the conditions of, any law, governmental regulations or rulings, and to permit the Plan to meet the requirements of Code section 457, or any similar statutes enacted in lieu thereof.

10.3 Plan Termination.

(a) The Employer expects to continue the Plan indefinitely, but reserves the right to terminate the Plan in part or in whole at any time in its sole and absolute discretion; provided, however, that the Employer shall continue to be obligated to pay the benefits under the Plan with respect to compensation which the Participant and the Employer had deferred prior to the termination of the Plan, and which the Participant and the Employer had agreed to defer in the future, in accordance with the terms of the Plan as in effect immediately prior to such termination.

(b) If the Plan is terminated, the Plan may distribute the total amount payable to each Participant or Beneficiary under the Plan as soon as administratively practicable after termination of the Plan.

(c) If not terminated at an earlier date, this Plan shall terminate as of the earliest date on which the Employer's obligations to the Participants and the Participants' Beneficiaries have been satisfied.

ARTICLE XI
MISCELLANEOUS

11.1 Nonalienation Of Benefits.

(a) Subject to the exceptions provided below and as otherwise specifically permitted by law, no assets or benefits under this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge. Any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void. Nor shall any such benefits in any manner be liable for, or subject to, the debts, contracts, liabilities or torts of the person entitled to such benefits.

(b) The prohibitions contained in this Nonalienation Of Benefits section shall not apply to a “qualified domestic relations order” as defined in Code section 414(p), and those other domestic relations orders permitted to be so treated by the Administrator under the provisions of the Retirement Equity Act of 1984. The Administrator shall establish a written procedure to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders.

(c) The prohibitions contained in this Nonalienation Of Benefits section shall not apply to any arrangement for the recovery by the Plan of overpayments of benefits previously made to a Participant or Beneficiary.

(d) The prohibitions contained in this Nonalienation Of Benefits section shall not apply to any offset of a Participant’s benefits provided under the Plan against the amount that the Participant is ordered or required to pay to the Plan; provided, however, that the following requirements are satisfied:

(1) The order or requirement to pay arises under one of the following circumstances:

(i) Under a judgment or conviction for a crime involving the Plan;

(ii) Under a civil judgment, including a consent order or decree, entered by a court in an action brought in connection with a violation or alleged violation of part 4 of subtitle B of title I of ERISA; or

(iii) Pursuant to a settlement agreement between the Secretary of Labor and the Participant, in connection with a violation or alleged violation of part 4 of subtitle B of title I of ERISA by a fiduciary or any other person; and

(2) The judgment, order, decree or settlement agreement expressly provides for the offset of all or a part of the amount ordered or required to be paid to the Plan against the Participant’s Plan benefits.

11.2 Employee Plans Compliance Resolution System. In accordance with the standards that are similar to those set forth in the Employee Plans Compliance Resolution System as described in Rev. Proc. 2018-52 and any subsequent guidance, the Administrator has the authority to correct any Plan document, operational, demographic and Employer eligibility failures through self correction (if applicable) or voluntary correction with Internal Revenue Service approval.

11.3 Limitation Of Rights; Employment Relationship. Nothing contained in this Plan shall be construed as a contract of employment between the Employer and any Employee, or as a right of any Employee to be continued in the employment of the Employer, or as creating or modifying the terms of an Employee's employment, or as a limitation on the right of the Employer to discharge any Employee, with or without cause. Unless the law or this Plan explicitly provides otherwise, rights under any other employee benefit plan maintained by the Employer (for example, benefits upon an Employee's death, retirement, or other termination) do not create any rights under this Plan to benefits or continued participation. The fact that an individual is eligible to receive benefits under this Plan does not create any rights under any other employee benefit plan maintained by the Employer, unless that plan or the law explicitly provides otherwise.

11.4 Limitation Of Rights Of Participants And Others. Neither the establishment of the Plan nor any modifications thereof, nor the creation of any fund or account, nor the payment of any benefits, shall be construed as giving to any Participant or any other person any legal or equitable right against the Employer, the Administrator, or its designated representative, except as expressly provided herein or as provided by law.

11.5 Release From Liability. Any payment to any Participant, or to the Participant's legal guardian or Beneficiary, in accordance with the provisions of the Plan, shall to the extent thereof be in full satisfaction of all claims hereunder against the Plan, the Employer, the Administrator, the trustee of any "rabbi trust," and any Plan fiduciary, any of whom may require such Participant, legal guardian or Beneficiary, as a condition precedent to such payment, to execute a receipt and release therefor in such form as shall be determined by the Employer, the Administrator or the trustee of any "rabbi trust," as the case may be.

11.6 Indemnity. The Employer hereby agrees to indemnify and hold harmless each present and future Administrator and its employees, and all duly authorized agents, against all liabilities, costs and expenses, including, without limitation, attorneys' fees reasonably incurred by, or imposed upon, such person in connection with, or arising out of, any claims, demands, suits, actions or proceedings in which such indemnified party may be involved (other than in the capacity of Participant or Beneficiary), except in the case of the willful misconduct of any such indemnified party. Expenses shall include the cost of reasonable settlement made with the view to curtailment of costs of litigation. The foregoing right of indemnification shall not be exclusive of other rights to which such indemnified party may be entitled as a matter of law.

11.7 Construction. No provision of this Plan shall be construed to conflict with any Treasury Department, Department of Labor or Internal Revenue Service regulation, ruling, release or proposed regulation or other order which affects, or could affect, the terms of this Plan. If any provision is susceptible of more than one interpretation, such interpretation shall be

given thereto as is consistent with the Plan being in conformity with Code section 457 and administered in conformity with other federal or State laws that apply to the Plan.

11.8 Headings. The headings and subheadings of this Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

11.9 Uniformity. All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner.

11.10 Gender And Number. Any reference in the masculine gender herein shall be deemed to also include the feminine gender, unless expressly provided otherwise. Wherever appropriate, any reference in this document in the singular shall include the plural and any reference in the plural shall include the singular.

11.11 Controlling Law. Unless otherwise provided in this Plan, the Plan shall be construed and enforced according to the laws of the United States of America to the extent applicable, otherwise by the laws of California including California's choice-of-law rules, except to the extent those laws would require application of a State other than California.

11.12 Amendment Of Laws. All references to sections of ERISA or any Department of Labor regulations or rulings thereunder or of the Code, or any Treasury regulations or rulings thereunder, shall be deemed to refer to such sections as they may subsequently be modified, amended, replaced or amplified by any federal statutes, regulations or rulings of similar application and importance.

11.13 Severability. In the event that any provisions of this Plan shall be held illegal or invalid for any reason by operation of law or a court of competent jurisdiction, said illegality or invalidity shall not affect the remaining legal and valid provisions of this document. This Plan shall continue as if said illegal or invalid provisions had not been included herein either initially, or beyond the date it is first held to be illegal or invalid, but only if the basic purposes hereof can be effected through the remaining valid and legal provisions.

11.14 Waiver. Failure to insist upon strict compliance with any provision of this Plan shall not be deemed to be a waiver of such provision or any other provision; waiver of breach of any provision of this Plan shall not be deemed to be a waiver of any other provision or subsequent breach of such provision. No term, condition, or provision of the Plan shall be deemed waived unless the purported waiver is in a writing signed by the party to be charged. No written waiver shall be deemed a continuing waiver unless so specifically stated in the writing, and such waiver shall operate only as to the specific term, condition, or provision waived.

11.15 Entire Document. This document and any appendices or supplements hereto shall constitute the entire document and shall govern the rights, liabilities and obligations of the parties under the Plan, except as it may be modified.

IN WITNESS WHEREOF, the Employer has caused this Plan to be executed on
January _____, 2019.

EMPLOYER:

SAN ANTONIO WATER COMPANY

By: _____

Its: _____

APPROVED AS TO FORM AND CONTENT:

BEST BEST & KRIEGER LLP

By: _____
Attorneys for Employer

**TRUST AGREEMENT UNDER THE SAN ANTONIO WATER COMPANY ELIGIBLE
DEFERRED COMPENSATION PLAN**

THIS AGREEMENT, made this ____ day of January 2019, by and between San Antonio Water Company (“SAWC”) and _____ (“Trustee”).

RECITALS

A. WHEREAS, SAWC has adopted the San Antonio Water Company Eligible Deferred Compensation Plan (“Plan”).

B. WHEREAS, SAWC has incurred or expects to incur liability under the terms of such Plan with respect to the individuals participating in such Plan.

C. WHEREAS, Company wishes to establish a trust (hereinafter called “Trust”) and to contribute to the Trust assets that shall be held therein, subject to the claims of SAWC’s creditors in the event of SAWC’s insolvency, as herein defined, until paid to Plan participants and their beneficiaries in such manner and at such times as specified in the Plan.

D. WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974.

F. WHEREAS, it is the intention of SAWC to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Plan.

NOW, THEREFORE, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

ARTICLE 1

ESTABLISHMENT OF TRUST

1.1 Deposit in Trust. SAWC hereby deposits with Trustee in trust \$____, which shall become the principal of the Trust to be held, administered and disposed of by Trustee as provided in this Trust Agreement.

1.2 Irrevocability. The Trust hereby established shall be irrevocable.

1.3 Grantor Trust. The Trust is intended to be a grantor trust, of which Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

1.4 Assets in Trust. The principal of the Trust, and any earnings thereon shall be held separate and apart from other funds of SAWC and shall be used exclusively for the uses and

purposes of Plan participants and general creditors as herein set forth. Plan participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan and this Trust Agreement shall be mere unsecured contractual rights of Plan participants and their beneficiaries against SAWC. Any assets held by the Trust will be subject to the claims of SAWC's general creditors under federal and state law in the event of Insolvency, as defined in Section 3.1 herein.

1.5 Additional Deposits. SAWC, in its sole discretion, may at any time, or from time to time, make additional deposits of cash or other property in trust with Trustee to augment the principal to be held, administered and disposed of by Trustee as provided in this Trust Agreement. Neither Trustee nor any Plan participant or beneficiary shall have any right to compel such additional deposits.

ARTICLE 2

PAYMENTS TO PLAN PARTICIPANTS AND THEIR BENEFICIARIES

2.1 Payment Schedule. SAWC shall deliver to Trustee a schedule (the "Payment Schedule") that indicates the amounts payable in respect of each Plan participant (and his or her beneficiaries), that provides a formula or other instructions acceptable to Trustee for determining the amounts so payable, the form in which such amount is to be paid (as provided for or available under the Plan(s)), and the time of commencement for payment of such amounts. Except as otherwise provided herein, Trustee shall make payments to the Plan participants and their beneficiaries in accordance with such Payment Schedule. The Trustee shall make provision for the reporting and withholding of any federal, state or local taxes that may be required to be withheld with respect to the payment of benefits pursuant to the terms of the Plan(s) and shall pay amounts withheld to the appropriate taxing authorities or determine that such amounts have been reported, withheld and paid by SAWC.

2.2 Entitlement to Benefits. The entitlement of a Plan participant or his or her beneficiaries to benefits under the Plan(s) shall be determined by SAWC or such party as it shall designate under the Plan(s), and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plan(s).

2.3 Payment of Benefits. SAWC may make payment of benefits directly to Plan participants or their beneficiaries as they become due under the terms of the Plan(s). SAWC shall notify Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to participants or their beneficiaries. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plan(s), SAWC shall make the balance of each such payment as it falls due. Trustee shall notify SAWC where principal and earnings are not sufficient.

ARTICLE 3

TRUSTEE RESPONSIBILITY REGARDING PAYMENTS TO TRUST BENEFICIARY WHEN COMPANY IS INSOLVENT

3.1 Cessation of Payments. Trustee shall cease payment of benefits to Plan participants and their beneficiaries if the SAWC is Insolvent. SAWC shall be considered “Insolvent” for purposes of this Trust Agreement if (i) SAWC is unable to pay its debts as they become due, or (ii) SAWC is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

3.2 Claims of Creditors. At all times during the continuance of this Trust, as provided in Section 1.4 hereof, the principal and income of the Trust shall be subject to claims of general creditors of SAWC under federal and state law as set forth below.

3.2.1 The Board of Directors of SAWC shall have the duty to inform Trustee in writing of SAWC’s Insolvency. If a person claiming to be a creditor of SAWC alleges in writing to Trustee that SAWC has become Insolvent, Trustee shall determine whether SAWC is Insolvent and, pending such determination, Trustee shall discontinue payment of benefits to Plan participants or their beneficiaries.

3.2.2 Unless Trustee has actual knowledge of SAWC’s Insolvency, or has received notice from SAWC or a person claiming to be a creditor alleging that SAWC is Insolvent, Trustee shall have no duty to inquire whether SAWC is Insolvent. Trustee may in all events rely on such evidence concerning SAWC’s solvency as may be furnished to Trustee and that provides Trustee with a reasonable basis for making a determination concerning SAWC’s solvency.

3.2.3 If at any time Trustee has determined that SAWC is Insolvent, Trustee shall discontinue payments to Plan participants or their beneficiaries and shall hold the assets of the Trust for the benefit of SAWC’s general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Plan participants or their beneficiaries to pursue their rights as general creditors of SAWC with respect to benefits due under the Plan or otherwise.

3.2.4 Trustee shall resume the payment of benefits to Plan participants or their beneficiaries in accordance with Article II of this Trust Agreement only after Trustee has determined that Company is not Insolvent (or is no longer Insolvent).

3.3 Resuming Payments. Provided that there are sufficient assets, if Trustee discontinues the payment of benefits from the Trust pursuant to Section 3.2 hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan participants or their beneficiaries under the terms of the Plan(s) for the period of such discontinuance, less the aggregate amount of any payments made to Plan participants or their beneficiaries by SAWC in lieu of the payments provided for hereunder during any such period of discontinuance.

ARTICLE 4

PAYMENTS TO COMPANY

Except as provided in Article III hereof, after the Trust has become irrevocable, Company shall have no right or power to direct Trustee to return to Company or to divert to others any of the Trust assets before all payment of benefits have been made to Plan participants and their beneficiaries pursuant to the terms of the Plan(s).

ARTICLE 5

INVESTMENT AUTHORITY

5.1 Investments. In no event may Trustee invest in securities or obligations issued by SAWC, other than a de minimis amount held in common investment vehicles in which Trustee invests. All rights associated with assets of the Trust shall be exercised by Trustee or the person designated by Trustee, and shall in no event be exercisable by or rest with Plan participants.

5.2 Substitution of Assets. SAWC shall have the right, at any time, and from time to time in its sole discretion, to substitute assets of equal fair market value for any asset held by the Trust.

ARTICLE 6

DISPOSITION OF INCOME

During the term of this Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

ARTICLE 7

ACCOUNTING BY TRUSTEE

Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between SAWC and Trustee. Within sixty (60) days following the close of each calendar year and within sixty (60) days after the removal or resignation of the Trustee, Trustee shall deliver to SAWC a written account of his or her administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements, and other transactions effected by him or her, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities, and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

ARTICLE 8

RESPONSIBILITY OF TRUSTEE

8.1 Trustee's Duties. Trustee shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, provided, however, that Trustee shall incur no liability to any person for any action taken pursuant to a direction, request, or approval given by SAWC which is contemplated by, and in conformity with, the terms of the Plan or dispute between SAWC and a party, Trustee may apply to a court of competent jurisdiction to resolve the dispute.

8.2 Advisors and Consultants. Trustee may consult with legal counsel (who may also be counsel for SAWC generally) with respect to any of his or her duties or obligations hereunder. Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist him or her in performing any of his or her duties or obligations hereunder.

8.3 Ability to Designate Beneficiary. Trustee shall have, without exclusion, all powers conferred on Trustees by applicable law, unless expressly provided otherwise herein, provided, however, that if an insurance policy is held as an asset of the Trust, Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy.

8.4 Limitation on Powers. Notwithstanding any powers granted to Trustee pursuant to this Trust Agreement or to applicable law, Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of Section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

ARTICLE 9

COMPENSATION AND EXPENSES OF TRUSTEE

9.1 Compensation. SAWC shall pay all administrative and Trustee's fees and expenses. If not so paid, the fees and expenses shall be paid from the Trust.

ARTICLE 10

RESIGNATION AND REMOVAL OF TRUSTEE

10.1 Resignation. Trustee may resign at any time by written notice to SAWC, which shall be effective thirty (30) days after receipt of such notice unless SAWC and Trustee agree otherwise.

10.2 Removal. Trustee may be removed by SAWC on thirty (30) days' notice or upon shorter notice accepted by Trustee.

10.3 Transfer of Assets. Upon resignation or removal of Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within thirty (30) days after receipt of notice of resignation, removal or transfer, unless Company extends the time limit.

10.4 Appointment of Successor. If Trustee resigns or is removed, a successor shall be appointed, in accordance with Article 11 hereof, by the effective date of resignation or removal under paragraph 10.1 or 10.2 of this section. If no such appointment has been made, Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

ARTICLE 11

APPOINTMENT OF SUCCESSOR

If Trustee resigns or is removed in accordance with Sections 10.1 or 10.2 hereof, SAWC may appoint any third-party, such as a bank trust department or other party that may be granted corporate trustee powers under state law, as a successor to replace Trustee upon resignation or removal. The Appointment shall be effective when accepted in writing by the new trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by SAWC or the successor Trustee to evidence the transfer.

ARTICLE 12

AMENDMENT OR TERMINATION

12.1 Amendment. This Trust Agreement may be amended by a written instrument executed by Trustee and Company. Notwithstanding the foregoing, no such amendment shall conflict with the terms of the Plan or shall make the Trust revocable after it has become irrevocable in accordance with Section 1.2 hereof.

12.2 Termination. The Trust shall not terminate until the date on which Plan participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plan(s) unless sooner revoked in accordance with Section 1.2 hereof. Upon termination of the Trust any assets remaining in the Trust shall be returned to SAWC.

ARTICLE 13

MISCELLANEOUS

13.1 Severability. Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

13.2 Non-Alienation. Benefits payable to Plan participants and their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

13.3 Applicable Law. This Trust Agreement shall be governed by and construed in accordance with the laws of California.

The effective date of this Trust Agreement shall be January _____, 2019.

SAWC:

SAN ANTONIO WATER COMPANY, a
California non-profit mutual water company

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

TRUSTEE:

By: _____

By: _____

**SAN ANTONIO WATER COMPANY
ELIGIBLE DEFERRED COMPENSATION PLAN**

PARTICIPATION AGREEMENT

1. Election to Participate. I, the undersigned Employee, acknowledge that I have received and reviewed a copy of the San Antonio Water Company Eligible Deferred Compensation Plan (“Plan”), confirm that I understand the terms, provisions, and conditions of the Plan and that they constitute my entire rights and obligations under the Plan, and hereby elect to participate in and to be bound by the terms and conditions set forth in the Plan, and consent to:

(a) Deferral Election. I authorize San Antonio Water Company (“Employer”) to defer on my behalf \$_____ per pay period (\$_____ annually) of my compensation for purposes of the Plan, such deferrals shall begin on January __, 2019, and continue until I otherwise elect. I understand that the Employer Contribution - Nonelective Deferred Compensation under this Plan, combined with my personal deferrals under this Deferral Election, cannot exceed the lesser of the annual elective deferral limit (\$19,000 for 2019), as set forth by the IRS, or 100% of my Includible Compensation for the calendar year.

I understand that any election that I make to defer compensation under this Plan, or any change in a prior election, shall be effective only with respect to compensation which is payable during the calendar month following the date of my election, or change in prior election in accordance with the terms of the Plan. I understand that any such election or change must be received at least five (5) business days prior to the payroll period for which it is to be effective, and that I can make no more than three (3) election changes during any Plan Year.

2. Participant Information.

Name of Employee: _____
Social Security Number: _____
Date of Birth: _____
Address: _____

Home Phone: _____
Business Phone: _____

Signature

Date

For Plan Administrator Use Only

Date Received

By: _____
Its: _____

**SAN ANTONIO WATER COMPANY
ELIGIBLE DEFERRED COMPENSATION PLAN**

BENEFICIARY DESIGNATION

In connection with my participation in the San Antonio Water Company Eligible Deferred Compensation Plan ("Plan"), I _____ hereby designate the following beneficiaries as the recipients of any benefits which may arise under the Plan as a result of my death:

Except as acknowledged below, I understand that my beneficiary designation will remain in effect until I execute and submit a new beneficiary designation form to the Plan Administrator.

I further understand that if I designate my spouse as my beneficiary, my designation will be revoked upon a divorce, unless I execute a new designation after my divorce designating my ex-spouse as my beneficiary.

1. Primary Beneficiary.

Name: _____

Address: _____

Telephone Number: _____

Relationship to Executive: _____

% of Plan Account: _____

Date of Birth: _____

If there is more than ONE primary beneficiary, please list below:

Name: _____

Address: _____

Telephone Number: _____

Relationship to Executive: _____

% of Plan Account: _____

Date of Birth: _____

2. Contingent Beneficiary. (Will receive indicated portions of Plan benefit by reason of my death if no primary beneficiary survives me).

Name: _____

Address: _____

Telephone Number: _____

Relationship to Executive: _____

% of Plan Account: _____

Date of Birth: _____

If there is more than ONE contingent beneficiary, please list below:

Name: _____

Address: _____

Telephone Number: _____

Relationship to Executive: _____

% of Plan Account: _____

Date of Birth: _____

Executed this _____ day of _____, 201__.

Participant Signature

(Printed Name of Participant)

For Plan Administrator Use Only

Date This Form Received

By: _____

Its: _____