



SAN ANTONIO WATER COMPANY

BOARD OF DIRECTORS MEETING

Tuesday, May 21, 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 April 16, 2019.
- B. Approval of Organizational Meeting Minutes
Organizational Meeting Minutes of April 9, 2019.
- C. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report
- D. Administration and Finance Committee (AFC) Meeting Minutes
Meeting Minutes of February 26, 2019.
- E. Financial Statement
Income Statement and Balance Sheet for March 31, 2019 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

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
Report on meeting held April 23, 2019.
- 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. Authorized Signer on Account
Approve removal of previous Secretary/CFO on account and add current Secretary/CFO
- B. Article X of Company Bylaws; Right to Service, Classes of Service, Tolls or Charges, and Basic and Extended Area
Recommend taking no action
- C. Time Extension for Benson Street Escrow
Recommend Board authorize escrow time extension

7. Closed Session:

- San Antonio Canyon Water Rights (GC§54956.9(c))
- Threat of Potential lawsuit (GC§54956.9(b))

8. Director's Comments and Future Agenda Items:

Adjournment:

The next regular Board Meeting will be held on Tuesday, June 18, 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 May 16, 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, April 16, 2019

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:02 p.m. on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Will Elliott, 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 Mr. Bob Bowcock
- 1. Recognitions and Presentations: None.
- 2. Additions-Deletions to the Agenda: None.
- 3. Shareholder-Public Testimony: Mr. Bowcock read the following prepared statement in regards to Item 6B on the agenda, "CalMat is a shareholder entitled to all rights and equally shares in all the responsibility of our mutual water company. Annually, SAWCo performs a pro-rata calculation incorporating seasonal use criteria based on shareholder allocation, each share cumulatively represents 1.9 acre feet (AF) of water. CalMat has elected to take its water allocation while paying the full service rate without use of any of the infrastructure, treatment, or distribution systems. This represents a significant savings to other shareholders. CalMat is current and pays all other assessments and fees levied by SAWCo amounting to an additional \$100 per share".

Mr. Bowcock then stated CalMat made its water purchase request more than six months ago and was denied on Friday, March 15th. CalMat again respectfully requested the Board honor this shareholder's rights and cause the transfer to occur immediately for both the 2018 and 2019 water service years.

Director Thomas asked if there was anyone else that wished to address the Board. Seeing none, the shareholder-public testimony portion of the meeting was closed.

- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of March 19, 2019.
 - B. Ratification of Personnel Committee Recommendation Regarding GM Six Month Review
Recommend ratification of Committee's determination that GM Lee has met contractual requirements at his six-month review
 - C. Planning, Resources and Operations Committee (PROC) Meeting Minutes
Meeting minutes of November 27, 2018.
 - D. Administration and Finance committee (AFC) Meeting Minutes
No meeting minutes to report.
 - E. Financial Statement
Income Statement and Balance Sheet for February 28, 2019 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 –

Director Filippi requested Items 4A and 4B be removed for discussion and moved approval of Items 4C through 4K. Director Elliott seconded the motion. Motion carried.

Director Filippi requested that his comments under Item 5C in the March 19, 2019 Board Meeting Minutes be corrected to read "Director Filippi noted that Chino Basin Watermaster board members are being mindful of the legal fees relating to the Safe Yield reset issue".

A voice vote was held to approve the March 19, 2019 Board Meeting Minutes with correction. Motion carried.

Director Filippi also requested Item 4B be pulled. He stated he had no issue with Mr. Lee however, he had a fundamental concern with the employment contract.

Director Sanchez moved and Director Cable seconded to ratify the Personnel Committee's recommendation regarding the General Manager's six month review. Motion carried with Director Filippi opposed.

5. Board Committee – Delegate Report:

A. Pomona Valley Protective Association (PVPA) Representative's Report – Director Thomas reported on the April PVPA meeting held on Wednesday, April 10th. Vandalism is being reported on a building below the San Antonio Dam. Rosemary Hoerning has been coordinating repairs on the roof of the building where a person or persons have been breaking in. A small homeless encampment was also discovered and was cleared out.

Mr. Thomas also report that the amount of water being spread in the basin over the last three months is greater than the total amount spread over the two previous years combined.

B. Six Basins Representative Report – Mr. Lee reported that prior to the March 27th Six Basins Watermaster meeting, a workshop was held on how the Six Basins Watermaster functions. During the meeting there was discussion on how to optimize the spreading grounds. The 2018 Annual Report was approved. There was continued discussion on the MS4 Permittees Collaboration and how the MS4 participants can possibly improve the groundwater conditions by using storm water.

C. Chino Basin Representative Report – Ms. Layton reported there was a court hearing held on March 15th and the issues before the court were resolved for now. The parties dropped their appeal and Watermaster is starting to revise all the past Assessment Packages. They are planning to hold an Assessment workshop for the first revision so everyone understands the accounting. They are also waiting until all assessment packages are calculated before collecting for the desalter replenishment obligation. Ms. Layton did state she received an email earlier in the day that might not line up with what was originally reported. Staff has put aside some water in storage and will be calculating future obligation once Watermaster is done with recalculation.

Ms. Layton also advised that the Watermaster released their draft budget on March 26th. Staff has reviewed it and has brought up three questions to Watermaster about it. A \$75,000 budgeted cost was discussed with the remaining appropriators and was agreed to be taken out of the budget.

Director Thomas questioned whether there was an estimate on what the replenishment amount would be. Ms. Layton replied an email with the 2014-2015 replenishment estimate was received earlier which estimates the amount in the 300 AF range.

D. Cucamonga Basin Representative Report – Ms. Layton informed the Board that the working group met on April 2nd regarding shared costs for the projects. The parties were not in agreement with the Memorandum of Understanding. Cucamonga Valley Water District (CVWD) agreed to go back to a simpler form that SAWCo generated and work towards a more detailed one in the future. CVWD committed \$60,000 from their budget this year for the desilting of Basin 6. The remaining

amount owed will hopefully be paid next year. West End Consolidated Water Company (WECWC) was recently billed their costs to date for the Cucamonga Crosswalls project and Basin 6 desilting. SAWCo, CVWD, and WECWC continue to work on a modernized judgment. The completion date is scheduled for August 2019.

The next meeting is scheduled for May 7th 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 – The items discussed at the PROC are covered under the General Manager's Report on Activities.

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

6. General Manager's Report on Activities:

A. Resolutions for Outgoing Board Members – Mr. Lee stated two of SAWCo's Board members retired in 2019; Sue Sundell and John Gerardi. Staff has prepared a resolution for each of them in appreciation for their work while on the Board of Directors for the Company.

Mr. Lee recommended the Board approve the prepared resolutions. He advised a luncheon will be scheduled for the near future in order to present the resolutions to the two of them.

Director Elliott moved and Director Cable seconded to approve the resolutions for retired Board members Sue Sundell and John Gerardi. Motion carried.

B. Article X of Company Bylaws; Right to Service, Classes of Service, Tolls or Charges, and Basic and Extended Area – Mr. Lee reported there are conflicts with the request for water from Calmat Co. and what the Company bylaws state. It was clear that the bylaws do not allow for a transfer of water to a miscellaneous shareholder in the extended area absent a delivery point. Staff discourages making an exception to the Company bylaws as doing so weakens the bylaws.

Director Thomas suggested having the AFC discuss the topic at their next meeting.

Mr. Bowcock inquired about SAWCo's attorney's opinion on the topic. He was advised the packet is available on SAWCo's website. A physical copy of the Board Packet which included the attorney's opinion letter was given to Mr. Bowcock.

There was consensus on the Board to bring the item to the April AFC Meeting for discussion and direction.

C. Workers Compensation Insurance – Director Thomas advised he has been working with workers compensation insurance for over 40 years and advised this plan has a lower premium than it did the previous year and renewing the plan is a wise decision.

Director Elliott moved and Director Cable seconded to approve the Workers Compensation Insurance for 2019. Motion carried.

D. San Antonio Heights Association Request for Donation – This item is annually requested by the San Antonio Heights Association to help fund their Annual Pancake Breakfast.

Director Filippi moved and Director Elliott seconded to approve the request for a \$1,000 donation to the San Antonio Heights Association. Motion carried.

7. Closed Session: None.

8. Director's Comments and Future Agenda Items:

Director Filippi advised he attended the Chino Basin Watermaster 50 year Celebration of the San Antonio River. He stated Congressman Ken Calvert was in attendance and revealed his concerns after hearing what California Governor Gavin Newsome's ideas were for the twin tunnel project reduction. Congressman Calvert assured the attendees that the Federal Government would be lobbying the Governor to return to the original Delta repair project.

Adjournment: Seeing no further business, the meeting was adjourned at 5:20 p.m.

Assistant Secretary
Brian Lee

SAN ANTONIO WATER COMPANY

BOARD OF DIRECTORS ORGANIZATIONAL MEETING MINUTES

Tuesday, April 9, 2019

Immediately following the Annual Meeting of Shareholders of the Company, the Board of Directors of the San Antonio Water Company (SAWCo) met at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California at 6:42 p.m. Directors present were Tom Thomas, Will Elliott, Bob Cable, Jose Sanchez, Gino Filippi, Martha Goss, and Rudy Zuniga.

- Call to Order
 1. Recognitions and Presentations: None.
 2. Additions-Deletions to the Agenda: None.
 3. Public Comments: None.
 4. Organizational Activities:

Director Tom Thomas assigned the General Manager, Brian Lee, as temporary chairperson for election of officers.

Mr. Lee advised and sought nominations for the offices of President, Vice President, and Secretary/Chief Financial Officer that are up for election.

Director Elliott moved to have agenda items 4 and 5 combined into one vote with Tom Thomas serving as President, Will Elliott serving as Vice President, and Jose Sanchez serving as Secretary/CFO and all item 5 designations and authorities remaining unchanged. Director Filippi seconded the motion. Motion carried unanimously.

The following is the result of the above motions:

- A. President – Tom Thomas
 - B. Vice-President – Will Elliott
 - C. Secretary/Chief Financial Officer – Jose Sanchez
5. Designations and Authorities:
- A. Representative to the Six Basins Watermaster – Brian Lee (primary) and Tommy Hudspeth (alternate) as representatives to the Six Basins Watermaster.
 - B. Representative to Chino Basin Pool and Advisory Committees – Teri Layton (primary) and Brian Lee (alternate) as representatives to the Chino Basin Pool and Advisory Committees.
 - C. Representative to Pomona Valley Protective Association (PVPA) – Tom Thomas (primary) as representative to the PVPA.
 - D. Assistant Secretary/Assistant Financial Officer – General Manager, Brian Lee as Assistant Secretary/Assistant Financial Officer.
 - E. Representatives for the Administration and Finance Committee (AFC) – Director Sanchez and Director Cable. Director Sanchez as chair of the committee.
 - F. Representatives for the Planning, Resources, and Operations Committee (PROC) – Director Filippi and Director Elliott. Director Elliott as chair of the committee.
 - G. Company General Counsel – Tom McPeters, Esq.
 - H. Company Special Counsel – Fred Fudacz of the firm Nossaman LLP.

- I. Company Auditor – Bowen, McBeth, Incorporated.
 - J. Company Depositories - That Citizens Business Bank, Local Agency Investment Funds (LAIF) and any other qualifying financial institution (FDIC insured) that conforms with the Company's Investment Policy is designated for and as a valid depository for Company funds;
 - K. Signatories for Company Checks, Withdrawals and Establishing Accounts – Any two (2) signatures, including that of the President, Vice President, Secretary/Chief Financial Officer, the General Manager or the Assistant General Manager are hereby authorized and required to sign checks, withdraw funds, and establish accounts on behalf of the Company with at least one Corporate Officer signing on any transaction greater than \$5,000, except for fund transfers between Company accounts or on routine payments for operations expense (e.g. electrical energy usage, taxes, et al.) and as otherwise granted under authority to the General Manager. In addition, the Accounting and Personnel Clerk has authority to transfer up to \$25,000 to facilitate payroll with provisions of internal accounting controls in place.;
 - L. General Manager's expenditure authority limitation is \$50,000.
[Note: Prior to October 20, 1997, the general manager's expenditure authority was limited to \$5,000. Due to the timely nature of certain repair needs, as well as the usual range of such costs, the Board acted to increase the expenditure authority limitation to \$50,000. This was done with the understanding that such necessary expenditures would be reported to the Board in a timely manner].
 - M. General Manager's authorized to execute professional service agreements.
[Note: On November 19th and December 17th of 2001, the general manager was authorized to approve and execute professional service agreements once they had been reviewed and approved by corporate counsel and after the Board's review and approval of funding. No such action may be taken on any agreement or amendment to an agreement that would cause the expenditure to exceed any prior Board approved funding authorization.]
6. Review of Director's Fiduciary Duties and Liabilities: Due to Mr. Tom McPeters, esq. absence no review was provided.
 7. Conflict of Interest Rules for Directors: Director Thomas advised all Board members were presented with a Conflict of Interest Questionnaire which they needed to complete and return to staff. Mr. Lee requested the questionnaire be completed and returned to staff by the April Board meeting.

Director Thomas informed the newly elected directors that Board members are part of one of two SAWCo committees. The Planning, Resources, and Operations Committee (PROC) focuses more on projects while the Administration and Finance Committee (AFC) focuses more on the office and financial aspects of the company. The committees meet every other month on the fourth Tuesday of the month. He advised there is one position open on each committee and asked if either of the newly elected directors had a preference for placement on a particular committee. Director Goss stated she preferred to be a part of the PROC. In seeing no objection from Director Zuniga, Director Goss was placed on the PROC and Director Zuniga was placed on the AFC.
 8. Closed Session: None.

Adjournment: There being no further business the meeting was adjourned at 6:47 p.m.

Assistant Secretary

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

February 26, 2019

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

Mr. Thomas designated Mr. Sanchez to Chair the meeting due to the recent resignation of the previous Chair, Ms. Sue Sundell.

1. Recognitions and Presentations: None.
2. Additions-Deletions to the Agenda: None.
3. Public Comments: None.
4. Approval of Committee Meeting Minutes: Mr. Thomas moved and Mr. Cable seconded to approve the meeting minutes of October 23, 2018. Motion carried.
5. Administrative and Financial Issues:
 - A. **Stock Auction – May 2019** – Mr. Lee stated the item is straight forward and follows the process SAWCo has been using.

The committee then briefly discussed the process which has been in place since 2009.

There was consensus on the Committee to recommend the Board approve the proposed stock auction and timeline presented.

- B. **General Liability Insurance and Cyber Liability Renewal** – Mr. Thomas advised of the benefits of this policy such as coverage and pricing as well as the benefits experienced by having multiple insurance types with the same carrier.

Mr. Thomas moved and Mr. Cable seconded to recommend the Board approve the premium update and Cyber Insurance with JPRIMA for the General Liability renewal as presented by EPIC at the annual premium of \$28,891. Motion carried.

- C. **Salary Range Adjustment** – Mr. Lee advised there are two questions before the Committee regarding the salary range adjustment. First is which Consumer Price Index to utilize for the adjustment; Los Angeles-Long Beach-Anaheim or Riverside/San Bernardino/Ontario? Second, does the Committee wish to recommend adjusting the Company salary tables to match inflation?

Staff asked the Committee to recommend the Board adjust the Company's salary tables 3.0% upward based on the Riverside/San Bernardino/Ontario Consumer Price Index for Urban Wage Earners and Clerical Workers change from January 2018 to January 2019.

There was consensus on the Committee to recommend the Board adjust the Company's salary tables 3.0% upward based on the Riverside/San Bernardino/Ontario 'Consumer Price

Index for Urban Wage Earners and Clerical Workers' change from January 2018 to January 2019.

6. Closed Session: None.
7. Committee Comments and Future Agenda Items: Mr. Lee stated he will bring to the Committee the Company's public relations efforts regarding water rights in San Antonio Canyon.

Mr. Cable proposed a future agenda item regarding a lease option for the portion of the 17th and Benson Avenue site the City of Upland intends to purchase.

Mr. Lee advised the agreement for the purchase of a portion of the 17th and Benson Avenue property is scheduled to be included on the City of Upland Council Meeting agenda in early March.

8. Adjournment: The committee determined there was no further business and adjourned the meeting at 3:22 p.m.

The next regular Administration and Finance Committee meeting is scheduled for April 23, 2019 at 3:00 p.m.

Assistant Secretary
Brian Lee



San Antonio Water Company, CA

Income Statement

Group Summary

For Fiscal: 2019 Period Ending: 03/31/2019

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)	340,000.00	340,000.00	6.73	17,814.64	322,185.36
1215 - Domestic Water Income (Supplemental)	246,000.00	246,000.00	0.00	10,773.50	235,226.50
1220 - Domestic Water Income (Tier 3)	206,000.00	206,000.00	0.00	18,939.56	187,060.44
1230 - Domestic Water Income (Readi/Chrg)	200,000.00	200,000.00	30.00	33,295.33	166,704.67
1235 - Domestic Water Availability Charge (WAC)	60,000.00	60,000.00	6.53	10,005.80	49,994.20
1245 - Municipal Water Income (Base)	2,500,000.00	2,500,000.00	162,578.68	401,380.40	2,098,619.60
1268 - Municipal Water Income (Readi/Chrg)	80,000.00	80,000.00	6,650.00	19,950.00	60,050.00
1274 - Misc Water Income (Base)	189,000.00	189,000.00	8,152.09	17,888.92	171,111.08
1275 - Misc Water Income (Supplemental)	174,000.00	174,000.00	7,037.37	12,396.29	161,603.71
1276 - Munnicipal Water Availability Charge (WAC)	477,000.00	477,000.00	39,712.00	119,134.00	357,866.00
1280 - Misc Water Income (Tier 3)	15,000.00	15,000.00	0.00	0.00	15,000.00
1288 - Misc Water Income (Readi/Chrg)	23,000.00	23,000.00	1,860.00	5,580.00	17,420.00
1290 - Misc Water Availability Charge (WAC)	23,000.00	23,000.00	1,922.00	5,766.00	17,234.00
1295 - Dormant Water Availability Charge (WAC)	54,000.00	54,000.00	0.00	8,874.06	45,125.94
1400 - Stock Transfer	5,000.00	5,000.00	210.00	570.00	4,430.00
1410 - Late/Re-establishment Fee	5,000.00	5,000.00	-5.00	1,120.00	3,880.00
1420 - Return Check Fee	0.00	0.00	0.00	50.00	-50.00
1430 - Stock Certificate Storage and Handling Fee	0.00	0.00	0.00	20.00	-20.00
SubCategory: 40 - Shareholder Revenue Total:	4,597,000.00	4,597,000.00	228,160.40	683,558.50	3,913,441.50
SubCategory: 42 - Non-Shareholder Revenue					
1725 - Misc. Income	1,000.00	1,000.00	0.00	447.34	552.66
1728 - Plans & Spec Fee	2,000.00	2,000.00	0.00	0.00	2,000.00
1750 - Service/Litigation Agreements	1,000.00	1,000.00	56.59	166.71	833.29
1753 - Ground Lease Income	52,000.00	52,000.00	4,707.84	17,981.52	34,018.48
1755 - Interest Earned	48,000.00	48,000.00	323.19	22,047.75	25,952.25
1785 - Gain on Sale of Asset	344,000.00	344,000.00	0.00	0.00	344,000.00
SubCategory: 42 - Non-Shareholder Revenue Total:	448,000.00	448,000.00	5,087.62	40,643.32	407,356.68
Category: 4 - Income Total:	5,045,000.00	5,045,000.00	233,248.02	724,201.82	4,320,798.18
Category: 5 - O & M Expense					
SubCategory: 50 - Operating Facilities					
2175 - Facility Related Field Labor	228,000.00	228,000.00	18,142.12	50,212.19	177,787.81
2235 - Repairs to Facilities and Equipment	393,000.00	393,000.00	-276,334.71	-222,405.69	615,405.69
2265 - Power-Gas & Electric (utilities)	725,000.00	725,000.00	58,977.26	79,045.31	645,954.69
SubCategory: 50 - Operating Facilities Total:	1,346,000.00	1,346,000.00	-199,215.33	-93,148.19	1,439,148.19
SubCategory: 51 - Operating Activities					
2475 - Customer Service	85,000.00	85,000.00	4,662.77	12,451.06	72,548.94
2498 - Conservation	45,000.00	45,000.00	349.05	1,203.63	43,796.37
SubCategory: 51 - Operating Activities Total:	130,000.00	130,000.00	5,011.82	13,654.69	116,345.31
SubCategory: 52 - Other Operating Expense					
2205 - Non-Facility Related Labor	87,000.00	87,000.00	7,439.24	16,813.38	70,186.62
2210 - O & M - All Other	2,000.00	2,000.00	0.00	0.00	2,000.00
2295 - Supplies (Inventory & Tools Expense)	10,000.00	10,000.00	1,030.89	3,001.28	6,998.72
2565 - Depreciation/Amortization	822,000.00	822,000.00	75,817.22	225,372.92	596,627.08
2715 - Property Taxes	247,000.00	247,000.00	107,474.59	107,474.59	139,525.41
2805 - Water Resource Mgmt.	300,000.00	300,000.00	1,111.40	23,556.99	276,443.01
SubCategory: 52 - Other Operating Expense Total:	1,468,000.00	1,468,000.00	192,873.34	376,219.16	1,091,780.84
Category: 5 - O & M Expense Total:	2,944,000.00	2,944,000.00	-1,330.17	296,725.66	2,647,274.34

Income Statement

For Fiscal: 2019 Period Ending: 03/31/2019

IncomeStatement	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Category: 6 - G & A Expense					
SubCategory: 60 - Personnel					
2115 - Administrative Services	223,000.00	223,000.00	24,155.61	64,251.05	158,748.95
2130 - Development/Water Svc. App.	2,000.00	2,000.00	131.62	131.62	1,868.38
2325 - Payroll Taxes	70,000.00	70,000.00	5,368.17	18,587.47	51,412.53
2355 - Worker's Compensation Insurance	18,000.00	18,000.00	0.00	1,702.00	16,298.00
2385 - Benefit Pay (Vac., sick, etc.)	143,000.00	143,000.00	6,500.23	37,745.89	105,254.11
2415 - Benefit Insurance (Pension,Life,Medical,Vision etc	223,000.00	223,000.00	16,864.39	57,212.47	165,787.53
2430 - Benefit Administrative Services	2,000.00	2,000.00	0.00	0.00	2,000.00
SubCategory: 60 - Personnel Total:	681,000.00	681,000.00	53,020.02	179,630.50	501,369.50
SubCategory: 61 - Other					
2445 - Office/IT Support	62,000.00	62,000.00	3,878.50	15,100.29	46,899.71
2505 - Directors Fees & Expense	35,000.00	35,000.00	1,952.28	6,032.50	28,967.50
2535 - Liability Insurance	32,000.00	32,000.00	0.00	0.00	32,000.00
2595 - Communication	92,000.00	92,000.00	7,939.21	23,634.56	68,365.44
2625 - Dues & Publications	4,000.00	4,000.00	777.95	1,886.95	2,113.05
2655 - Outside Services	81,000.00	81,000.00	7,750.15	8,307.52	72,692.48
2745 - Income Tax Expense	8,000.00	8,000.00	9,900.00	9,900.00	-1,900.00
2775 - Accounting	59,000.00	59,000.00	3,955.93	41,191.54	17,808.46
2776 - Legal	242,000.00	242,000.00	11,231.00	24,635.50	217,364.50
2790 - Human Resources Expense	39,000.00	39,000.00	3,675.65	9,031.59	29,968.41
2865 - All other	40,000.00	40,000.00	4,779.30	7,440.70	32,559.30
SubCategory: 61 - Other Total:	694,000.00	694,000.00	55,839.97	147,161.15	546,838.85
Category: 6 - G & A Expense Total:	1,375,000.00	1,375,000.00	108,859.99	326,791.65	1,048,208.35
Total Surplus (Deficit):	726,000.00	726,000.00	125,718.20	100,684.51	

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
10 - 10	726,000.00	726,000.00	125,718.20	100,684.51	625,315.49
Total Surplus (Deficit):	726,000.00	726,000.00	125,718.20	100,684.51	



San Antonio Water Company, CA

Balance Sheet

Account Summary

As Of 03/31/2019

Account	Name	Balance
Fund: 10 - 10		
Assets		
BalSubCategory: 10 - Cash		
10-00-00-10100-00000	Petty Cash	250.00
10-00-00-10200-00000	Checking Account	833,168.13
10-00-00-10300-00000	Savings-Money Market	1,596,514.29
10-00-00-10400-00000	Savings-CD Accounts	20,000.00
10-00-00-10415-00000	D&O Checking Account	454,942.35
10-00-00-10438-00000	Depre/Obsolescene Res (LAIF)	2,937,073.74
	Total BalSubCategory 10 - Cash:	5,841,948.51
BalSubCategory: 11 - Accounts Receivable		
10-00-00-11100-00000	Accounts Receivable-Domestic	20,430.91
10-00-00-11200-00000	Accounts Receivable-Municipal	208,940.68
10-00-00-11250-00000	Accounts Receivable-Misc.	19,027.60
10-00-00-11260-00000	Accounts Receivable - Dormant	3,530.87
10-00-00-11275-00000	Contra Accounts Receivable - Unapplied Cre	-17,165.89
10-00-00-11300-00000	Accounts Receivable-Other	363,825.74
	Total BalSubCategory 11 - Accounts Receivable:	598,589.91
BalSubCategory: 12 - Inventory		
10-00-00-12100-00000	Inventories-Materials & Supply	90,026.00
	Total BalSubCategory 12 - Inventory:	90,026.00
BalSubCategory: 13 - Prepaid		
10-00-00-13100-00000	Prepaid Insurance	8,868.75
10-00-00-13105-00000	PREPAID POSTAGE	369.00
	Total BalSubCategory 13 - Prepaid:	9,237.75
BalSubCategory: 14 - Investments		
10-00-00-14150-00000	P.V.P.A. Investment	1.00
10-00-00-14151-00000	457B Plan Investment	6,724.04
	Total BalSubCategory 14 - Investments:	6,725.04
BalSubCategory: 15 - Property, Plant, & Equipment		
10-00-00-15100-00000	Land & Water Rights	924,864.03
10-00-00-15110-1507J	Work in Progress "Proj J"	41,133.01
10-00-00-15110-1601N	Work in Progress	24,792.61
10-00-00-15110-1602U	Work in Progress	173,941.90
10-00-00-15110-1701A	Work in Progress	77,019.74
10-00-00-15110-1801B	Work in Progress	345,995.62
10-00-00-15110-1804G	Work In Progress	88,693.10
10-00-00-15110-1805F	Work In Progress	119,182.19
10-00-00-15110-1806K	Work In Progress	7,419.55
10-00-00-15110-1807P	Work In Progress	26,503.84
10-00-00-15110-1808D	Work In Progress	17,809.60
10-00-00-15150-00000	Buildings & Site Improvements	1,746,624.52
10-00-00-15200-00000	Wells-Shafts, Bldgs, & Equip	4,877,875.22
10-00-00-15250-00000	Boosters-Bldgs & Equip	2,181,280.63
10-00-00-15300-00000	Reservoirs	1,712,021.73
10-00-00-15350-00000	Tunnels, Forebay, & Ponds	1,587,111.19
10-00-00-15400-00000	Spreading Works-Cucamonga Wash	54,859.53
10-00-00-15410-00000	Spreading Works-SanAntonio Wash	50,235.18
10-00-00-15450-00000	Pipelines	15,694,333.78
10-00-00-15500-00000	Autos & Equipment	484,595.87
10-00-00-15550-00000	Tools	76,492.47
10-00-00-15600-00000	Telemetry System	482,714.06
10-00-00-15650-00000	Office Equipment	497,985.32

Balance Sheet

As Of 03/31/2019

Account	Name	Balance
10-00-00-15990-00000	Accumulated Depreciation	-12,060,881.99
	Total BalSubCategory 15 - Property, Plant, & Equipment:	19,232,602.70
BalSubCategory: 16 - Other Assets		
10-00-00-16100-00000	Documents & Studies	867,778.67
10-00-00-16990-00000	Accumulated Amortization	-588,671.83
	Total BalSubCategory 16 - Other Assets:	279,106.84
	Total Assets:	26,058,236.75
		<u>26,058,236.75</u>
Liability		
BalSubCategory: 13 - Prepaid		
10-00-00-20650-00000	Deferred Revenue Deposit	6,432.00
	Total BalSubCategory 13 - Prepaid:	6,432.00
BalSubCategory: 20 - Short-term less than 1 year		
10-00-00-20100-00000	Trade Accounts Payable	6,973.56
10-00-00-20115-00000	D&O Trade Accounts Payable	2,340.67
10-00-00-20600-00000	Water Hydrant Meter Deposit	850.00
10-00-GN-20820-00000	Accrued Vacation Payable	20,404.60
10-00-OP-20820-00000	Accrued Vacation Payable	24,818.57
	Total BalSubCategory 20 - Short-term less than 1 year:	55,387.40
BalSubCategory: 21 - Long-term more than 1 year		
10-00-00-20152-00000	457B Deferred Comp Liability	6,724.04
10-00-00-21500-00000	Unclaimed Credits	408,013.25
	Total BalSubCategory 21 - Long-term more than 1 year:	414,737.29
	Total Liability:	476,556.69
Equity		
BalSubCategory: 30 - Stockholder equity		
10-00-00-30200-00000	Contributed Capital - Ext. Fee	447,258.02
10-00-00-30210-00000	Contr. Property, Plant & Equip	2,426,040.00
10-00-00-30300-00000	Capital Account	1,500,000.00
10-00-00-30310-00000	Unissued Capital Stock	-861,100.00
10-00-00-30400-00000	Retained Earngs-Brd Designated	3,529,386.35
10-00-00-30410-00000	Retained Earnings-Unrestricted	18,439,411.18
	Total BalSubCategory 30 - Stockholder equity:	25,480,995.55
	Total Beginning Equity:	25,480,995.55
Total Revenue		724,201.82
Total Expense		623,517.31
Revenues Over/Under Expenses		100,684.51
	Total Equity and Current Surplus (Deficit):	25,581,680.06
	Total Liabilities, Equity and Current Surplus (Deficit):	<u>26,058,236.75</u>

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

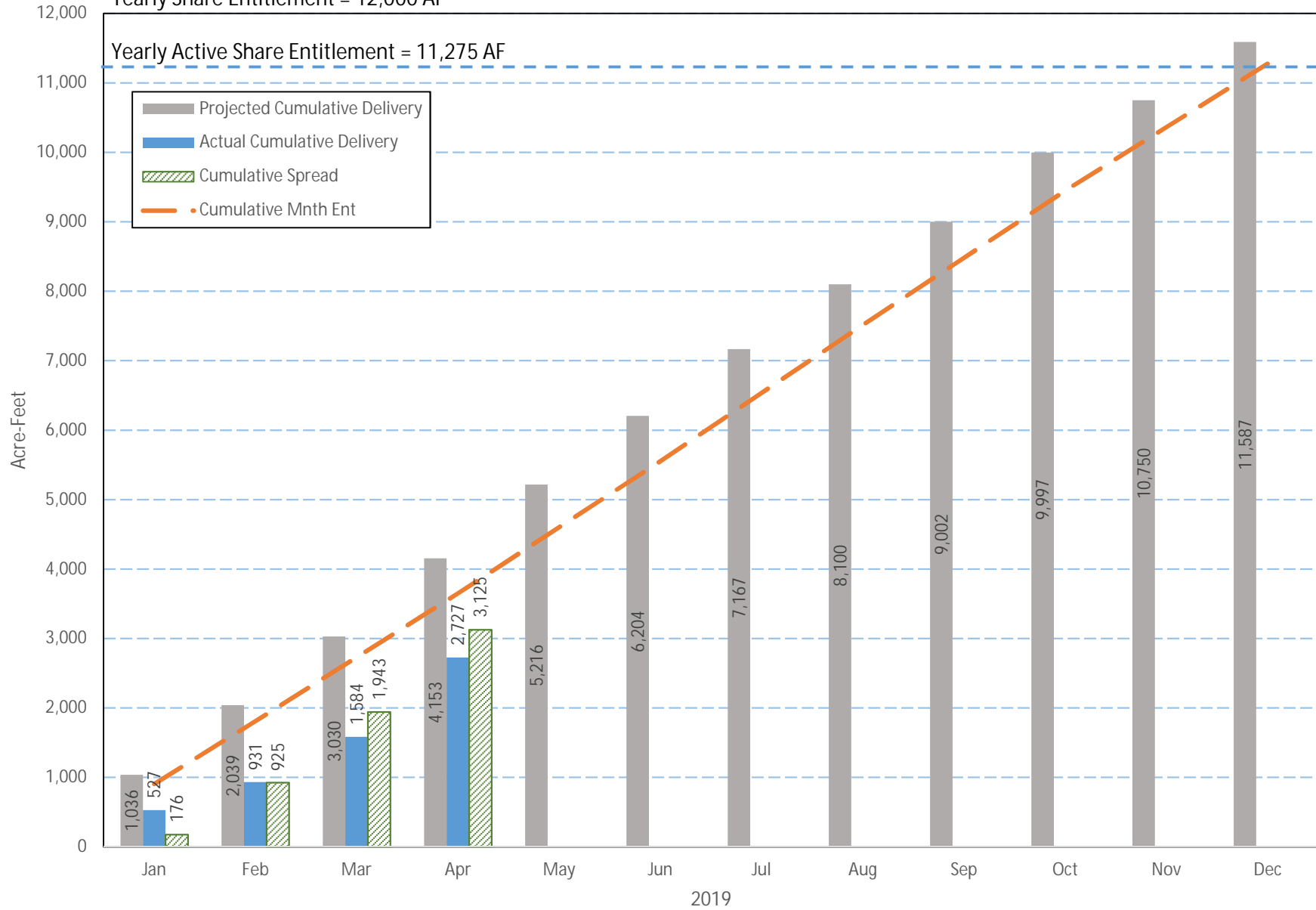
Institution	Type of Investment	Date of Maturity	Rate of Interest	Amount of Deposit	*Accumulated Yearly Service Fees	Accumulated Yearly Interest Earnings
			(A.P.Y.)	as of 03/31/2019	thru March	thru March
Citizens Business Bank (CBB)	*Checking	N/A	No Interest	833,168.13	-	N/A
Citizens Business Bank (CBB)	*D&O Checking	N/A	No Interest	454,942.35		N/A
Citizens Business Bank	Pref. Money Mrkt	N/A	0.25%	1,596,514.29		959.51
Local Agency Investment Fund	LAIF	N/A	1.66%	2,937,073.74		21,068.52
Golden State Business Bank	12 Month C.D.	April 15,2019	0.40%	20,000.00		19.72
TOTAL:				\$ 5,841,698.51		
TOTAL IN CD'S:				\$ 20,000.00		

2019

Production and Consumption

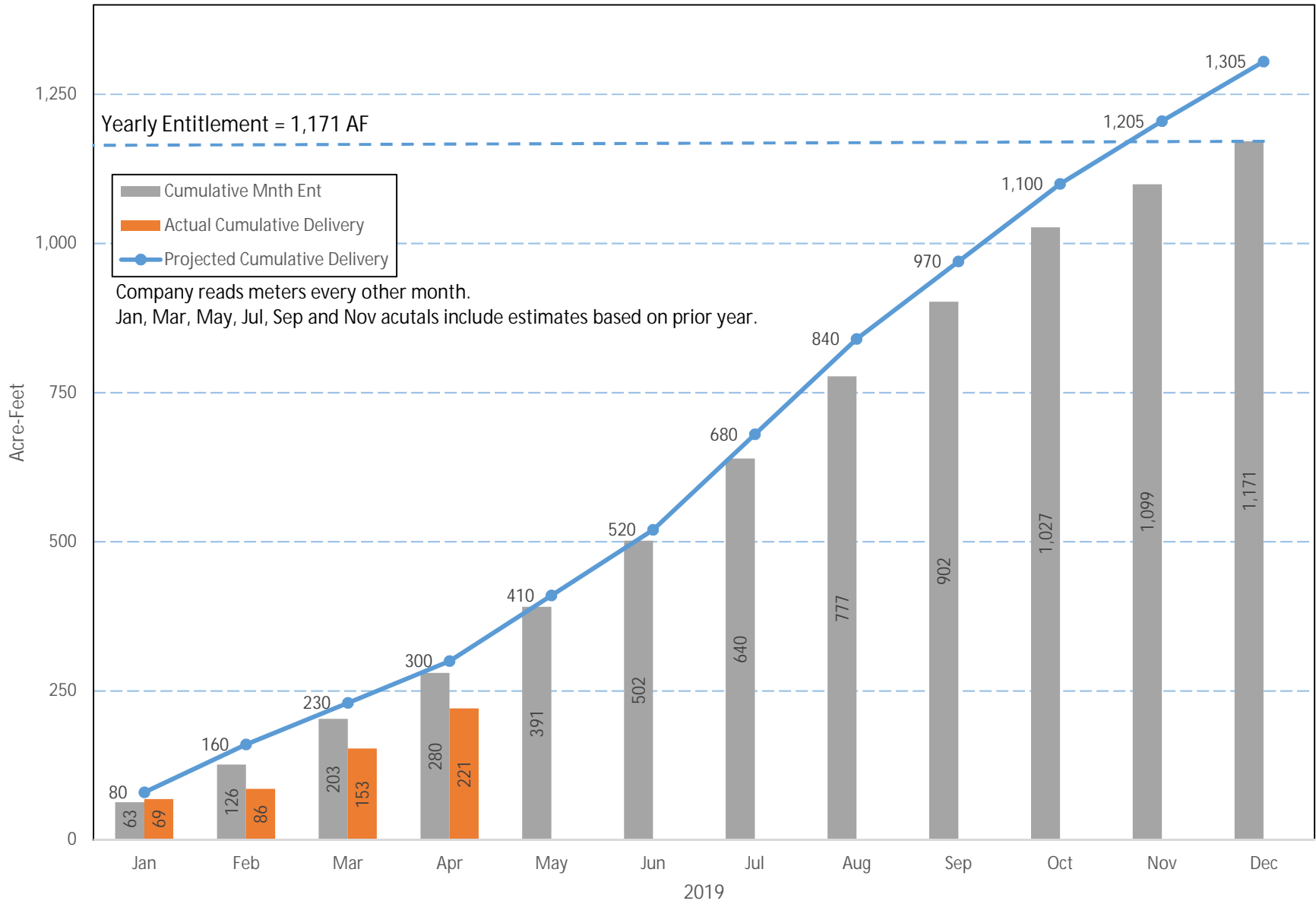
Yearly Share Entitlement = 12,000 AF

Yearly Active Share Entitlement = 11,275 AF



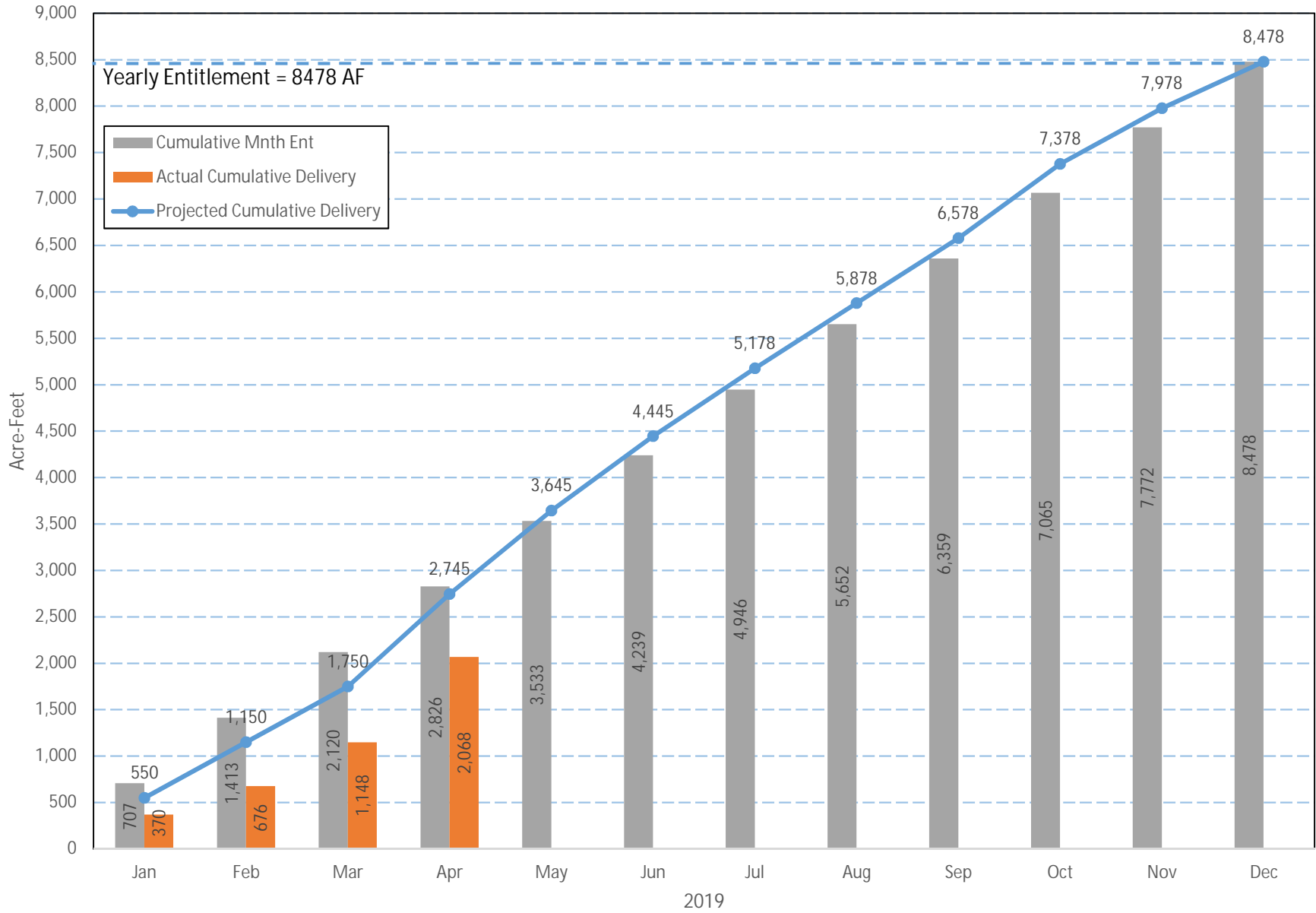
2019

Domestic Deliveries



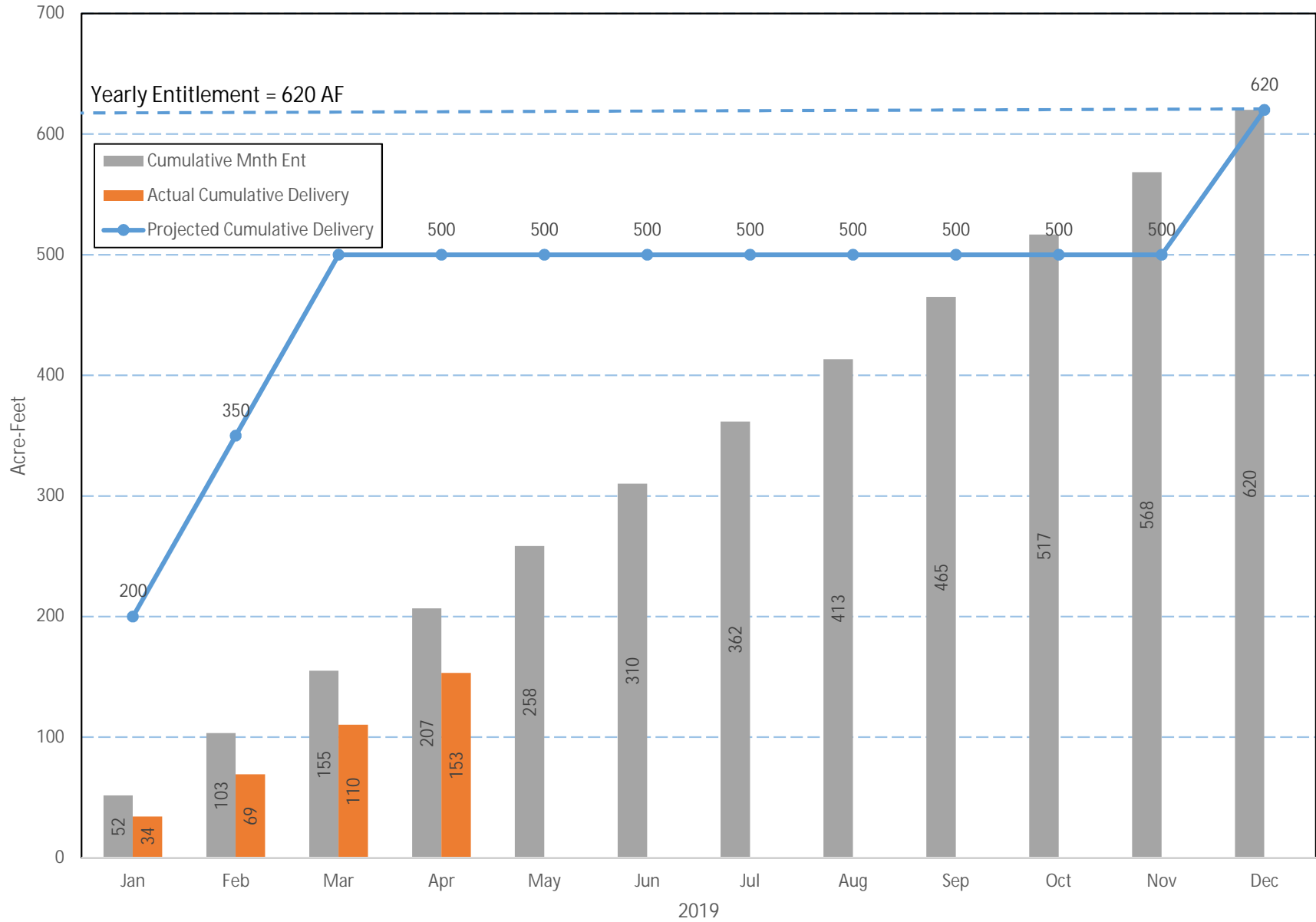
2019

City of Upland Deliveries



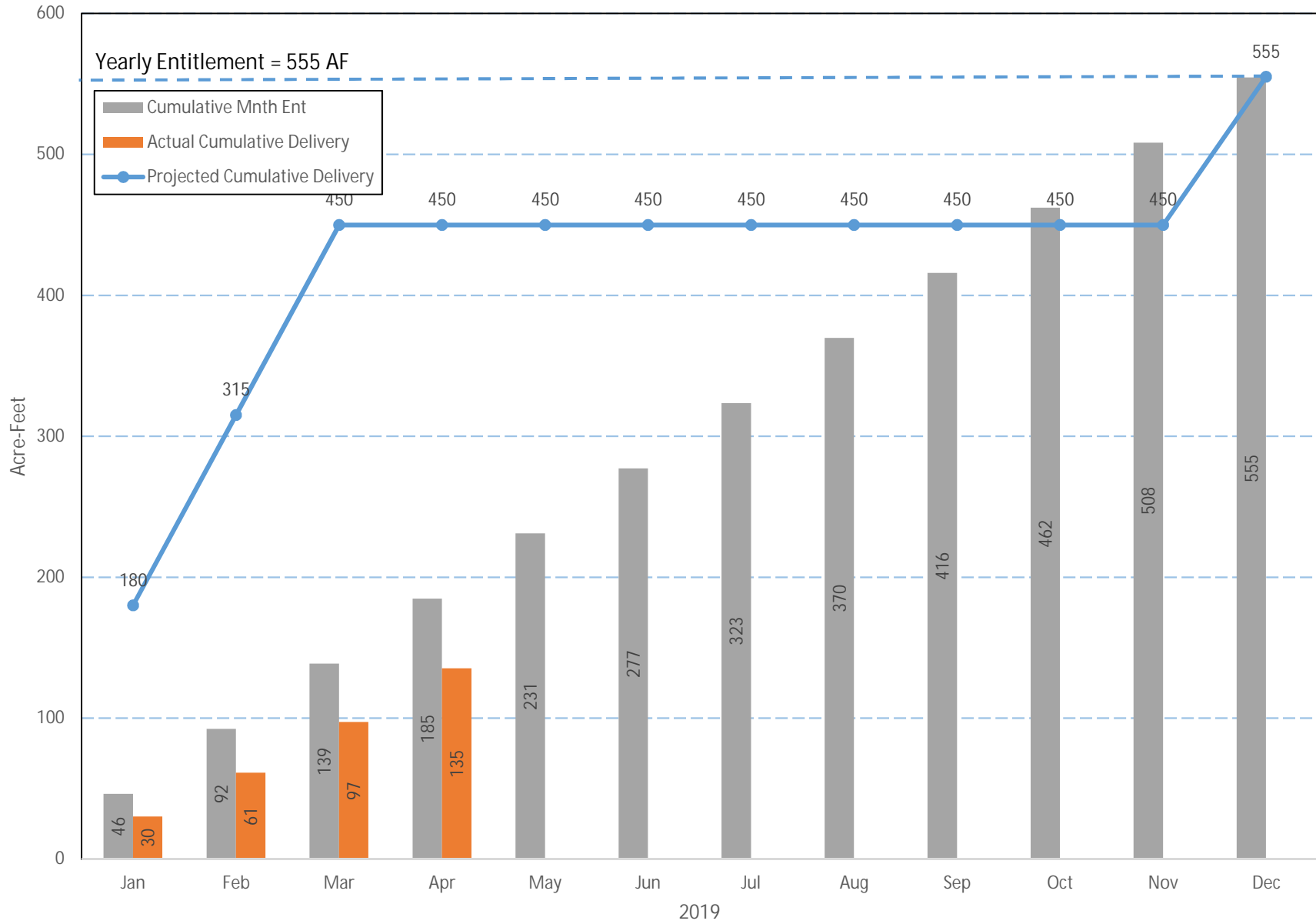
2019

Monte Vista Deliveries



2019

Ontario Deliveries

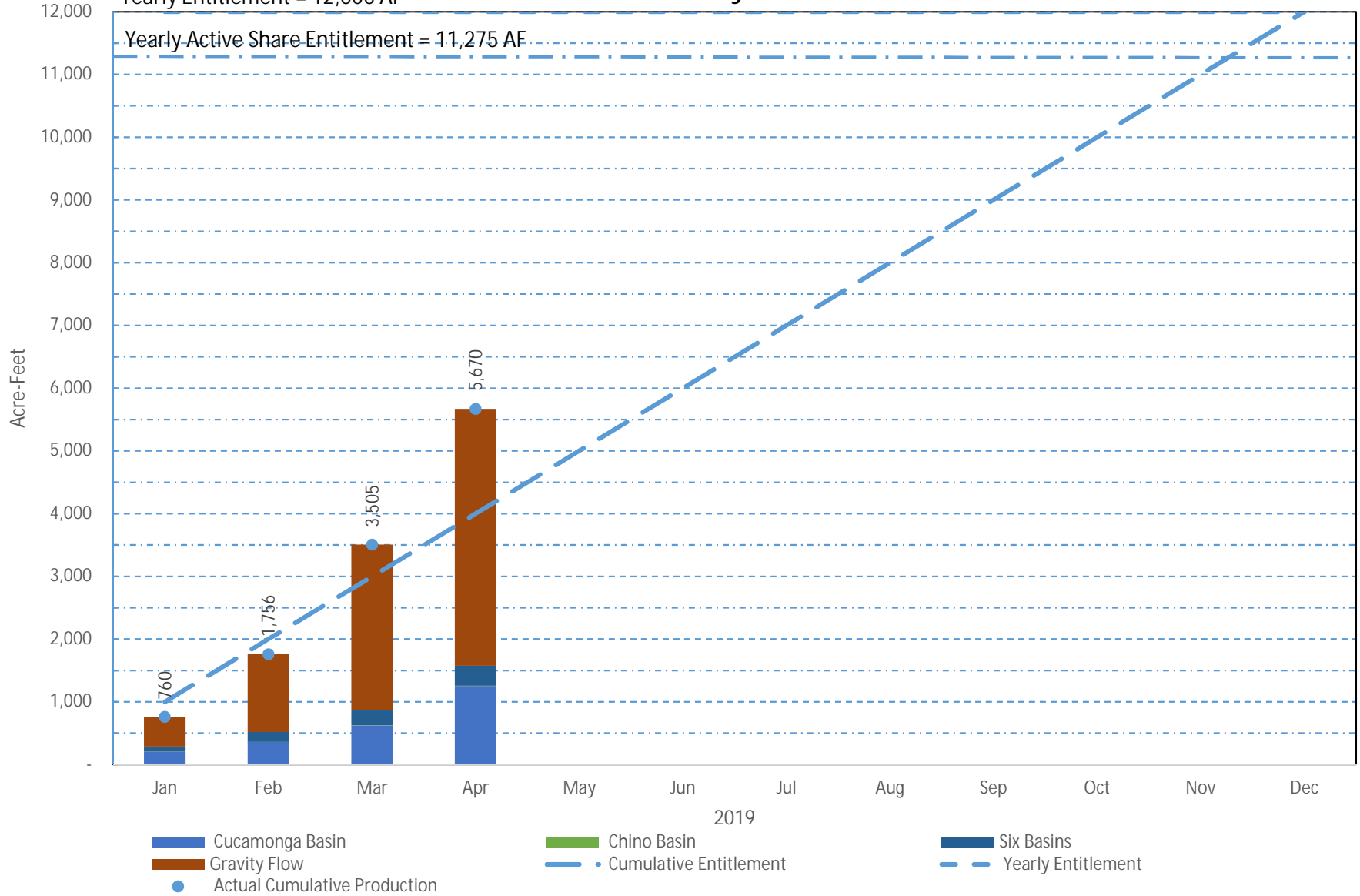


2019

2019 Yearly Production

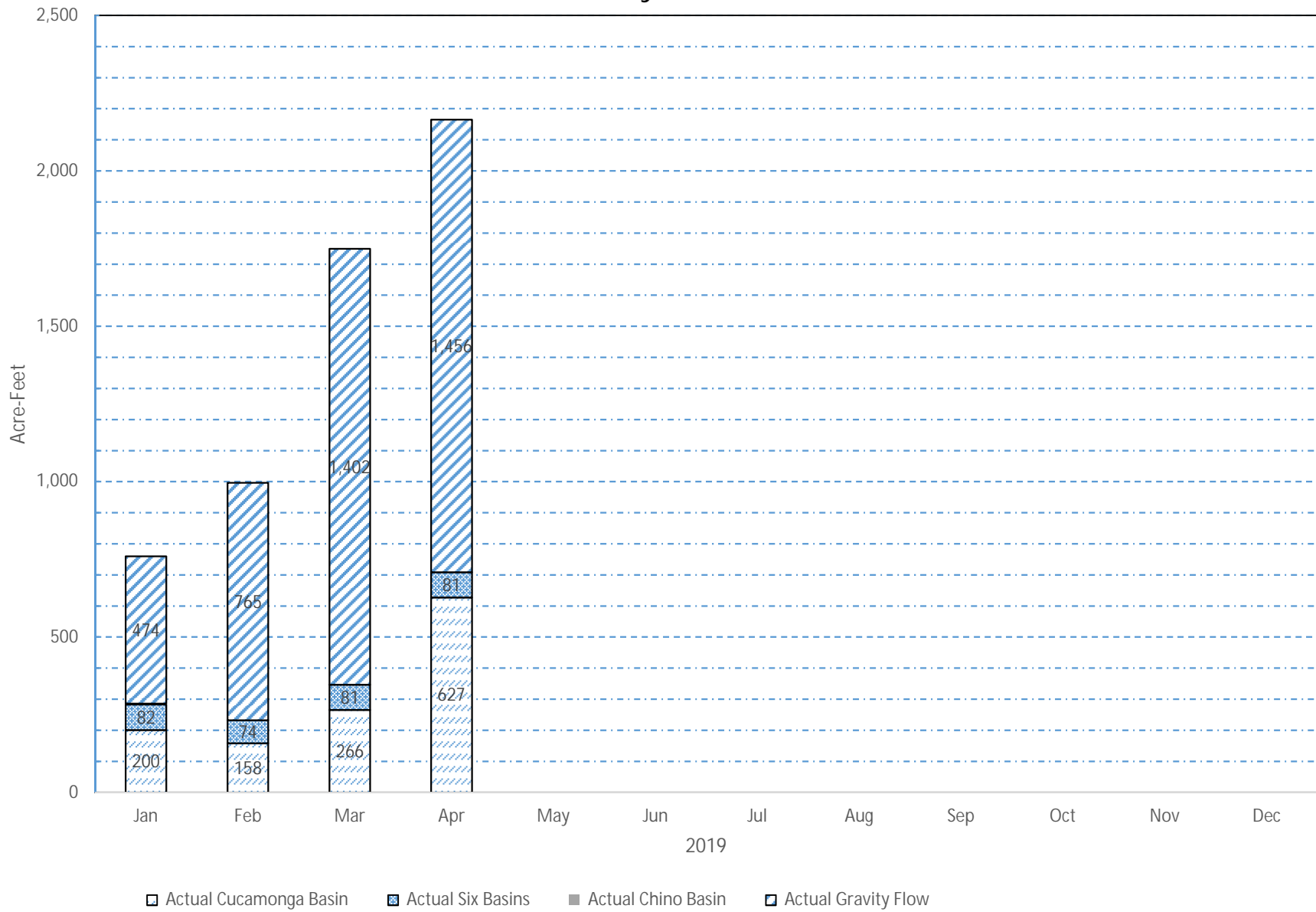
Yearly Entitlement = 12,000 AF

Yearly Active Share Entitlement = 11,275 AF



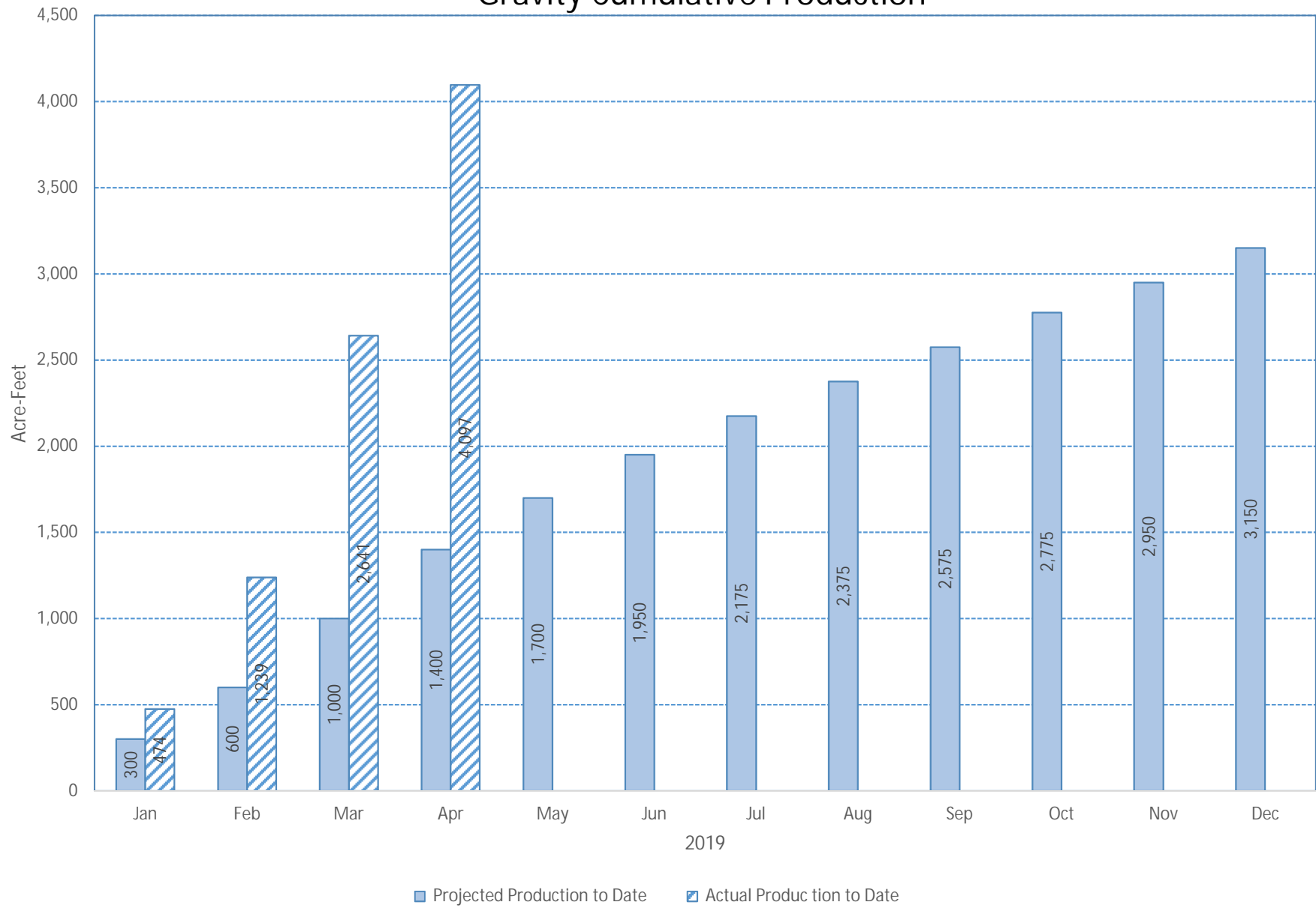
2019

Monthly Production



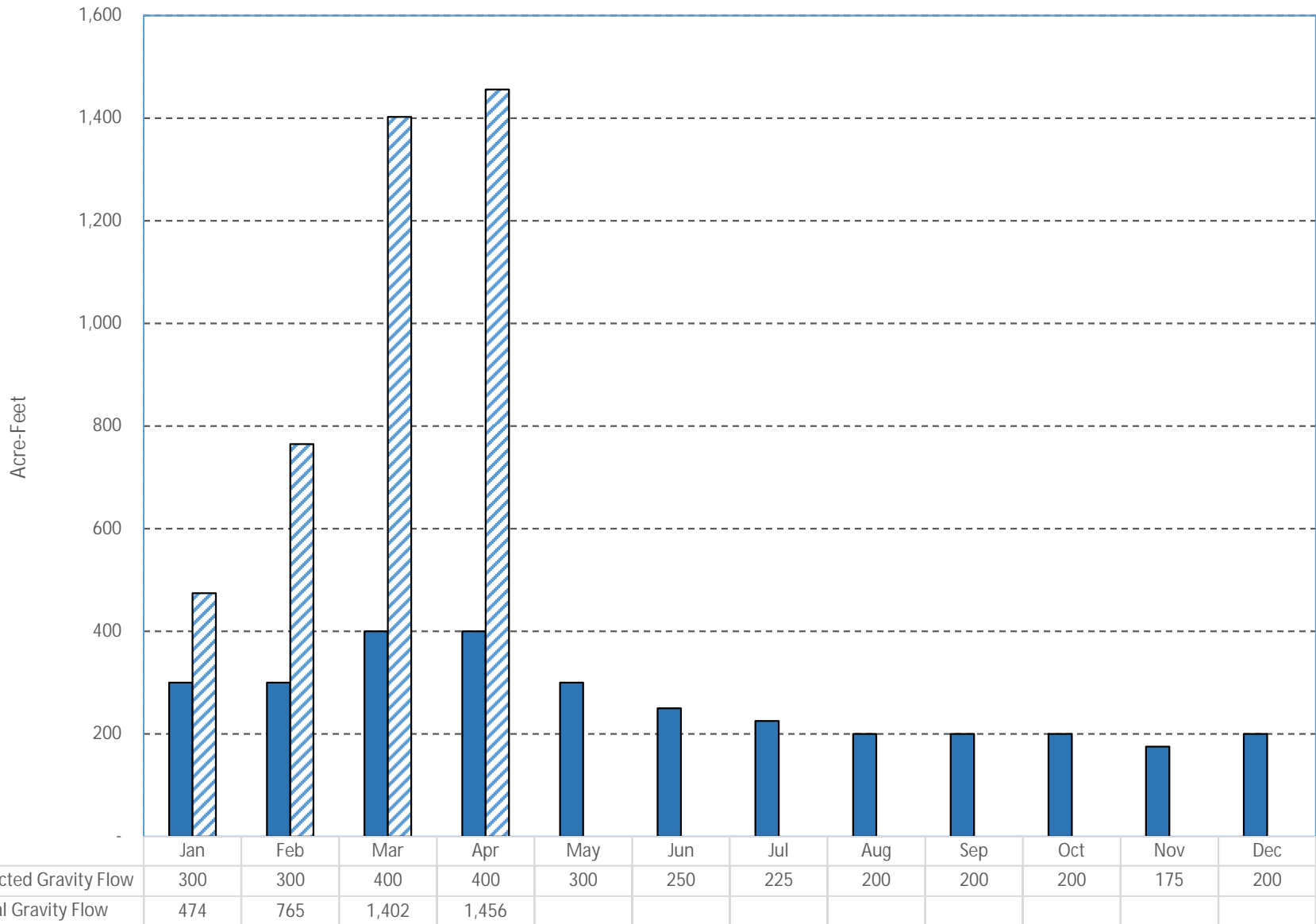
2019

Gravity Cumulative Production



2019

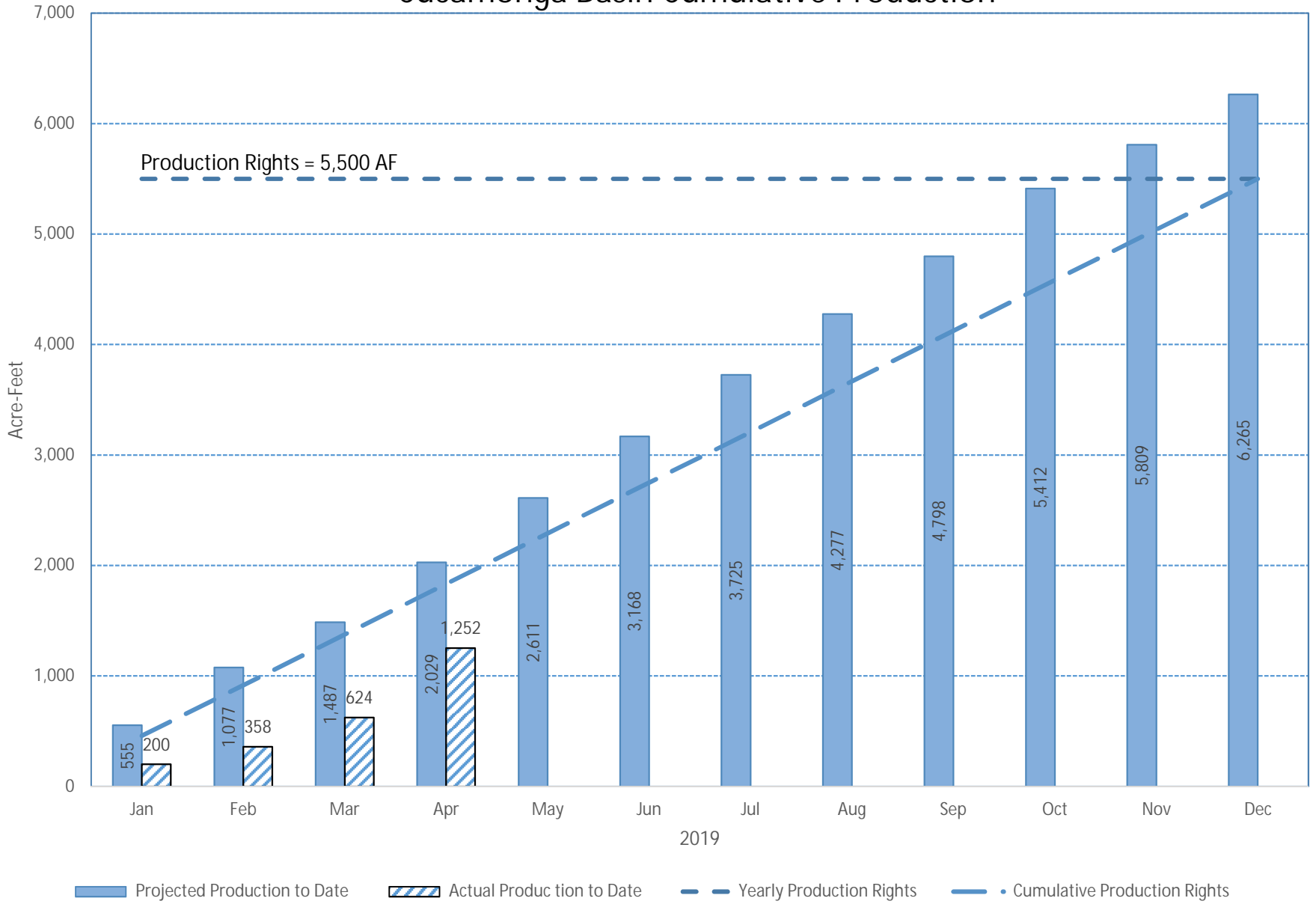
Gravity Monthly Production



2019

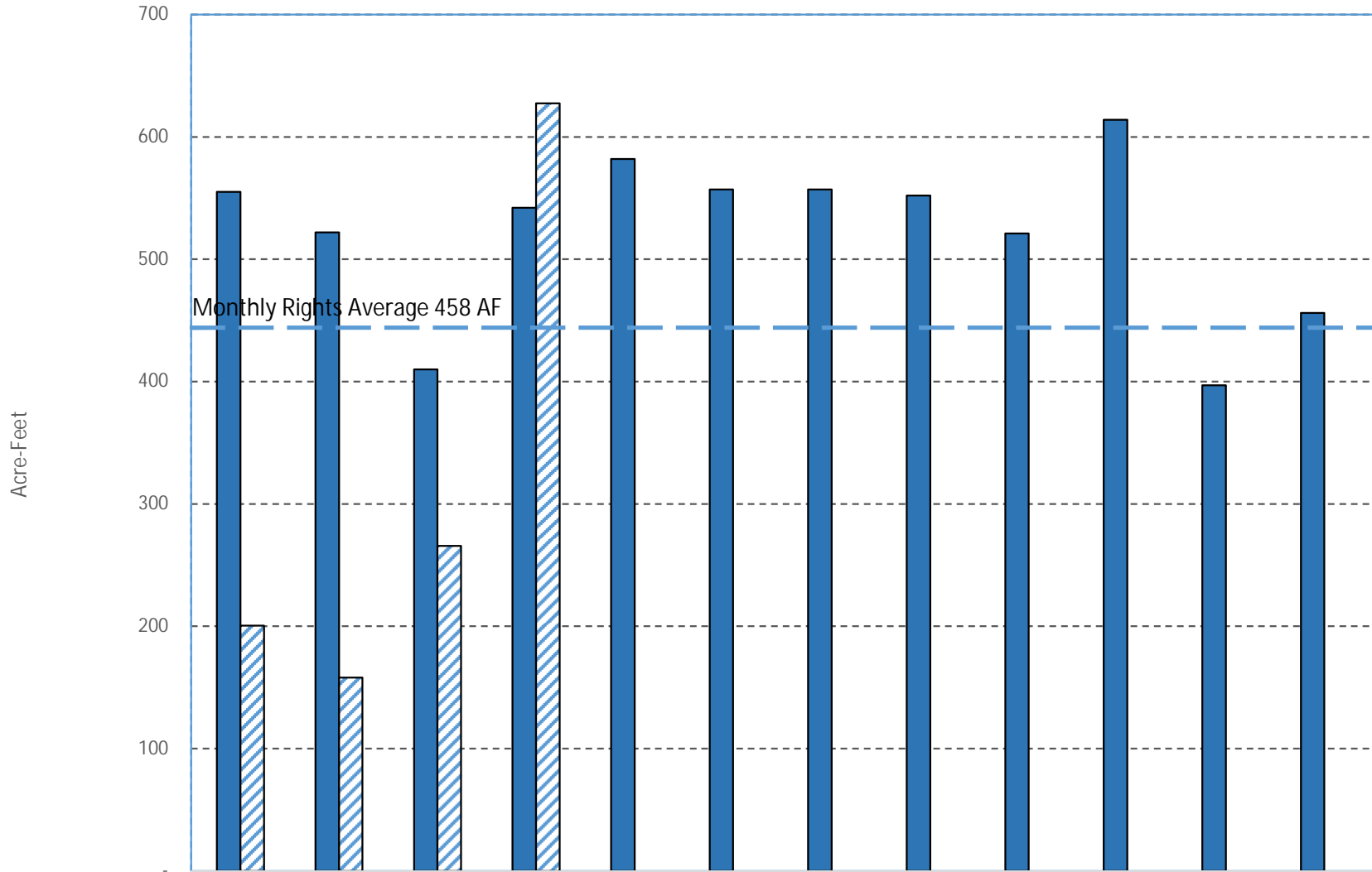
2019

Cucamonga Basin Cumulative Production



2019

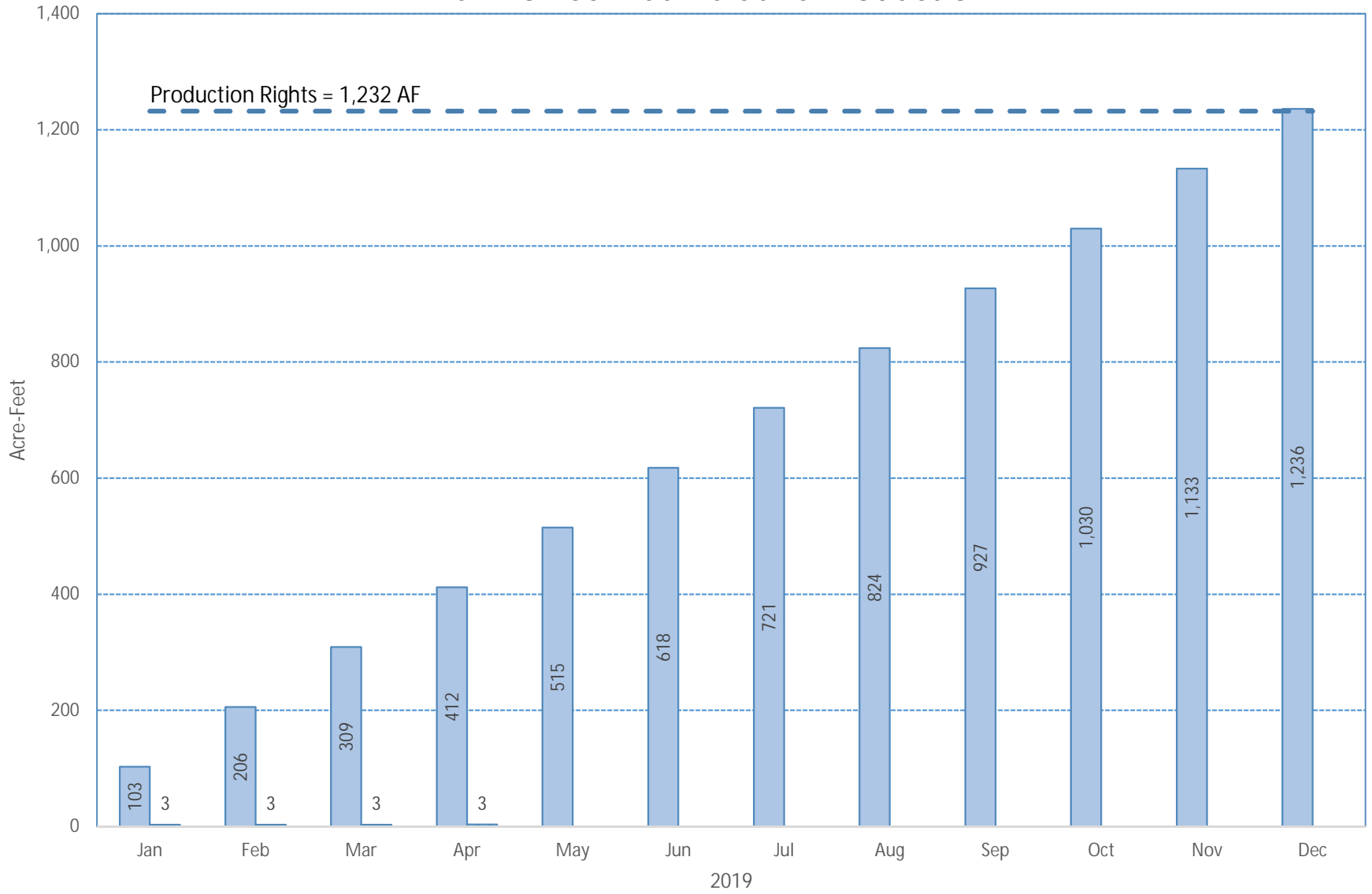
Cucamonga Basin Monthly Production



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Projected Cucamonga Basin	555	522	410	542	582	557	557	552	521	614	397	456
Actual Cucamonga Basin	200	158	266	627								

2019

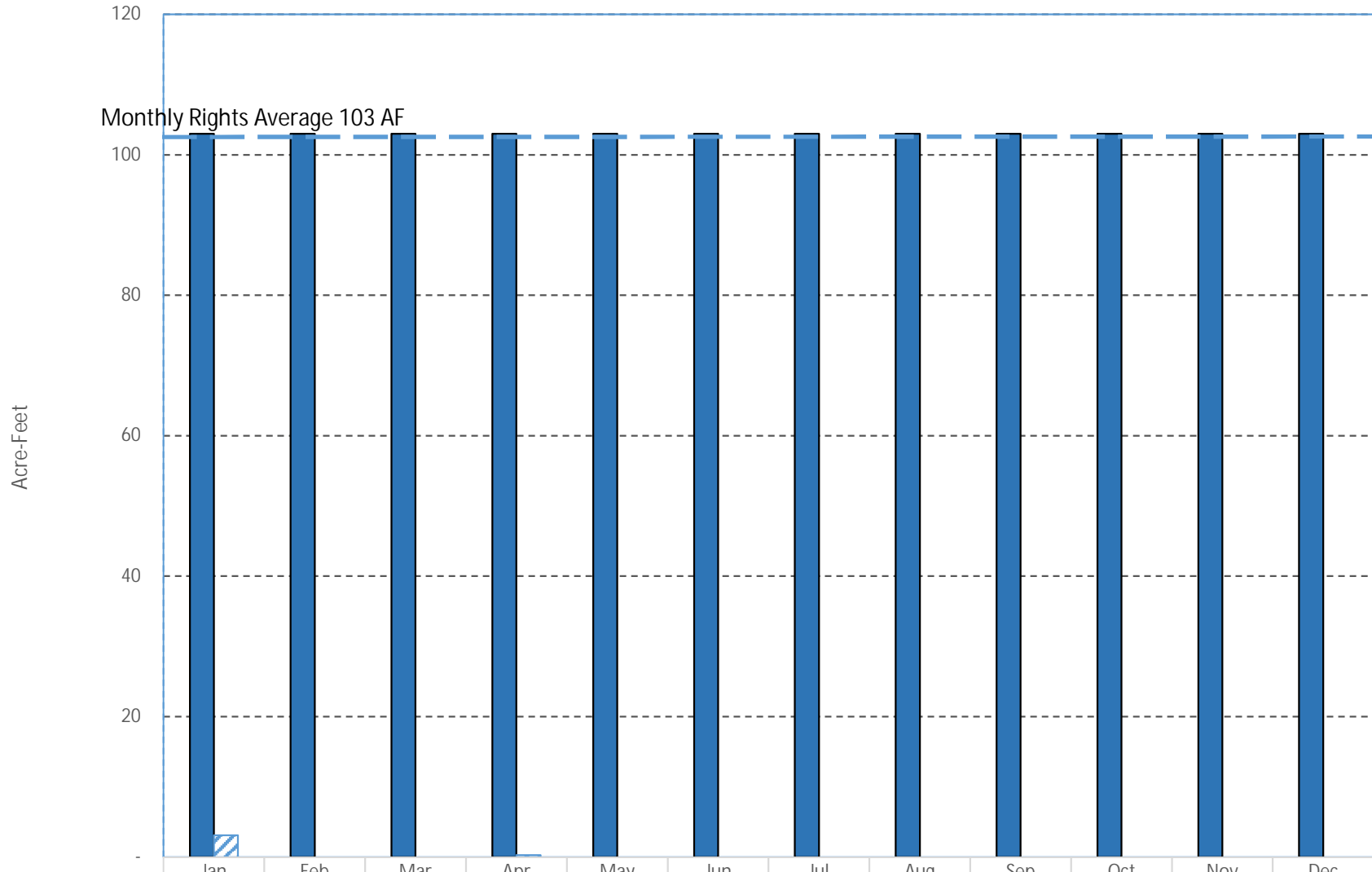
Chino Basin Cumulative Production



Projected Production to Date Actual Production to Date Yearly Production Rights

2019

Chino Basin Monthly Production

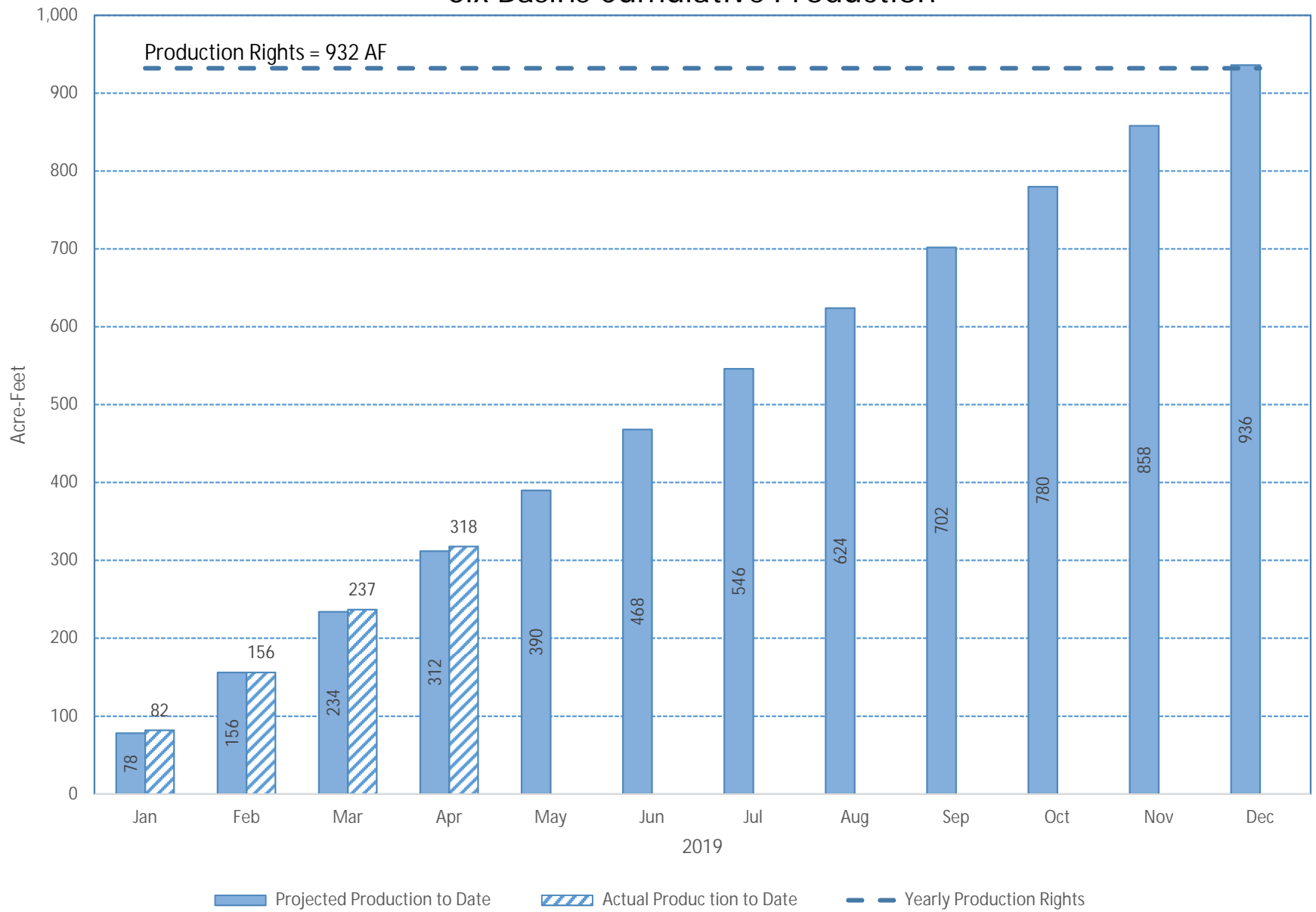


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
■ Projected Chino Basin	103	103	103	103	103	103	103	103	103	103	103	103
▨ Actual Chino Basin	3	0	0	0								

2019

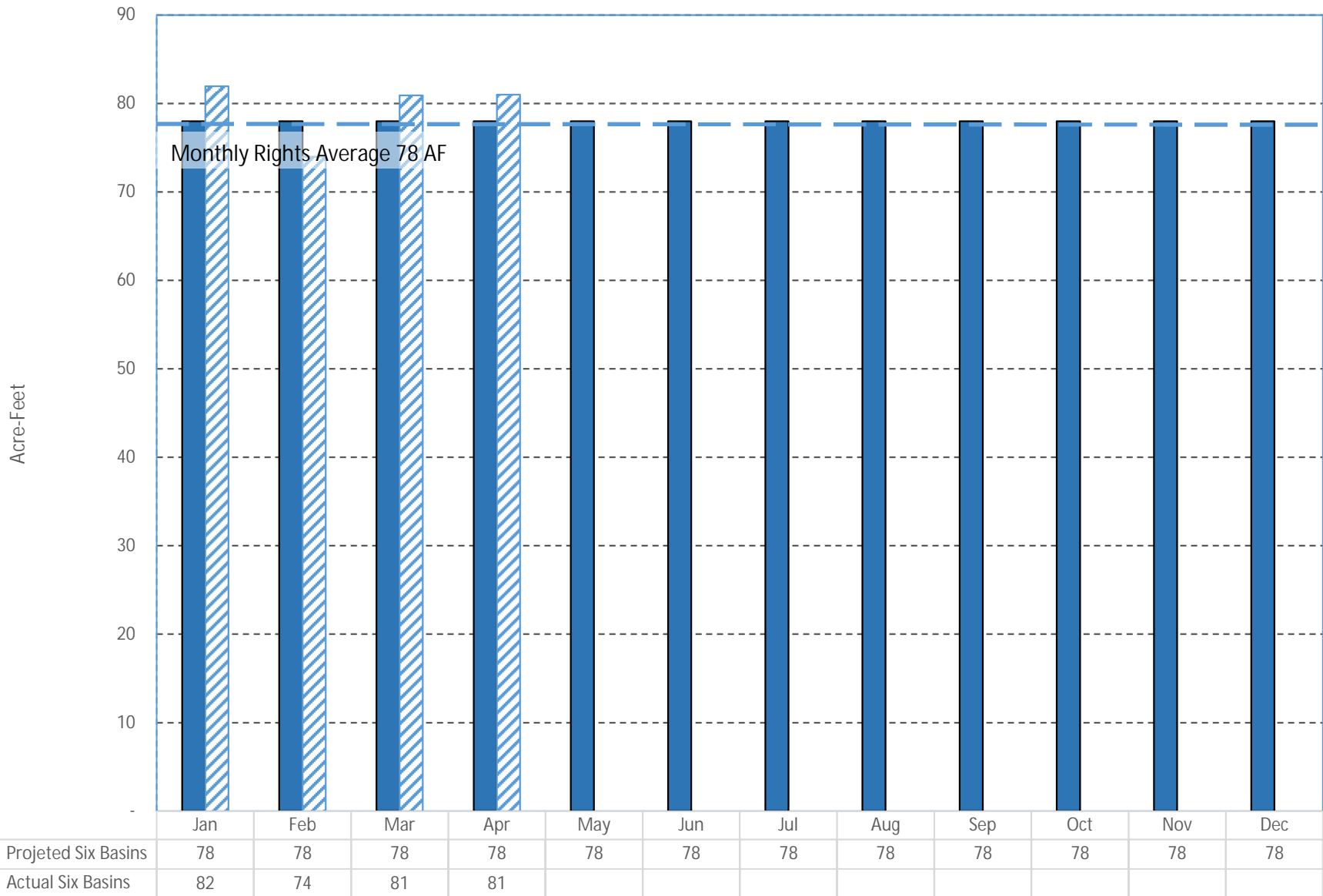
2019

Six Basins Cumulative Production



2019

Six Basins Monthly Production



2019

A. Water Supply for 2019

- Annual entitlement for CY2019 is 12,000 AF
- Cumulative yearly production through April was 5,670 AF
- Cumulative yearly consumption through April was 2,727 AF
- Cumulative yearly spread through April was 3,125 AF
- Cumulative unaccounted water through April was (182 AF). We did not consume more than we produced. Staff is checking accuracy of production meters.

Six Basins Production for 2019

- Annual production right is 932 AF.
- Cumulative production through April was 318 AF.
- Production is sent to the WFA treatment facility to meet City of Ontario and MVWD entitlement.
- The Company has spread a total of X AF through April.

Cucamonga Basin Production for 2019

- Annual production right is 6,060 AF.
- Cumulative production through April was 1,252 AF.
- The Company has spread a total of X AF through April.

Chino Basin Production for 2019

- Annual production right is 1,232 AF.
- Cumulative production through April was 3 AF.
- The Company has spread a total of X AF through April.

Surface Water (San Antonio Creek) flow for 2019

Total flow through April was 3,172 AF.

San Antonio Tunnel flow for 2019

Tunnel flow through April was 923 AF.

B. Company Stock

There are 3.75 shares of water stock moving from dormant to active this transfer period.

On Tuesday, May 7th the Company held a stock auction. 11 certificates were up for auction totaling 3 shares (10 quarter-shares and one half-share). The average bid price was \$56,544 per whole share, or \$14,136 per quarter-share.

C. Communication and Information Activities

Staff is communicating on our new "Facebook" page with 176 friends liking our page. Communication is posted regularly. Staff currently merging the two Facebook pages.

D. Administration Matters

The Company is outsourcing payroll processing to Paychex starting with the next pay period, moving our time and attendance into the digital age. The cost per pay period is \$148 (\$3,848/year), which will be partially offset by eliminating the \$2,800 yearly maintenance cost for Tyler Incode Personnel Management module. The remaining cost will be recovered by reducing staff time to process biweekly payroll and eliminating paper timecards.

At its regular April meeting the AFC appointed Bob Cable to the Office Relocation Ad Hoc committee and Mr. Jose Sanchez as the AFC alternate. Staff will request the PROC appoint a representative the committee next week.

E. Groundwater Basin Matters

Chino Basin

Safe Yield Court & Appeal -

There was a court hearing held on March 15th and the issues before the court were resolved for now. The parties dropped their appeal and Watermaster is starting to revise all the past Assessment Packages. SAWCo will have the option of paying for the desalter replenishment obligation as the assessment packages are done or waiting until all assessment packages are calculated. The Company has put aside some water in storage and will be calculating the future obligations once Watermaster is done with recalculation of assessment packages.

Watermaster Budget 2019/2020

Watermaster released their draft budget on March 26th.

Staff reviewed the budget and brought up three questions to Watermaster regarding the budget. One cost of approximately \$75,000 was discussed with the remaining appropriators and agreed to take out of the budget.

Six Basins

Regular Board Meeting held on April 24, 2019. By unanimous vote Water Master approved a reconnaissance-level recharge study in collaborative support of the MS4 permittees. Study to be conducted by Wildermuth.

Cucamonga Basin

The working group last met on April 2nd. The meeting for May was cancelled and the next meeting is scheduled for June 4, 2019.

F. Monitoring of Assembly Bills Affecting the Water Company

G. In his inaugural address and subsequent budget proposal, Governor Newsom expressed interest in a State wide 'water tax' that would fund infrastructure in impoverished areas impacted by contaminated water sources or a lack of water sources. As currently understood, the State proposes to enforce a monthly 'per meter' tax on each water utility. How that tax is passed on to actual customers has not been addressed, specifically regarding Prop 218. There is opposition to the proposal, and nothing has been finalized yet. Staff assumes this concept is similar to SB845 (Monning) titled, "The Safe and Affordable Drinking Water Fund" that died in committee last year.

On May 15, 2019 the State Senate Budget Subcommittee on Resources, Environmental Protection, Energy and Transportation voted to reject the Governor's proposed water tax.

The subcommittee voted to adopt \$150M General Fund appropriations instead. Staff will continue to watch and update as this concept progresses.

1. AB 1668 and SB 606 - "Statewide Water Saving Mandates"

AB1668 was approved by the Governor on May 31, 2018 – Establishes an immediate Statewide standard of 55 gallons per capita daily for indoor residential water use, eventually reducing to 50 gpcd by January 1, 2030. By October 1, 2021 the State Water Resources Control Board will adopt long-term standards for the efficient use of water.

SB606 was approved by the Governor on May 31, 2018. – Requires the Company to calculate an 'urban water use objective' no later than November 1, 2023 and every November thereafter. An urban water use objective is an estimate of aggregate efficient water use for the previous year based on adopted water use efficiency standards and local service area characteristics for that year. Additionally, the Company's Urban Water Management Plan will be required to incorporate a water shortage contingency plan.

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'

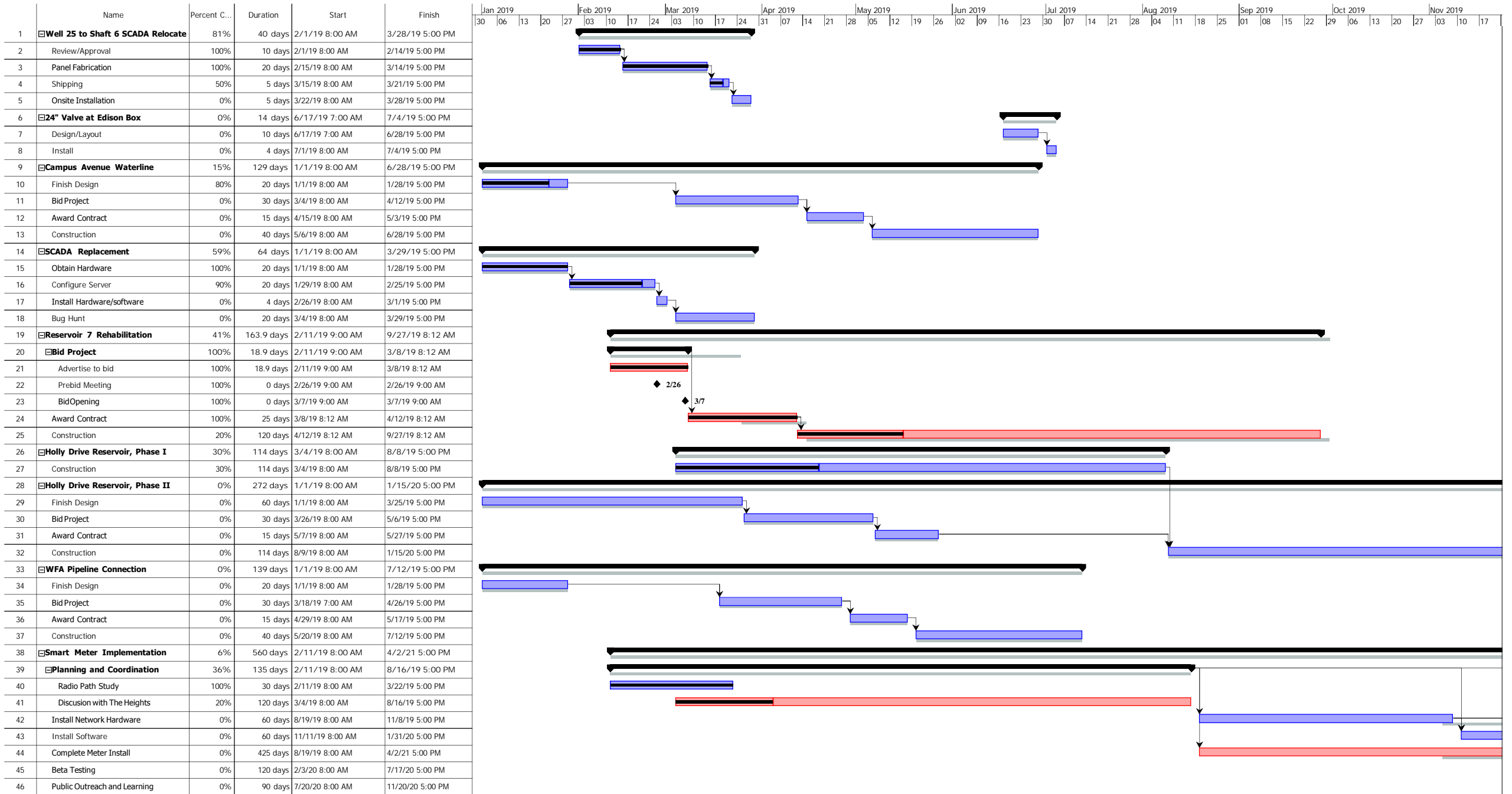
3. SB 998 (Dodd) - SB 998 was approved by the Governor on Sept 28, 2018. This bill requires the Company to have a written policy on discontinuation of water service to certain types of residences for nonpayment available in; English, Spanish, Chinese, Tagalog, Vietnamese and Korean. The bill requires the policy to include certain components, be available on the Company's web site, and be provided to customers in writing, upon request. The bill provides for enforcement of these provisions, including making a violation of these provisions punishable by a civil penalty issued in an amount not to exceed \$1,000 for each day in which the violation occurs. The bill prohibits the Company from discontinuing residential service for nonpayment until a payment by a customer has been delinquent for at least 60 days. The bill requires the Company to contact the customer named on the account and provide the customer with the Company's policy on discontinuation of residential service for nonpayment no less than 7 business days before discontinuation of residential service.

This bill prohibits residential service from being discontinued under specified circumstances. The bill requires that when the Company discontinues residential service, the Company will provide the customer with information on how to restore service. The bill requires the Company to waive interest charges on delinquent bills and limits the amount of a reconnection of service fee imposed on a residential customer who demonstrates household income below 200% of the federal poverty line. The bill requires the Company to make every good faith effort to inform the residential occupants by written notice that service will be terminated and that the residential occupants have the right to become

customers. The bill requires the Company to report the number of annual discontinuations of residential service for inability to pay on its web site and to the State.

The bill requires the Company to comply with the bill's provisions on and after February 1, 2020.

Later this year staff will be presenting for review by the Board a shut-off policy that conforms to SB998 requirements.



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.

03/13/19 – BL – plans under review by City of Upland.

04/11/19 – BL – City finalizing review

05/02/19 – BL –Plan checker assigned to review project no longer works for City. Engineer working to reconnect and obtain schedule for City.

Contacts

Name

Phone / email

Civiltec Engineering, Inc.

Terry Kerger

626.357.0588

tkerger@civiltch.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	\$ 24,998.78	\$ 33,325.22
Prime Contractor			\$ -	\$ -
	TOTAL	\$ 58,324.00	\$ 24,998.78	\$ 33,325.22

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.

Staff is currently preparing budgetary numbers for installation of an Automated Meter Reading (AMR) system that would allow the Company to read meters on a daily basis, providing early detection of leaks or other problems on customer accounts. Additionally, AMR has the potential to allow customers direct web-based access to their water consumption records.

The missing additional component of an AMR system is a service area radio communication network that would read all smart meters from a single location. Sensus' network is called FlexNet. Staff has initiated a radio survey to determine best locations for installation of a FlexNet antenna. The survey will cost \$400. Once the survey is complete staff will be able to develop a budgetary cost proposal for implementation of an AMR system.

Status:

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

02/04/19 – BL – Staff met with Aquametrics, current meter supplier and meter reading support company, to discuss what options are available for 'smart' meters. Currently, the District is replacing aged meters with new Sensus iPERL meters. The iPERL is a 'smart' meter and can be adapted to an Advanced Metering Infrastructure System (AMI) with the correct transmitter installed at the meter box. About 30% of the Company's currently installed meters are iPERL.

03/07/19 – BL – Field staff met with Aquametrics to review available locations for receiver antenna.

5/6/19 – BL – Staff met with Aquametrics to review radio survey. Two antennae recommended.

5/15/19 – BL – Aquametrics provided quote. Staff is reviewing and developing questions.

Contacts	Name	Phone / email
Aquametrics	Steve Kamiyama Account Manager	951.233.9545 steve.kamiyama@aqua-metric.com

Project Title: Automated Meter Reading (AMR)
 Construction Order: 1901
 Approved Budget: \$ 25,000 12/18/2018

	Estimated	Actual
Design Start Date:	2/4/2019	2/4/2019
Design Completion Date:	3/4/2019	
Construction Start Date:	8/1/2019	
Constuction Completion Date:	8/1/2022	
Project Close Out Date:	11/1/2022	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Supplier	Aquametrics			
	Task 1: Radio Survey	\$ 400.00	\$ -	\$ 400.00
			\$ -	\$ -
	TOTAL	\$ 400.00	\$ -	\$ 400.00

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.

1/14/19 – BL – WFA provided comments on draft plans back to Civiltech, who will make modification and finish design.

1/15/19 – BL – Staff notified that WFA is currently reviewing water quality analyzers, which will impact location and availability of space on the lab walls. WFA states they are at least a few months away from selecting.

1/31/19 – BL – Civiltec provided modified concept drawings to WFA showing possible pipeline alignments.

2/5/19 – BL – WFA provided comments and questions regarding proposed pipeline alignments.

2/27/19 – BL – emails between consultant and WFA staff regarding design and layout.
WFA staff estimate a few months remaining to selecting analyzer.

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	\$ 20,707.50	\$ 10,187.50
Geotechnical			\$ -	\$ -
Surveyor			\$ -	\$ -
Environmental			\$ -	\$ -
Prime Contractor		\$ -	\$ -	\$ -
	TOTAL	\$ 30,895.00	\$ 20,707.50	\$ 10,187.50

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
- 1/23/19 – BL – MND sent to clearing house, starting the 30-day comment period. Review period ends 2/22/19
- 1/24/19 – BL - Notices posted at site, office and County Clerk. Affidavit of posting signed by BL and returned to the State.
- 2/7/19 -BL – Staff, consultant and contractor working to schedule a preconstruction meeting.
- 2/22/19 – BL – MND comment period ends. One comment received; SCAQMD
- 2/27/19 – BL – consultant finalized MND
- 3/1/19 – BL – Preconstruction meeting held at offices of TKE. BL signed contract and emailed to engineer and contractor.
- 3/25/19 – BL – CEQA process official complete per email from water board.
- 3/27/19 – BL – Material Submittals being provided.
- 5/6/19 – BL – Construction Started. Excavation of material.
- 5/14/19 – BL – Contractor and Engineer working though issue regarding staking of foundation.

Contacts	Name	Phone / email
TKE Engineering, Inc.		
	Terry Renner Vice President	951.680.0440 trenner@tkeengineering.com
McMinn, Inc.		
	Keith Archibek, Project Manager	O 909.514.1231 M 951.294.1854 keith@jmige.com
	Andy Crane, Project Manager	O 909.514.1231 M andy@jmige.com

Tom Dodson & Associates

Kaitlyn Dodson 909.882.3612
Environmental Analyst kaitlyn@tdaenv.com

State Water Board

Wendy Pierce 916.449.5178
Senior Env. Planner wendy.pierce@waterboards.ca.gov

Sara Paiva-Lowry 916.323.0626
Senior Env. Scientist 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	5/1/2019
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	\$ 164,122.84	\$ 22,847.16
Construction Services, P1	TKE Eng	\$ 60,000.00	\$ 16,722.50	\$ 43,277.50
Prime Contractor, P1	James McMinn, Inc.	\$ 228,600.00	\$ -	\$ 228,600.00
Prime Contractor, P2			\$ -	\$ -
	TOTAL	\$ 475,570.00	\$ 180,845.34	\$ 294,724.66

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.

1/11/19 – BL- BL eMailed plans to State Waterboard Engineer for review and comment

1/16/19 – BL – State responded by eMail with no comments.

2/7/19 – BL – Bid schedule set. Bid package available on 2/14, prebid mtg on 2/26 and bid opening on 3/7

2/12/19 – BL – Bid package uploaded an available on company website.

2/26/19 – BL – prebid meeting held. Five contractors showed; four prime and one sub.
 Visited job site with at least two contractors

3/1/19 – BL – prebid Q&A posted to website and emailed to those contractors in attendance.

3/7/19 – BL – bid opening. Four bids received.

3/19/19 – BL – Contract awarded to SCW Contracting for \$1,013,415.

3/20/19 - BL – NOA executed

4/9/19 – BL – Preconstruction meeting

4/15/19 – BL – NTP Signed for April 22, 2019.

4/22/19 – BL – Construction started. Demolition of existing facility.

Contacts	Name	Phone / email
Civiltec Engineering, Inc.	Terry Kerger	626.357.0588 tkerger@civiltech.com
SCW Contracting, Inc.	Juniper Filanc-Bowen Project Manager	760.728.1308 juniper@scwcompanies.com
	Peter Kogler Senior Project Manager	760.728.1308 pkogler@scwcompanies.com
Sate Waterboard	Hector Cazares Water Resource Control Engineer	909.383.4312 hector.cazares@waterboards.ca.gov
	Eric Zuniga District Engineer	eric.zuniga@waterboard.ca.gov

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	2/11/2019
Construction Start Date:	4/1/2019	4/12/2019
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	\$ 59,340.00	\$ 3,410.00
	CO#1	\$ 21,100.00	\$ -	\$ 21,100.00
Geologist	Geocon	\$ 6,150.00	\$ 6,072.50	\$ 77.50
Prime Contractor	SCW Contracting	\$ 1,013,415.00	\$ 49,668.38	\$ 963,746.62
	TOTAL	\$ 1,154,645.00	\$ 166,310.88	\$ 988,334.12

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
- 1/25/18 – BL – Hardware has arrived and is being shipped to TESCO in Sacramento for integration.
- 2/22/19 – BL – TESCO and Inland Productivity coordinating for installation at end of March.
- 4/8/19 – BL – TESCO informed Company that software is not performing as desired and requested to work directly with Inland Productivity to resolve issue.
- 5/15/19 – BL – Installation of hardware scheduled for 5/21

Contacts	Name	Phone / email
----------	------	---------------

System Integrator: TESCO Controls Inc

Alex Leeth	aleeth@tescocontrols.com
Technical Sales	916.395.8800 ext. 2606

John Zitlau	jsitlau@tescocontrols.com
Project Manager	(O) 916.395.8800 ext. 3005 (D) 916.596.4529

Hardware Procurement: Inland Productivity

Eric Hanson	ehanson@inland-prod.com
Sr. Solution Developer	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	1/15/2019
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 and invasive seed 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.

1/11-ish/19 – BL – earthen-fill crosswalls breached due to river flow.

1/29/19 – BL – Met with contractor and County on-site. Contractor working to make temporary repairs to the breached areas of the walls. Repairs consist of pushing rock and soil back into place with bulldozers.

2/1-ish/19 – BL – Storm breached two of the repaired crosswalls. Other repairs are holding.

4/2/19 – BL – Company met with MB International to discuss mitigation contractor services. Company requested MBI to coordinate with five contractors and return with a recommendation.

4/12/19 – BL – Company contracted with MBI to coordinate restoration services.

5/6/19 – BL – Habitat Conservation Management Plan (HCMP) updated by consultant to include native seed quantities

Contacts	Name	Phone / email
<hr/>		
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 Mitigation

Construction Order: 1902

Approved Budget:	\$	50,000	2019 Mitigation
	\$	50,000	2020 Mitigation
	\$	50,000	2021 Mitigation
	\$	50,000	2022 Mitigation
	\$	50,000	2023 Mitigation
TOTAL	\$	250,000	

	Estimated	Actual
Design Start Date:	4/12/2019	4/12/2019
Design Completion Date:	NA	
Construction Start Date:	9/1/2019	
Constuction Completion Date:	12/1/2023	
Project Close Out Date:	2/1/2024	

Budget	Firm	Contract/Budget	Invoiced/Spent to Date	Remaining
Staff	SAWCo		\$ -	\$ -
Environmental	Michael Baker Int.			
	Task 1: Baseline Weed Survey	\$ 4,200.00	\$ -	\$ 4,200.00
	Task 2: Native Seed Mix Quantities	\$ 1,400.00	\$ -	\$ 1,400.00
	Task 3: Restoration Contractor Coordination	\$ 3,500.00	\$ -	\$ 3,500.00
	Other Direct Costs	\$ 400.00	\$ -	\$ 400.00
Prime Contractor			\$ -	\$ -
	TOTAL	\$ 9,500.00	\$ -	\$ 9,500.00

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.
 - 03/11/19 – BL – City of Upland Council approved purchase of south portion of Benson Property.
 - 4/5/19 – BL – Title report received from City
 - 4/22/19 – BL – City notified Company that State is taking longer than expected on project funding. City requested escrow time extension
 - 4/23/19 – BL – AFC appoints Director Cable to Ad hoc committee and Director Sanchez as alternate.
 - 5/13/19 – BL – City Council approves escrow time extension
 - 5/21/19 – BL – Escrow time extension on Board Agenda for review.

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

Agenda Item No. 6A

Item Title: Designations and Authorities

Purpose:

Update signatory authorization for Citizen's Business Bank Accounts.

Issue:

Removal of Susan Sundell as Board Secretary/CFO and adding Jose Sanchez as Board Secretary/CFO.

Manager's Recommendation:

Authorize Secretary/CFO Jose R. Sanchez to add and remove names from Citizen's Business Bank Accounts.

Background:

At the April 2019 Organizational meeting the Board appointed Director Sanchez as Board Secretary/CFO. Tonight's action ratifies that vote and authorizes the Secretary/CFO to sign and send the attached notice to Citizen's Business Bank.

Previous Action:

None

Impact on Budget:

None



San Antonio Water Company

Incorporated October 25, 1882

Serving the original Ontario Colony lands

May 21, 2019

To: Citizens Business Bank

Meeting Minutes

On May 21, 2019, San Antonio Water Company held a meeting at Upland City Hall to discuss banking. The Officers of the Corporation are as follows:

- 1) Tom Thomas - Board of Director President
- 2) Willard Elliott - Board of Director Vice President
- 3) Jose R. Sanchez - Board of Director Secretary/CFO
- 4) Robert Cable - Board of Director Member
- 5) Gino L. Filippi - Board of Director Member
- 6) Martha Goss - Board of Director Member
- 7) Rudy A. Zuniga - Board of Director Member

It has been agreed by all Officers that have authority to update the signers on the accounts with Citizens Business Bank.

The following will be authorized signers on the accounts ending in #2237, 3000, and 5653.

- 1) Tom Thomas - Board of Director President
- 2) Willard Elliott - Board of Director Vice President
- 3) Jose R. Sanchez - Board of Director Secretary/CFO
- 4) Brian Lee - General Manager/CEO
- 5) Teresa Layton - Assistant General Manager

It has also been agreed by all Officers that have authority that Susan Sundell is to be removed as signer and Jose R. Sanchez be added as a signer.

Meeting adjourned at _____.

Sincerely,

Jose R. Sanchez
Secretary/CFO

Item Title: Request for Connection to Company's Raw Water Distribution

Purpose:

Discuss miscellaneous shareholder's request to connect to Company's raw water distribution system.

Issue:

Can a service connection be installed at the point of discharge from the raw water distribution system to the San Bernardino Flood Control channel?

Manager's Recommendation:

Take no action.

Background:

The Company was asked to facilitate a paper transfer of Chino Basin water as a means of meeting miscellaneous shareholder entitlement in the extended area of service. The Company Bylaws prohibit such action. The Company Bylaws identify:

- How water is to be supplied to shareholders (Section 10.01),
- Three distinct classes of service (Section 10.02) with specific definitions, and
- Requirements for service in the Extended Area (Section 10.04 (3)).

Per the Bylaws, the Company can only deliver water to a miscellaneous shareholder within the Extended Area through the Company's distribution system to a place proposed by shareholder and approved by the Board.

The PROC has discussed the issue at its regular March 2019 meeting and requested that staff and legal counsel re-review the situation and bring a report back to the full Board.

The Board discussed the issue at its regularly scheduled April 2019 meeting and requested that the AFC take up the issue.

The AFC discussed the issue at its regularly scheduled April 2019 meeting. At that meeting the shareholder's representative affirmed Company Bylaws and noted Company legal council's letter stating that the Board has full discretion to allow a variance to the Company Bylaws. Allowing variances to the Company's Bylaws was vocally opposed amongst the AFC Committee members.

Upon further discussion, shareholder's representative offered to install a connection at the terminus of Company's irrigation distribution system currently discharging into the storm channel. There was concurrence among those in attendance that this option may meet Company Bylaws. The AFC directed staff to review this option and bring back a recommendation to the Board at the regularly scheduled May 2019 meeting.

After review staff does not believe it is feasible to install a typical connection at the requested location. At that location the Company's distribution system is a partially filled pipeline that discharges to atmosphere. The system lacks necessary pressure to adequately feed through a

normal service meter. Other connection metering options may be available. If shareholder wishes to pursue a service connection at that location staff is recommending that the shareholder hire a civil engineer to propose an appropriate service connection for Company consideration.

Staff also recommends that the Board require shareholder to meet two conditions beyond normal service requirements prior to receiving service at the discussed location:

- Shareholder should obtain property owner's permission, by securing an easement, to install a meter and private lateral at that location. This is a requirement of all shareholders requesting a connection at a point other than the property receiving service and for private laterals that would be crossing property owned by someone other than the shareholder.
- Shareholder should provide written authorization from channel owner (County Flood Control) to discharge water into the channel. Company Bylaws specify that miscellaneous shareholders receive water... for a, "variety of legally permissible uses". Staff recommends that shareholder verify that shareholder discharge is legally permissible at that location.

The above issues have been forwarded to shareholder's representative.

Impact on the Budget:

None

Previous Actions:

None

Agenda Item No. 6C

Item Title: Request for Time Extension, Benson Avenue Property Sale to City of Upland Contract Amendment

Purpose:

Consider City of Upland's request for an escrow time extension to acquire south portion of Benson Avenue property for City's new reservoir.

Issue:

Should Company authorize an escrow time extension for the property sale?

Manager's Recommendation:

Authorize President to execute amendment to purchase contract.

Background:

The City of Upland desires to acquire the south half of Company's Benson Avenue property for the construction of their new reservoir.

At its regularly scheduled March 2019 meeting, the Board authorized the President and General Manger to execute a Sales Agreement and Escrow Instructions and appurtenant document to facilitate the sale of a portion of Benson Avenue Property to the City of Upland. Escrow was opened on March 31, 2019. Original close of escrow date was scheduled for May 31, 2019.

Due to issues beyond the City's control, funding (SRF) for reservoir construction continues to be delayed. As staff understands, the State of California is undergoing an accounting transition that is delaying financing agreements statewide, including the City's agreement.

The City has requested a 60-day extension to the May 31, 2019 close of escrow. The proposed new close of escrow would be July 29, 2019. Additionally, the attached amendment would allow the Board President and General Manager to approve a one-time 60 day extension beyond July 29th, 2019 without going back to the Board. Effectively, tonight the Board is being asked to approve a 120-day extension, split into two 60-day increments.

We are making progress on all other escrow issues. Title report contingencies have been removed as of May 9, 2019.

Previous Action:

July 2017 – Board ratified property appraisal of \$1,720,000 and committed to hold that price through 2018.

December 2018 – Board authorized to hold price through March 31, 2019.

Agenda Date: May 21, 2019

March 2019 – Board adopted Resolution 2019-01-02, approving the sale of a portion of Benson Ave. Property to City of Upland.

Impact on Budget:

\$1,720,000 in non-water sale property disposition revenue, split over multiple years.

An estimated \$27,000 in non-water sale property rental revenue, split over multiple years.

PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

This Purchase and Sale Agreement and Escrow Instructions (this “Agreement”) is made and entered into as of March 31, 2019 (the “Effective Date”), by and between SAN ANTONIO WATER COMPANY, a California corporation (the “Seller”), and the CITY OF UPLAND, a municipal corporation (the “Buyer”), with respect to the following facts:

RECITALS

A. Seller is the owner of and desires to sell to Buyer:

(a) that certain property situated in the City of Upland, County of San Bernardino, State of California (the “State”), and an access easement appurtenant thereto, each as more particularly described on **Exhibit “A”** attached hereto and made a part hereof and depicted on **Exhibit “B”** attached hereto and made a part hereof, together with all and singular the rights and appurtenances pertaining to such property, including any right, title and interest of Seller in and to adjacent streets, alleys or rights-of-way (collectively, the “Land”); and

(b) any buildings, structures, fixtures and other improvements located on the Land (collectively, the “Improvements”). The Land and the Improvements are hereinafter referred to collectively as the “Property”.

(c) the Buyer determined an essential existing 7.5 million gallon reservoir is structurally deficient and in need of replacement; and

(d) the Property is suitable for the construction of a replacement reservoir facility; and

(e) the Buyer receives imported water supply for the Upland community from the Water Facility Authority Agua de Lejos through the reservoir; and

(f) the Seller wells also supply water to the reservoir for delivery to the Buyer to meet the Buyer’s water entitlement; and

(g) the Seller has been notified of the Buyer’s intent to purchase the Property; and

(h) the Seller has accepted a Property appraisal prepared by the Bronstein Company dated May 30, 2017; and

(i) pursuant to the Subdivision Map Act Section 66426.5, the Buyer is authorized to acquire the Property by deed without subdivision; and

(j) the Buyer has completed the entitlement, environmental, preparation of final plans and specifications for the construction of the replacement reservoir and is in the final process of securing financing under the State Revolving Fund program for the construction; and

(k) the Buyer has offered to acquire the Property at its fair and reasonable market value; and

(l) the Buyer wishes to purchase and the Seller wishes to sell the Property pursuant to the terms and conditions described herein; and

(m) the Buyer is prepared to proceed with the acquisition of the Property for the Purchase Price (as defined below) on an all cash basis subject to conditions hereinafter set forth.

B. Buyer desires to purchase the Property from Seller.

C. By this Agreement, Seller is agreeing to sell the Property to Buyer upon and subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the terms and conditions of this Agreement and for other valuable consideration, the receipt of which is hereby acknowledged, the Buyer and Seller agree as follows:

1. Purchase and Sale; Attachments to Agreement. Subject to and in accordance with the terms and conditions hereinafter set forth, on the Close of Escrow (as herein defined), Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property.

The following is a list of the attachments to this Agreement, each of which is incorporated herein and made a part hereof:

- Exhibit "A" Legal Description of the Land
- Exhibit "B" Plat Depicting the Land
- Appendix 1 Form of Grant Deed
- Appendix 2 Form of Construction Access Easement Agreement
- Annex "A" Payment of Purchase Price;
Revenues for Payment of Construction Easement Rental

2. Opening and Closing of Escrow. Within five (5) days after the Effective Date, an escrow (the "Escrow") shall be opened with Lawyers Title Company Inland Empire, 625 E. Carnegie Dr., #105, San Bernardino, CA 92408, Attn: Colleen Graves, Sr. Escrow Officer, Tel: (909) 963-5570 (the "Escrow Holder"). For the purposes of this Agreement, Opening of Escrow shall mean the date on which Escrow Holder shall have received a fully executed copy of this Agreement from Buyer and Seller. The "Close of Escrow" shall be the date that a grant deed for the Property in favor of Buyer is recorded in the Official Records of the San Bernardino County Recorder's Office. The Close of Escrow shall occur on or before that date which is sixty (60) days after the Effective Date (the "Closing Date").

3. Purchase Price; Deposit; Escrow Account; Purchase Price Installment Payments; Temporary Construction Easement.

(a) Purchase Price. The principal amount of the purchase price for the Property to be paid by Buyer is the sum of One Million Seven Hundred Twenty Thousand Dollars

(\$1,720,000.00) (together with all accrued interest on such amount payable by Buyer as provided herein, the "Purchase Price").

(b) Deposit; Escrow Account. Within three (3) days after the Effective Date hereof, Buyer shall deliver to Escrow Holder an earnest money deposit in the amount of Five Thousand Dollars (\$5,000.00) (the "Deposit") in the form of a cashier's check, by a federal wire transfer, or other form acceptable to the Escrow Holder. The Deposit shall be placed in an interest-bearing bank account (the "Escrow Account") and all interest accruing thereon shall increase and become a part of the Deposit. On the Close of Escrow, the Deposit shall be returned to the Buyer, or applied to the costs and expenses to be paid by Buyer hereunder, pursuant to written instructions by the Buyer and delivered to Escrow Holder on or prior to the Closing Date. In the event that Buyer terminates this Agreement on or prior to the expiration of the Due Diligence Period (as defined in Section 9), the Deposit shall be refunded to Buyer less any accrued escrow charges. The Deposit shall be retained by Seller if the Close of Escrow does not occur solely as the result of (i) a default by Buyer or (ii) Buyer's termination of this Agreement (except in the event of a default by Seller or the failure of a condition). The Deposit shall also be refundable to the Buyer in accordance with the terms and conditions hereof.

(c) Purchase Price Installment Payments. The Purchase Price shall only be paid by Buyer to Seller in the manner, from the source of revenue available to the Buyer, at the times, and in the amounts (and subject to the conditions set forth) in Annex "A" attached hereto. Notwithstanding anything to the contrary contained herein, the payment obligation of the Buyer contained in this Section 3(c) shall survive the Close of Escrow and recordation of the Grant Deed.

(d) Temporary Construction Easement. Seller hereby agrees to provide to Buyer a temporary construction easement on a portion of the Remainder Parcel (as defined below) in connection with, and to facilitate, Buyer's construction of the replacement reservoir facility described in the Recitals of this Agreement. Such temporary construction easement shall be substantially in the form of the Construction Access Easement Agreement attached hereto as Appendix 2, together with such changes as Buyer and Seller may agree to prior to execution (the "Construction Access Easement Agreement"). As used in this Section 3(d), the "Remainder Parcel" shall mean that certain real property defined in the Construction Access Easement Agreement as the "Grantor Property," consisting of the real property described on Exhibit "A"-1 and depicted in Exhibit "B"-1 of the Construction Access Easement Agreement. Notwithstanding anything to the contrary contained herein, the terms contained in this Section 3(d) shall survive the Close of Escrow and recordation of the Grant Deed.

(i) Construction Access Easement Area. The portion of the Remainder Parcel subject to the temporary construction easement under the Construction Access Easement Agreement (the "Construction Access Easement Area") shall be (A) coincident with the north property line of the Property; (B) approximately 15,000 square feet +/-, with the actual size, location, and configuration to be determined by Buyer and approved by Seller (which approval shall not be unreasonably withheld) prior to the commencement of the term of the Construction Access Easement Agreement; and (C) described in Exhibit "A"-3, and depicted in Exhibit "B"-3, of the Construction Access Easement Agreement.

(ii) Rental for Construction Access Easement Area. Buyer shall pay to Seller rental payments (“Construction Easement Rental”) equal to \$0.05 per square foot of Construction Access Easement Area per month during the term of the Construction Access Easement Agreement. Construction Easement Rental shall be paid by Buyer to Seller on a monthly basis in arrears for use and possession of the Construction Access Easement Area for the preceding month. Construction Easement Rental shall only be paid by Buyer to Seller from the source of revenue available to Buyer described in Annex “A” attached hereto, consisting of Net Water Revenues or other available monies in Buyer’s Water Enterprise Fund (each as defined in Annex “A”).

(iii) Term of Construction Access Easement Agreement. As set forth in Section 2 of the Construction Access Easement Agreement, the term thereof shall commence on the date thereof and expire upon the earliest to occur of (A) the issuance and recordation of the notice of completion by Buyer pursuant to Chapter 2 (commencing with Section 9200) of Title 3 of Part 6 of Division 4 of the California Civil Code with respect to the replacement reservoir facility improvements, (B) the date that is 36 full calendar months from the date of the Construction Access Easement Agreement, or (C) such earlier date as Buyer shall determine that the easement granted thereunder is no longer necessary and notice of which Buyer shall provide to Seller in writing in advance of such termination date. Buyer shall notify Seller in writing at least sixty (60) calendar days in advance of Buyer’s desired start date of the term of the Construction Access Easement Agreement.

(iv) Execution and Recordation of Construction Access Easement Agreement. Seller and Buyer hereby agree to enter into, execute, and record the Construction Access Easement Agreement within sixty (60) calendar days (or such other period as Buyer and Seller may mutually agree to) after Buyer’s written notification to Seller of Buyer’s desired start date of the term of the Construction Access Easement Agreement, provided pursuant to Section 3(d)(iii) above.

(v) Other Buyer Obligations Under Construction Access Easement Agreement. As set forth in Section 4 of the Construction Access Easement Agreement, (A) Buyer shall, at Buyer’s sole cost, to the extent reasonably possible, restore the Construction Access Easement Area to its original condition prior to the expiration of the term of the Construction Access Easement Agreement; and (B) Buyer shall require its contractors and subcontractors to name Seller as an additional insured on any policy of insurance required by Buyer’s contract(s) let for the construction of the replacement reservoir facility improvements.

4. Delivery of Documents on the Close of Escrow.

(a) On the Close of Escrow, Seller covenants and agrees to cause to be delivered to Buyer a duly executed and acknowledged Grant Deed substantially in the form attached as Appendix 1 attached hereto (the “Grant Deed”) conveying to Buyer all of Seller’s interest in the Property subject only to the Permitted Title Exceptions (as defined in Section 5) approved by Buyer, as provided below.

(b) At the Close of Escrow, Buyer shall receive the Title Policy (as defined in Section 5) issued by Lawyers Title Company (the “Title Company”) insuring in Buyer title to the

Property, free and clear of all liens and encumbrances other than the Permitted Title Exceptions (as defined in Section 5).

5. Title and Title Insurance.

(a) Within five (5) days after the Effective Date, Seller shall deliver to Buyer a preliminary report for the Property from the Title Company together with copies of all instruments noted as exceptions therein (the "Preliminary Title Report") and the most recent ALTA survey of the Property in Seller's possession or under Seller's control (Buyer shall also have the option of ordering an ALTA survey for the Property pursuant to the terms set forth in Section 14 below) (the "Survey").

(b) Buyer shall have thirty (30) days after the date of Buyer's receipt of the Preliminary Title Report to disapprove any exceptions to title shown on the Preliminary Title Report or reflected on the Survey (collectively, "Disapproved Exceptions") and to provide Seller with notice of disapproval in writing describing the defect with reasonable particularity (the "Disapproval Notice"). Any exceptions to title not disapproved by Buyer within such thirty (30) day period shall be deemed approved. Within five (5) days of Seller's receipt of a Disapproval Notice, Seller shall notify Buyer in writing whether Seller intends to remove the Disapproved Exceptions. If Seller notifies Buyer of an intention to eliminate the Disapproved Exceptions, Seller shall cause the Title Company to delete such Disapproved Exceptions at least five (5) days prior to the Close of Escrow. If Seller indicates to Buyer in writing within the time allowed that Seller does not intend to remove any of the Disapproved Exceptions, Buyer, by notifying in writing Seller within five (5) days of Seller's notice to Buyer, may elect to terminate this Agreement or to take the Property subject to the Disapproved Exceptions. In any event, Seller covenants to pay in full all loans secured by mortgages and deeds of trust, any mechanics liens, all special bonded assessments encumbering the Property, and any other monetary liens or exceptions (other than current real property taxes which are not due and payable) prior to or concurrently with the Close of Escrow, and the Escrow Holder is hereby directed to cause same to be paid off from the proceeds of the Purchase Price. The policy of title insurance shall include such endorsements as Buyer shall reasonably request. Any title policy endorsements are to be paid for by Buyer. Whether or not Buyer shall have furnished to Seller any notice of Disapproved Exceptions pursuant to the foregoing provisions of this Agreement, Buyer may, at or prior to the Close of Escrow, notify Seller in writing of any objections to title (including any matters reflected on the Survey) first raised by the Title Company or the surveyor or disclosed to Buyer between (a) the last date on which to Buyer is entitled to make such an objection as set forth above and (b) the date on which the transaction contemplated herein is scheduled to close. With respect to any Disapproved Exceptions set forth in such notice, Seller shall have the same option to cure (or in the case of a monetary lien, the obligation to obtain the removal thereof) and Buyer shall have the same option to accept title subject to such matters or to terminate this Agreement as those which apply to any notice of Disapproved Exceptions made by Buyer before the expiration of the Due Diligence Period. If Seller elects to attempt to cure any such matters, the scheduled date for the Close of Escrow shall be automatically extended by a reasonable additional time to effect such a cure, but in no event shall the extension exceed thirty (30) days after the scheduled date for the Close of Escrow set forth in Section 2.

(c) Buyer's fee title to the Property shall be insured at the Close of Escrow by a CLTA or standard ALTA Owner's Policy of Title Insurance in the amount of the Purchase Price, issued by Title Company (unless, at the option of Buyer, provided the increase in cost is paid by Buyer, the title shall be insured by an ALTA Extended Coverage Owner's Policy of Title Insurance) (the "Title Policy"). The Title Policy shall insure Buyer's fee interest in the Property free and clear of all liens, encumbrances, restrictions, and rights-of-way of record, subject only to the following permitted conditions of title (the "Permitted Title Exceptions"):

(i) Real property taxes for the then current tax fiscal year which are a lien not then due and payable;

(ii) The applicable zoning, building and development regulations of any municipality, county, state or federal jurisdiction affecting the Property; and

(iii) Those title exceptions approved by Buyer pursuant to Section 5(b).

Seller shall not encumber or agree to sell the Property to any other party during the period from the Effective Date to the Close of Escrow or the date of the termination of this Agreement.

6. Deposit of Documents and Funds in Escrow.

(a) Seller and Buyer, as applicable, hereby covenant and agree to deliver to Escrow Holder at least one (1) business day prior to the Close of Escrow the following instruments, documents, and funds, the delivery of each of which shall be a condition of the Close of Escrow.

(b) Seller shall deliver:

(i) The Grant Deed duly executed and acknowledged by Seller;

(ii) A Withholding Exemption Certificate Form 593-C as contemplated by California Revenue and Taxation Code § 18662 (the "Withholding Affidavit") duly executed by Seller;

(iii) A Certification of Non-Foreign Status in accordance with Internal Revenue Code Section 1445 duly executed by Seller;

(iv) A Natural Hazard Disclosure Report as provided for under Sections 1102 and 1103 of the California Civil Code; provided that Buyer shall bear the cost of preparation of such Natural Hazard Disclosure Report;

(v) Such funds as are required to pay for costs and expenses payable by Seller hereunder;

(vi) Such proof of Seller's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy; and

(vii) An executed memorandum of purchase and sale agreement in recordable form and otherwise in such form as may be reasonably approved by the Seller and Buyer (the "Memorandum").

(c) Buyer shall deliver:

(i) The amount of \$344,000.00, being the first installment of the Purchase Price due and payable upon the Close of Escrow as set forth on Annex "A" hereto, together with such funds as are required to pay for costs and expenses payable by Buyer hereunder;

(ii) Such proof of Buyer's authority and authorization to enter into this transaction as the Title Company may reasonably require in order to issue the Title Policy; and

(iii) an executed Memorandum.

Each of the Buyer and Seller may waive any condition of the Close of Escrow to be performed by the other and set forth in this Section 6.

7. Authorization to Record Documents and Disburse Funds. Escrow Holder is hereby authorized to record the documents and disburse the funds and distribute the documents called for hereunder upon the Close of Escrow, provided each of the following conditions has then been fulfilled:

(a) The Title Company can issue in favor of Buyer the Title Policy, with a liability in the amount of One Million Seven Hundred Twenty Thousand Dollars (\$1,720,000.00) showing title to the Property vested in Buyer, subject only to the Permitted Title Exceptions. If Seller has not removed all monetary liens, monetary encumbrances, or special bonded assessments, or if a monetary claim is asserted by any third party, in addition to all other remedies Buyer may have at law or equity, Buyer may elect to consummate this transaction on the Close of Escrow and offset dollar for dollar against the Purchase Price an amount equal to any such monetary encumbrances and claims.

(b) Escrow Holder shall have received Buyer's authorization to close and Buyer's notice of approval or satisfaction or waiver of all of the contingencies/conditions to Buyer's obligations hereunder, as provided for in Section 12;

(c) Escrow Holder shall have received Seller's authorization to close and Seller's notice of approval or satisfaction or waiver of all of the contingencies/conditions to Seller's obligations hereunder, as provided for in Section 13; and

(d) Seller and Buyer shall have deposited in Escrow the documents and funds required pursuant to Section 6.

Unless otherwise instructed in writing, Escrow Holder is authorized to record at the Close of Escrow any instrument delivered through this Escrow if necessary or proper for the issuance of the Title Policy.

8. Escrow Charges and Prorations.

(a) Seller shall pay (i) all of the fees and charges of Escrow Holder, (ii) the cost of the premium for a CLTA or ALTA Standard Coverage portion of the Title Policy, (iii) all documentary or other local transfer taxes on the transfer of the Property; and (iv) Seller's share of the charges prorated under this Agreement. If the Escrow shall fail to close for any reason, Seller shall pay one-half (½) of any applicable Escrow cancellation charges.

(b) Buyer shall pay (i) the cost of the premium for the Title Policy in excess of the premium for a standard ALTA Owner's Policy, if any, (ii) the cost of all endorsements to the Title Policy, (iii) all costs and charges for the recordation of the Grant Deed, and (iv) Buyer's share of the charges prorated under this Agreement. If the Escrow shall fail to close for any reason, Buyer shall pay one-half (½) of any applicable Escrow cancellation charges.

(c) The following shall be apportioned with respect to the Property as of 12:01 a.m., on the day on which the Close of Escrow occurs, as if Buyer were vested with title to the Property during the entire day upon which the Close of Escrow occurs:

(i) taxes and assessments levied against the Property; and

(ii) any other items pertaining to the Property which are customarily prorated between a buyer and a seller in the area in which the Property is located.

(d) Notwithstanding anything contained in Section 8(c), any installment of taxes or assessments for the current year paid at or prior to the Close of Escrow shall be prorated based upon the amounts actually paid. If taxes and assessments for the current year have not been paid before the Close of Escrow, Seller shall be charged at the Close of Escrow an amount equal to that portion of such taxes and assessments which relates to the period before the Close of Escrow and Buyer shall pay the taxes and assessments prior to their becoming delinquent.

(e) All prorations shall be determined on the basis of a 360-day year. The provisions of this Section 8 shall survive the Close of Escrow.

9. Due Diligence Period; Access. During the period commencing on the Effective Date and ending at 5:00 p.m. on the date which is thirty (30) days thereafter (the "Due Diligence Period"), Buyer may inspect the Property as necessary to approve all zoning and land use matters relating to the Property and to approve the physical condition of the Property. Seller shall provide to Buyer, within five (5) days of the Effective Date any and all documents, studies, and reports relating to the condition of the property, including any analyses, surveys, environmental site assessments, and the like, in Seller's possession or under Seller's control, if any. Buyer and its agents, attorneys, accountants, and other representatives shall have the right to enter upon the Property during the Due Diligence Period to make inspections and other examinations of the Property and the improvements thereon, including without limitation, the right to perform surveys, soil and geological tests of the Property and the right to perform environmental site assessments and studies of the Property.

10. Warranties, Representations and Covenants of Seller. Seller hereby represents, warrants and covenants to Buyer the following, it being expressly understood and agreed that all

such representations, warranties and covenants are to be true and correct as of the Close of Escrow, and all of such representations, warranties and covenants shall survive the Close of Escrow, the termination of this Agreement and/or the delivery of the Grant Deed. With the exception of the representations set forth herein, the Property is sold “as is”:

(a) Seller has full right and power to execute, deliver and perform its obligations under this Agreement, and when executed and delivered, Seller and all parties having an interest in the Property shall be lawfully bound by the terms of this Agreement. Seller is the sole owner of the Property, free and clear of all liens, claims, encumbrances, and easements other than those that may appear on the Preliminary Title Report. Seller shall not further transfer or encumber the Property or allow the Property to be further encumbered prior to the Close of Escrow.

(b) Seller is not a “foreign person” within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

11. Representations and Warranties of Buyer. Buyer hereby represents and warrants to Seller the following, it being expressly understood and agreed that all such representations and warranties are to be true and correct at the date of this Agreement and as of the Close of Escrow.

(a) Buyer has the full power and authority to enter into this Agreement and consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement has been duly and validly authorized by Buyer, and no other action by Buyer is requisite to the valid and binding execution, delivery, and performance of this Agreement by Buyer.

12. Buyer’s Conditions. Buyer’s obligations under this Agreement are expressly made subject to the following conditions precedent solely for the benefit of Buyer. The Close of Escrow and Buyer’s obligation to consummate the purchase of Property shall be contingent upon and subject to written notice to Escrow Holder by Buyer of the occurrence of all of the following (or Buyer’s written waiver thereof, it being agreed that Buyer can waive any or all such contingencies) on or before the Close of Escrow:

(a) Buyer’s obtaining a satisfactory commitment issued by Title Company to issue the Title Policy in favor of Buyer with a liability amount of One Million Seven Hundred Twenty Thousand Dollars (\$1,720,000.00) showing Buyer’s interest in the Property subject only to the Permitted Title Exceptions, and being otherwise in accordance with the provisions of Section 5 of this Agreement, and expressly insuring against the claims of any persons in possession of all or any part of the Property and the claims of any mechanics or materialmen.

(b) Buyer’s verifying that no easements, covenants, conditions, deed restrictions, subdivision restrictions or regulations of any lawful governmental authority having jurisdiction over the Property exist which will adversely affect or impair Buyer’s intended use and development of the Property.

(c) Buyer’s verifying that there are no mechanics’ and/or materialmen’s liens, or lis pendens actions affecting the Property, and that all taxes, sewer, water, and utility bills and/or tap-on fees have been paid.

(d) Buyer's performing such environmental analysis of the Property as it deems appropriate to determine, to its complete satisfaction, that the Property has not been used for the storage of any petroleum products, toxic materials, or hazardous substances, and that no petroleum product, hazardous substance or toxic material is or has been located on, in or under the Property.

(e) That as of the Close of Escrow the representations and warranties of Seller contained in this Agreement are all true and correct.

(f) Seller's delivery of all documents required to be delivered by Seller pursuant to Section 6 hereof.

(g) Buyer's approval, prior to the expiration of the Due Diligence Period, of the physical condition of the Property, including without limitation, any and all inspections, tests, Survey(s), and other studies to be conducted by Buyer, in Buyer's sole discretion, including without limitation, any environmental site assessments, investigations, studies and reports that may be required under the California Environmental Quality Act ("CEQA"). Buyer's approval of any such inspections of the Property shall not alter or diminish Seller's representations or warranties under this Agreement.

(h) If Buyer has elected to obtain the same, Buyer's obtaining and approving the Survey provided for herein.

(i) The State has issued the final version of the Construction Installment Sale Agreement providing for the construction financing for the new reservoir facility for execution by the City, and the City and the State have executed the same.

If all the foregoing conditions precedent have not been either met to Buyer's sole satisfaction or expressly waived in writing by Buyer on or before the respective dates set forth therein, or if no date is set forth therein on or prior to the Close of Escrow, then this Agreement shall, at the option of Buyer, become null and void, in which event, except as expressly set forth in this Agreement, neither party shall have any further rights, duties and obligations hereunder, and Buyer shall be entitled to the immediate refund of the Deposit. In addition, Buyer may terminate this Agreement in Buyer's sole and absolute discretion for any reason, or for no reason whatsoever, by giving written notice to the Seller on any day prior to and including the final day of the Due Diligence Period, in which event, this Agreement shall become null and void and, except as expressly set forth in this Agreement, neither party shall have any further rights, duties and obligations hereunder, and Buyer shall be entitled to the immediate refund of the Deposit.

13. Seller's Conditions. For the benefit of Seller, the Close of Escrow and Seller's obligation to consummate the sale of the Property shall be contingent upon and subject to written notice to the Escrow Holder by Seller of the occurrence of all of the following (or Seller's written waiver thereof, it being agreed that Seller can waive any or all such contingencies) on or before the Close of Escrow:

(a) Deposit by Buyer of the Purchase Price and all other sums to be deposited by Buyer in Escrow in accordance with the requirements hereof.

(b) Buyer's delivery of all documents required to be delivered by Buyer pursuant to Section 6 hereof.

(c) Seller's reasonable satisfaction that as of the Close of Escrow the representations and warranties of Buyer contained in this Agreement are all either true and correct or, to the extent that is not the case, have been waived by Seller.

14. Survey.

(a) Buyer, at Buyer's sole cost and expense, may obtain an ALTA survey of the Property prepared by a registered land surveyor licensed by the State of California (i) showing the boundaries thereof and the locations of all easements and/or encroachments on or affecting the Property, if any, and (ii) certifying the exact acreage of the Property to three decimal places, exclusive of any portion thereof used or dedicated for public rights-of-way. In all other respects the survey shall meet the requirements of any governmental agency having jurisdiction over the Property for preparation of a parcel map and any requirements of the Title Company necessary to delete the survey exception from an ALTA policy of title insurance.

(b) If the survey (i) shows any encroachments affecting the Property, or (ii) shows any easements that would adversely affect Buyer's intended use of the Property, then Buyer shall have the right to declare this Agreement null and void, in which event, except as expressly set forth in this Agreement, neither party shall have any further rights, duties or obligations hereunder, and the Deposit shall immediately be returned to Buyer.

15. Condemnation; Destruction. All risk of loss with respect to the Property shall remain with Seller until after the Close of Escrow and delivery of possession of the Property to Buyer. If at any time prior to the Close of Escrow, the Property, or any portion thereof, is damaged by fire or other casualty or taken or appropriated through eminent domain or similar proceedings, or is condemned for any public or quasi-public use, Buyer may terminate this Agreement. If Buyer terminates this Agreement, Seller shall be entitled to receive all insurance proceeds payable to Buyer or Seller or all condemnation proceeds actually paid for that portion of the property taken. If Buyer elects to maintain this Agreement in full force and effect, Buyer shall be entitled to receive all insurance proceeds payable to Seller or all condemnation proceeds actually paid for that portion of the Property taken or, if such proceeds have been paid to Seller, Buyer shall receive a credit against the Purchase Price equal to the amount of proceeds actually paid to Seller.

16. Default. In the event of a breach or default under this Agreement by either Seller or Buyer, the non-defaulting party shall have the right to terminate this Agreement and the Escrow for the purchase and sale of the Property by delivering written notice thereof to the defaulting party and to Escrow Holder, and if Buyer is the non-defaulting party, Buyer shall thereupon promptly receive a refund of the Deposit. Such termination of the Escrow by a nondefaulting party shall be without prejudice to the non-defaulting party's rights and remedies against the defaulting party at law or equity. **IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF ANY DEFAULT OF BUYER, IT IS AGREED THAT THE DEPOSIT SHALL BE NONREFUNDABLE AND SELLER SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY SELLER AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS SELLER'S**

SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES SELLER WOULD SUFFER UPON BUYER'S FAILURE TO COMPLETE ITS PURCHASE OF THE PROPERTY. BUYER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND BUYER AND SELLER DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE SELLER'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, BUYER AND SELLER AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

TRT
SELLER

BUYER

17. **Notices.** All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, or by personal delivery. Notices shall be considered given upon the earlier of (a) personal delivery or (b) two (2) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested. A copy of all notices shall be sent to Escrow Holder. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

SELLER: San Antonio Water Company
139 N. Euclid Ave.
Upland, CA 91786
Attn: Brian C. Lee, General Manager
Phone: (909) 982-4107, Ext. 102
Email: BLee@sawaterco.com

with a copy to: Thomas H. McPeters, Esq.
700 E. Redlands Blvd., Suite U-297
Redlands, CA 92373-6109
Phone: (909) 253-7730
Email: THMcp@aol.com

BUYER: City of Upland
460 N. Euclid Ave.
Upland, CA 91786
Attn: Jeannette A. Vagnozzi, City Manager
Phone: (909) 931-4121
Email: jvagnozzi@ci.upland.ca.us

SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES SELLER WOULD SUFFER UPON BUYER'S FAILURE TO COMPLETE ITS PURCHASE OF THE PROPERTY. BUYER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND BUYER AND SELLER DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE SELLER'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS PARAGRAPH, BUYER AND SELLER AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

SELLER



BUYER

17. Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, or by personal delivery. Notices shall be considered given upon the earlier of (a) personal delivery or (b) two (2) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested. A copy of all notices shall be sent to Escrow Holder. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

SELLER: San Antonio Water Company
139 N. Euclid Ave.
Upland, CA 91786
Attn: Brian C. Lee, General Manager
Phone: (909) 982-4107, Ext. 102
Email: BLee@sawaterco.com

with a copy to: Thomas H. McPeters, Esq.
700 E. Redlands Blvd., Suite U-297
Redlands, CA 92373-6109
Phone: (909) 253-7730
Email: THMcp@aol.com

BUYER: City of Upland
460 N. Euclid Ave.
Upland, CA 91786
Attn: Jeannette A. Vagnozzi, City Manager
Phone: (909) 931-4121
Email: jvagnozzi@ci.upland.ca.us

with a copy to: Richards, Watson & Gershon
355 S. Grand Ave., 40th Floor
Los Angeles, CA 90071
Attn: Diana Chuang, Esq.
Phone: (213) 626-8484
Email: dchuang@rwglaw.com

ESCROW HOLDER: Lawyers Title Company Inland Empire
625 E. Carnegie Dr., #105
San Bernardino, CA 92408
Attn: Colleen Graves, Sr. Escrow Officer
Phone: (909) 963-5570
Email: CGraves@ltic.com

18. Broker's Commissions. Buyer represents and warrants to Seller that Buyer has used no broker, agent, finder or other person in connection with the transaction contemplated hereby to whom a brokerage or other commission or fee may be payable. Seller represents and warrants to Buyer that Seller has used no broker, agent, finder or other person in connection with the transaction contemplated hereby to whom a brokerage or other commission or fee may be payable. Each party indemnifies and agrees to defend and hold the other harmless from any claims resulting from any breach by the indemnifying party of the warranties, representations and covenants in this Section. The indemnification obligations contained in this Section 18 shall survive the Close of Escrow and the delivery of the Grant Deed.

19. Standard Instructions. Each party agrees to execute Escrow Holder's supplemental reasonable standard instructions as may be necessary or proper in order to consummate the transactions contemplated by this Agreement; provided, however, in the event of a conflict between the terms hereof and the terms of such standard instructions, the terms hereof shall control.

20. Time is of the Essence. The parties hereto agree that time is of the essence with respect to each term, condition and covenant hereof.

21. Successors and Assigns. The provisions of this Agreement are expressly binding upon, and shall inure to the benefit of, the parties hereto and their successors in interest and assigns.

22. Entire Agreement. This Agreement, together with all attachments and exhibits hereto, integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

23. Severability. Invalidation of any of the terms, conditions, covenants, or other provisions contained herein by judgment or court order shall in no way affect any of the other terms, conditions, covenants, or provisions hereof, and the same shall remain in full force and effect.

24. Amendments. Any amendments to this Agreement shall be effective only when duly executed by Seller and Buyer and deposited with Escrow Holder.

25. Attorneys' Fees. In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach thereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees, costs, and expenses from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof.

26. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of Seller and Buyer and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

27. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

28. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For purposes of this Agreement, facsimile signatures shall be deemed to be original signatures, and shall be followed by the immediate overnight delivery of original signature pages.

29. Assignment of Agreement. Neither Buyer nor Seller may assign or transfer their respective rights or obligations under this Agreement without first obtaining the prior written consent of the other, which consent may not be unreasonably withheld or delayed.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

SELLER:

San Antonio Water Company,
a California corporation

By: Tom Thomas
Name: Tom Thomas
Title: President

BUYER:

City of Upland,
a municipal corporation

By: _____
Name: Jeannette Vagnozzi
Title: City Manager

ATTEST:

Keri Johnson, City Clerk

APPROVED AS TO FORM:

Counsel to San Antonio Water Company

By: Thomas H. McPeters
Thomas H. McPeters, Esq.

APPROVED AS TO FORM:

Richards, Watson & Gershon,
A Professional Corporation

By: _____
City Attorney

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

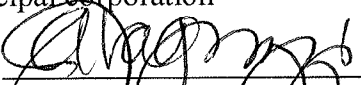
SELLER:

San Antonio Water Company,
a California corporation

By: _____
Name: Tom Thomas
Title: President

BUYER:

City of Upland,
a municipal corporation

By: 
Name: Jeannette Vagnozzi
Title: City Manager

ATTEST:

Keri Johnson, City Clerk

APPROVED AS TO FORM:

Counsel to San Antonio Water Company

By: _____
Thomas H. McPeters, Esq.

APPROVED AS TO FORM:

Richards, Watson & Gershon,
A Professional Corporation


By: 
City Attorney

EXHIBIT "A"

Legal Description of the Land

That portion of the East 350.00 feet of Lot 22 of Tract 1836, in the City of Upland, County of San Bernardino, State of California, as per map recorded in Book 26 of Maps, Page 60, in the office of the County Recorded of said County described as follows:

- A. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 288.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 319.06 feet continuing along said westerly line to an angle point is said line; thence South 44°42'25" West, 26.88 feet along said westerly line to the southerly line of Said Lot 22; thence South 89°41'22" West, 311.00 feet along said southerly line to the westerly line of said East 350.00 feet of Lot 22; thence North 00°16'33" West, 217.80 feet along said westerly line; thence North 89°43'27" East, 54.50 feet; thence North 00°16'33" West, 120.45 feet to a point that is South 89°43'27" West, 295.50 feet from the Point of Beginning; thence North 89°43'27" East, 295.50 feet to the Point of Beginning;

Containing 104,847 square feet or 2.41 Ac.

Together with a perpetual non-exclusive easement for the benefit of the property described in paragraph "A" above for pedestrian and vehicular ingress and egress described as follow;

- B. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 268.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 20.00 feet continuing along said westerly line; thence South 89°43'27" West, 295.50 feet; thence North 00°16'33" West, 20.00 feet; thence North 89°43'27" East, 295.50 feet to the point of Beginning.

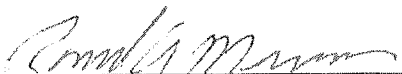
This easement shall benefit the property described in paragraph "A" above and shall burden and run with the property described in this paragraph "B"

Containing 5,910 square feet or 0.135 Ac.

AFFECTS: APN 1005-271-03

See (EXHIBIT "B") for a plat depicting the above described property.

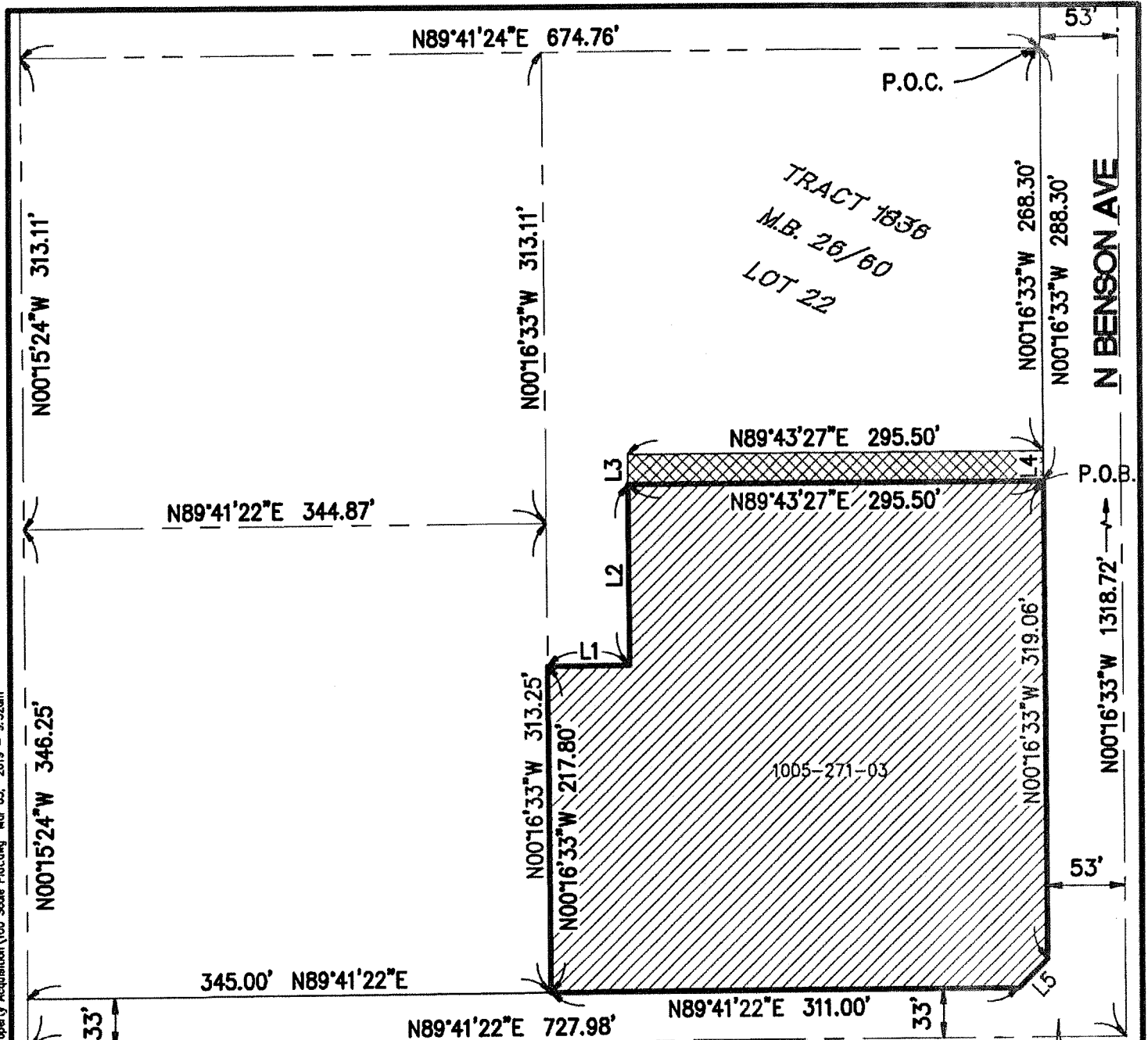
This real property has been described by me, or under my direction, in conformance with the Professional Land Surveyor's Act.


Ronald A. Musser, L.S. 4230, Exp. 6-30-20



3-5-19
Date

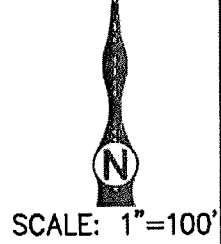
EXHIBIT "B" - Plat Depicting the Land



LEGEND

- EXISTING PROPERTY LINE
- PROPOSED PROPERTY ACQUIRED
- PROPOSED AREA TO BE ACQUIRED (104,847 SF)
- PROPOSED EASEMENT (5,510 SF)
- P.O.B. POINT OF BEGINNING
- P.O.C. POINT OF COMMENCEMENT

LINE TABLE		
LINE #	LENGTH	DIRECTION
L1	54.50'	N89°43'27"E
L2	120.45'	N00°16'33"W
L3	20.00'	N00°16'33"W
L4	20.00'	N00°16'33"W
L5	26.88'	N44°42'25"E



TKE ENGINEERING

TKE ENGINEERING, INC.
2305 CHICAGO AVENUE
RIVERSIDE, CA 92507
(951) 680-0440

Ronald A. Musser

RONALD A. MUSSER L.S. No. 4230
EXPIRES: 6-30-20



EXHIBIT 'B'

PROPERTY ACQUISITION

APN 1005-271-03
(PORTION OF)

S:\CADD\02-136 Legal Description, Plat and ALTA Survey for SAWCo Reservoir Site Property Acquisition\100 Scale Plat.dwg Mar 05, 2019 - 9:52am

APPENDIX 1
FORM OF GRANT DEED

RECORDING REQUESTED BY:

City of Upland

AND WHEN RECORDED RETURN TO:

City of Upland
460 N. Euclid Ave.
Upland, CA 91786
Attention: Keri Johnson, City Clerk

With a copy to:

San Antonio Water Company
139 N. Euclid Ave.
Upland, CA 91786
Attention: Brian Lee, General Manager

APN: 1005-271-03 (portion of)

Space Above This Line For Recorder's Use

This Grant Deed is exempt from Recording Fees pursuant to California Government Code Sections 6103 and 27383, exempt from California Government Code Section 27388.1 as a real estate instrument executed or recorded by a municipality, and exempt from Documentary Transfer Tax pursuant to Revenue and Taxation Code Section 11922

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES:

FOR VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, the **SAN ANTONIO WATER COMPANY**, a California corporation (the "**Grantor**"), hereby grants to the **CITY OF UPLAND**, a municipal corporation (the "**Grantee**"), its fee interest in that certain real property, together with a perpetual non-exclusive easement for the benefit of such real property, each as more particularly described in Exhibit A attached hereto and incorporated herein by this reference and depicted in Exhibit B attached hereto and incorporated herein by this reference (the "**Site**"), together with all improvements located thereon and all of Grantor's right title and interest in and to all easements, privileges and rights appurtenant to the Site.

The Site is conveyed further subject to all easements, rights of way, covenants, conditions, restrictions, reservations and all other matters of record, and the following conditions, covenants and agreements.

IN WITNESS WHEREOF, Grantor and Grantee have caused this Grant Deed to be executed and notarized as of this ____ day of _____, 2019.

GRANTOR:

SAN ANTONIO WATER COMPANY,
a California corporation

By: _____

Name: Tom Thomas

Title: Board President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Bernardino)

On _____, before me, _____,
(insert name and title of the officer)

Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

EXHIBIT "A"

Legal Description of the Site

That portion of the East 350.00 feet of Lot 22 of Tract 1836, in the City of Upland, County of San Bernardino, State of California, as per map recorded in Book 26 of Maps, Page 60, in the office of the County Recorded of said County described as follows:

- A. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 288.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 319.06 feet continuing along said westerly line to an angle point is said line; thence South 44°42'25" West, 26.88 feet along said westerly line to the southerly line of Said Lot 22; thence South 89°41'22" West, 311.00 feet along said southerly line to the westerly line of said East 350.00 feet of Lot 22; thence North 00°16'33" West, 217.80 feet along said westerly line; thence North 89°43'27" East, 54.50 feet; thence North 00°16'33" West, 120.45 feet to a point that is South 89°43'27" West, 295.50 feet from the Point of Beginning; thence North 89°43'27" East, 295.50 feet to the Point of Beginning;

Containing 104,847 square feet or 2.41 Ac.

Together with a perpetual non-exclusive easement for the benefit of the property described in paragraph "A" above for pedestrian and vehicular ingress and egress described as follow;

- B. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 268.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 20.00 feet continuing along said westerly line; thence South 89°43'27" West, 295.50 feet; thence North 00°16'33" West, 20.00 feet; thence North 89°43'27" East, 295.50 feet to the point of Beginning.

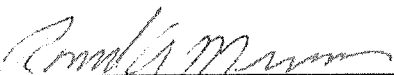
This easement shall benefit the property described in paragraph "A" above and shall burden and run with the property described in this paragraph "B"

Containing 5,910 square feet or 0.135 Ac.

AFFECTS: APN 1005-271-03

See (EXHIBIT "B") for a plat depicting the above described property.

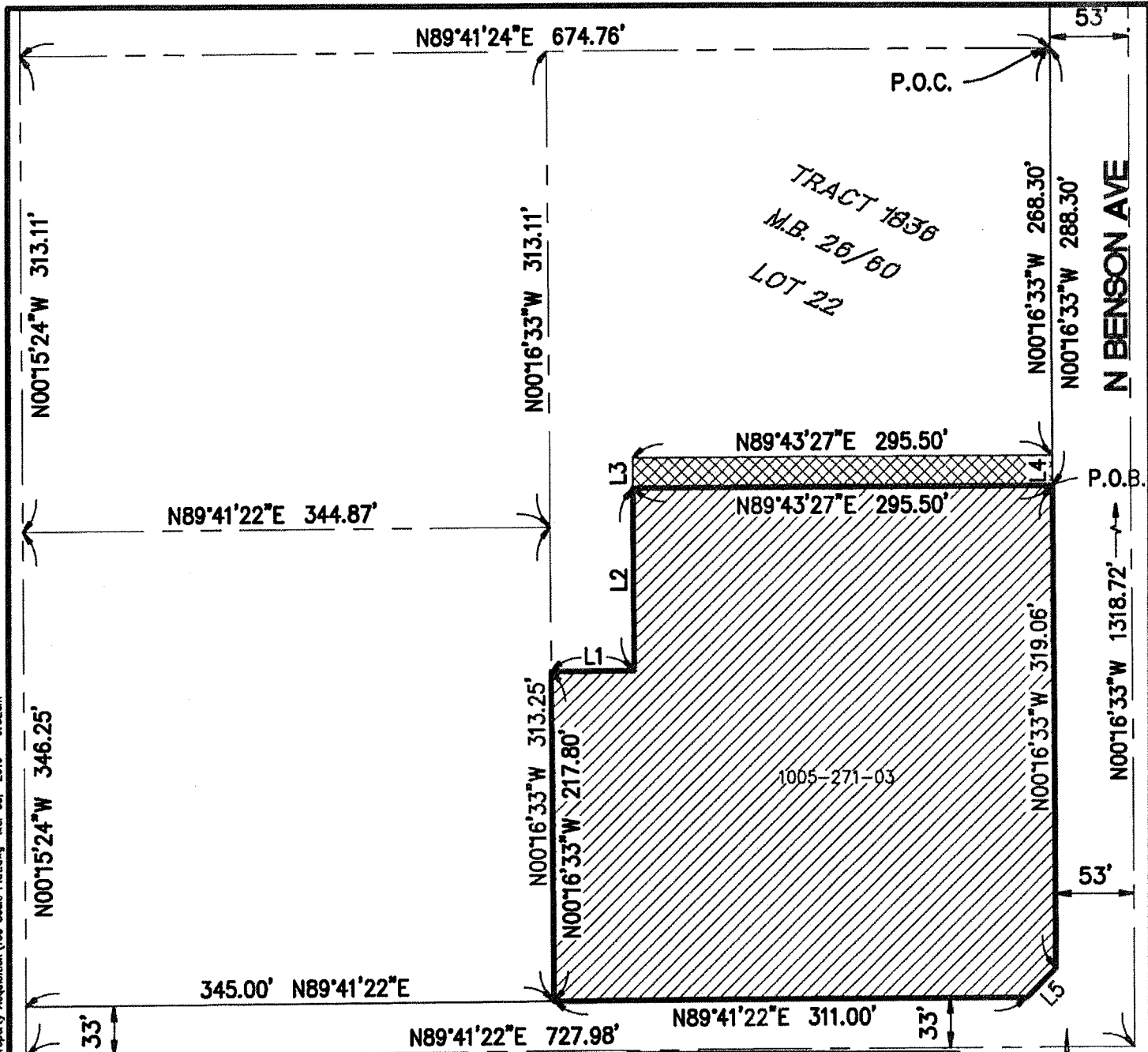
This real property has been described by me, or under my direction, in conformance with the Professional Land Surveyor's Act.


Ronald A. Musser, L.S. 4230, Exp. 6-30-20









3-5-19
Date

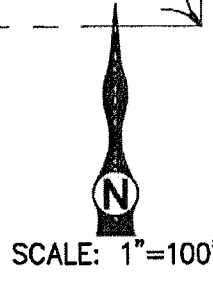
EXHIBIT "B" - Plat Depicting the Site



LEGEND

-  EXISTING PROPERTY LINE
-  PROPOSED PROPERTY ACQUIRED
-  PROPOSED AREA TO BE ACQUIRED (104,847 SF)
-  PROPOSED EASEMENT (5,510 SF)
-  P.O.B. POINT OF BEGINNING
-  P.O.C. POINT OF COMMENCEMENT

LINE TABLE		
LINE #	LENGTH	DIRECTION
L1	54.50'	N89°43'27"E
L2	120.45'	N00°16'33"W
L3	20.00'	N00°16'33"W
L4	20.00'	N00°16'33"W
L5	26.88'	N44°42'25"E



TKE ENGINEERING, INC.
 2305 CHICAGO AVENUE
 RIVERSIDE, CA 92507
 (951) 680-0440



EXHIBIT 'B'

PROPERTY ACQUISITION

APN 1005-271-03
 (PORTION OF)

RONALD A. MUSSER L.S. No. 4230
 EXPIRES: 6-30-20

S:\CADD\102-136 Legal Description, Plat and ALTA Survey for SAWCo Reservoir Site Property Acquisition\100 Scale Plat.dwg Mar 05, 2019 - 9:52am

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by written deed or grant dated _____, 2019 from the San Antonio Water Company, is hereby accepted by the undersigned officer or agent on behalf of the City of Upland, pursuant to authority conferred by the City of Upland on _____ 2019, pursuant to Resolution No. 2019-_____ and the City of Upland consents to recordation thereof by its duly authorized officer.

Dated this _____ day of _____, 2019

By: _____
Jeannette Vagnozzi
City Manager, City of Upland

Provides for:

1723 N. Benson Avenue, Upland, CA. 91784 (portion of 1005-271-03)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California } ss

County of San Bernardino }

On _____ before me, _____, Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and who acknowledged to me that he/she executed the same in his/her authorized capacity, and by his/her signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY of PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Signature of Notary)

(This area for official notarial seal)

APPENDIX 2

Form of Construction Access Easement Agreement

RECORDING REQUESTED BY
City of Upland

AND WHEN RECORDED, RETURN TO:

City of Upland
460 N. Euclid Ave.
Upland, CA 91786
Attention: Keri Johnson, City Clerk

with a copy to:

San Antonio Water Company
139 N. Euclid Ave.
Upland, CA 91786
Attention: Brian Lee, General Manager

Space Above Reserved for Recorder's Use Only

This Construction Access Easement Agreement is exempt from recording fees pursuant to Sections 6103 and 27383 of California Government Code and exempt from California Government Code Section 27388.1 as a real estate instrument executed or recorded by a municipality. No Documentary Transfer Tax pursuant to Section 11922 of California Revenue and Taxation Code

CONSTRUCTION ACCESS EASEMENT AGREEMENT

THIS CONSTRUCTION ACCESS EASEMENT AGREEMENT (“**Agreement**”) is entered into as of _____, 201__, by and between San Antonio Water Company, a California corporation (“**Grantor**”) and the City of Upland (“**Grantee**”).

RECITALS

This Agreement is entered into on the basis of the following facts, understandings, and intentions of the Parties. The following recitals are a substantive part of this Agreement.

WHEREAS, Grantor is the fee owner of that certain real property in the City described in **Exhibit “A”-1** and depicted in **Exhibit “B”-1**, each of which is attached hereto and incorporated herein (“**Grantor Property**”).

WHEREAS, the Grantee owns that certain property described in **Exhibit “A”-2** and depicted in **Exhibit “B”-2**, each of which is attached hereto and incorporated herein (“**Grantee Property**”).

WHEREAS, the Grantee intends to construct and maintain certain reservoir improvements within the Grantee Property (“**Improvements**”) as described in that certain Plan No. WT-9128 entitled, “Replacement of 7.5 MG Reservoir and Water Improvements, 17th Street and Benson Avenue, Upland CA 91786,” prepared by Brady and approved by the City’s Director of Public Works on January 11, 2018.

WHEREAS, Grantor and Grantee wish to enter into this Agreement to provide to the Grantee a temporary easement over the Grantor Property and adjacent to the Grantee Property, as described in **Exhibit “A”-3** and depicted in **Exhibit “B”-3**, each of which is attached and incorporated herein (“**Construction Access Easement Area**”), for the purpose of facilitating the construction of the Improvements.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and easement contained herein, the parties agree as follows:

1. Grant of Easement. Grantor hereby grants to Grantee and Grantee’s agents, employees, invitees, representatives, architects, consultants, contractors, and subcontractors (collectively, “**Grantee Parties**”) an easement to enter upon and use the Construction Access Easement Area for the purpose of constructing the Improvements during the Term (as defined below) of this Agreement. In connection with the construction of the Improvements, the Grantee may use any or all of the Construction Access Easement Area for all construction-related purposes including, without limitation, vehicular access, temporary placement of building materials and assembly, and all other related construction activities.

2. Term. The term (“**Term**”) of this Agreement shall commence on the date hereof and shall expire upon the earliest to occur of (A) the issuance and recordation of a notice of completion by the Grantee pursuant to Chapter 2 (commencing with Section 9200) of Title 3 of Part 6 of Division 4 of the California Civil Code (“**Notice**”) with respect to the Improvements, (B) the date that is 36 full calendar months from the date hereof, or (C) such earlier date as Grantee shall determine that the easement granted hereunder is no longer necessary and notice of which Grantee shall provide to Grantor in writing in advance of such termination date. The Grantee agrees to not unreasonably withhold or delay the issuance/recordation of the Notice.

3. Indemnity.

3.1 Indemnity by Grantee. Grantee shall indemnify, defend and hold harmless Grantor from and against any and all claims, liabilities, obligations, orders, damages, fines, penalties, and expenses (including, but not limited to, attorneys’ fees and costs) to the extent arising from any negligent act or willful misconduct by the Grantee or Grantee’s officials, officers, employees, contractors, subcontractors, agents, and representatives under this Agreement, except to the extent such claims, liabilities, obligations, orders, damages, fines, penalties, or expenses arise from the negligence or willful misconduct of Grantor.

4. Grantee Obligations. The Grantee shall be solely responsible for securing any building materials placed upon the Construction Access Easement Area and at Grantee’s sole cost shall, to the extent reasonably possible, restore the Construction Access Easement Area to its

original condition prior to the expiration of the Term of this Agreement. In addition, Grantee shall require its contractors and subcontractors to name Grantor as an additional insured on any policy of insurance required by Grantee's contract(s) let for the construction of the Improvements.

5. Modification. The terms and conditions of this Agreement shall not be modified, amended, waived, or repealed except by the written agreement of the parties.

6. Notice of Termination. Upon the expiration of this Agreement under Section 2 above, the parties shall cooperate reasonably to record a written statement acknowledging such termination in the San Bernardino County Recorder's Office. The provisions of this Section 6 shall survive termination of this Agreement.

7. Remedies and Enforcement.

7.1 All Legal and Equitable Remedies Available. In the event of a breach or threatened breach by any party to this Agreement of any of the terms, covenants, restrictions or conditions hereof, the other party shall be entitled forthwith to full and adequate relief by injunction and/or all such other available legal and equitable remedies from the consequences of such breach, including payment of any amounts due and/or specific performance.

7.2 Remedies Cumulative. The remedies specified herein shall be cumulative and in addition to all other remedies permitted at law or in equity.

7.3 No Termination for Breach. Notwithstanding anything in this Agreement to the contrary, no breach hereunder shall entitle any party to cancel, rescind, or otherwise terminate this Agreement.

7.4 Irreparable Harm. In the event of a violation or threat thereof of any of the provision of this Agreement, the parties agree that such violation or threat thereof shall cause the other party to suffer irreparable harm and such nondefaulting party shall have no adequate remedy at law. As a result, in the event of a violation or threat thereof of any of the provisions of this Agreement, the nondefaulting party, in addition to all remedies available at law or otherwise under this Agreement, shall be entitled to injunctive or other equitable relief to enjoin a violation or threat thereof of this Agreement.

7.5 Limitation of Remedies. Notwithstanding anything to the contrary contained herein, the Grantor shall not have any recourse to any funds or assets of the Grantee other than is described in Annex "A" attached to that certain Purchase and Sale Agreement and Escrow Instructions by and between the Grantor and Grantee dated as of March 31, 2019 (the "Purchase and Sale Agreement").

8. Miscellaneous.

8.1 Amendment. The parties agree that the provisions of this Agreement may be modified or amended, in whole or in part, or terminated, only by the written consent of the Grantee and the record owner of the Grantor Property, evidenced by a document that has been fully executed and acknowledged by all parties and recorded in the Official Records.

8.2 No Waiver. No waiver of any default of any obligation by any party hereto shall be implied from any omission by the other party to take any action with respect to such default.

8.3 No Agency. Nothing in this Agreement shall be deemed or construed by either party or by any third person to create the relationship of principal and agent or of limited or general partners or of joint venturers or of any other association between the parties.

8.4 Benefit to Grantor Property; Construction Easement Rental. The parties to this Agreement agree that this Agreement and the construction of the Improvements benefits the Grantor Property, and that the easement herein granted by Grantor to Grantee is provided by Grantor as partial consideration of the Grantee's acquisition of the Grantee Property as described in the Purchase and Sale Agreement. Construction Easement Rental shall be paid by Grantee to Grantor only in the manner, from the source of revenue available to Grantee, at the times, and in the amounts (and subject to the conditions) set forth in the Purchase and Sale Agreement.

8.5 Covenants to Run with Land. It is intended that each of the easements, covenants, conditions, restrictions, rights and obligations set forth herein shall run with the land, shall bind every person having any fee, leasehold or other interest therein and shall inure to the benefit of the respective parties and their successors, assigns, heirs, and personal representatives.

8.6 Grantee's Acceptance. Any future purchaser or grantee of the Grantor's Property or any portion thereof, by acceptance of a deed conveying title thereto or the execution of a contract for purchase thereof, whether from an original party or from a subsequent owner of such property, shall accept such deed or contract upon and subject to each and all of the easements, covenants, conditions, restrictions and obligations contained herein. By such acceptance, any such grantee shall for himself and his successors, assigns, heirs, and personal representatives, covenant, consent, and agree to and with the other party, to keep, observe, comply with, and perform the obligations and agreements set forth herein with respect to the property so acquired by such grantee.

8.7 Severability. Each provision of this Agreement and the application thereof to the Grantor Property is hereby declared to be independent of and severable from the remainder of this Agreement. If any provision contained herein shall be held to be invalid or to be unenforceable or not to run with the land, such holding shall not affect the validity or enforceability of the remainder of this Agreement. In the event the validity or enforceability of any provision of this Agreement is held to be dependent upon the existence of a specific legal description, the parties agree to promptly cause such legal description to be prepared.

8.8 Time of Essence. Time is of the essence of this Agreement.

8.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed as original but all of which together shall constitute one and the same instrument.

8.10 Entire Agreement. This Agreement contains the complete understanding and agreement of the parties hereto with respect to all matters referred to herein, and all prior representations, negotiations, and understandings are superseded hereby.

8.11 Governing Law. The laws of California shall govern the interpretation, validity, performance, and enforcement of this Agreement.

8.12 Bankruptcy. In the event of any bankruptcy of the owner of the Grantor Property, the parties agree that this Agreement shall, to the maximum extent permitted by law, be considered an agreement that runs with the land and that is not rejectable, in whole or in part, by the bankrupt person or entity.

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first written above.

GRANTOR:

SAN ANTONIO WATER COMPANY,
a California corporation

APPROVED AS TO FORM:

Counsel to San Antonio Water Company

By: _____
Name: Tom Thomas
Title: President

By: _____
Thomas H. McPeters, Esq

GRANTEE:

CITY OF UPLAND,
a public body

APPROVED AS TO FORM:

Richards, Watson & Gershon,
A Professional Corporation

By: _____
Name: Jeannette Vagnozzi
Title: City Manager

By: _____
City Attorney

ATTEST:

Keri Johnson, City Clerk

EXHIBIT "A"-1

LEGAL DESCRIPTION OF GRANTOR PROPERTY

The East 350.00 feet of Lot 22 of Tract 1836, in the City of Upland, County of San Bernardino, State of California, as per map recorded in Book 26 of Maps, Page 60, in the office of the County Recorder of said County.

Excepting therefrom the following;


Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 288.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 319.06 feet continuing along said westerly line to an angle point in said line; thence South 44°42'25" West, 26.88 feet along said westerly line to the southerly line of Said Lot 22; thence South 89°41'22" West, 311.00 feet along said southerly line to the westerly line of said East 350.00 feet of Lot 22; thence North 00°16'33" West, 217.80 feet along said westerly line; thence North 89°43'27" East, 54.50 feet; thence North 00°16'33" West, 120.45 feet to a point that is South 89°43'27" West, 295.50 feet from the Point of Beginning; thence North 89°43'27" East, 295.50 feet to the Point of Beginning;

Containing 101,672 square feet or 1.90 ac.

AFFECTS: APN 1005-271-03

See (EXHIBIT "B") for a plat depicting the above described property.

This real property has been described by me, or under my direction, in conformance with the Professional Land Surveyor's Act.



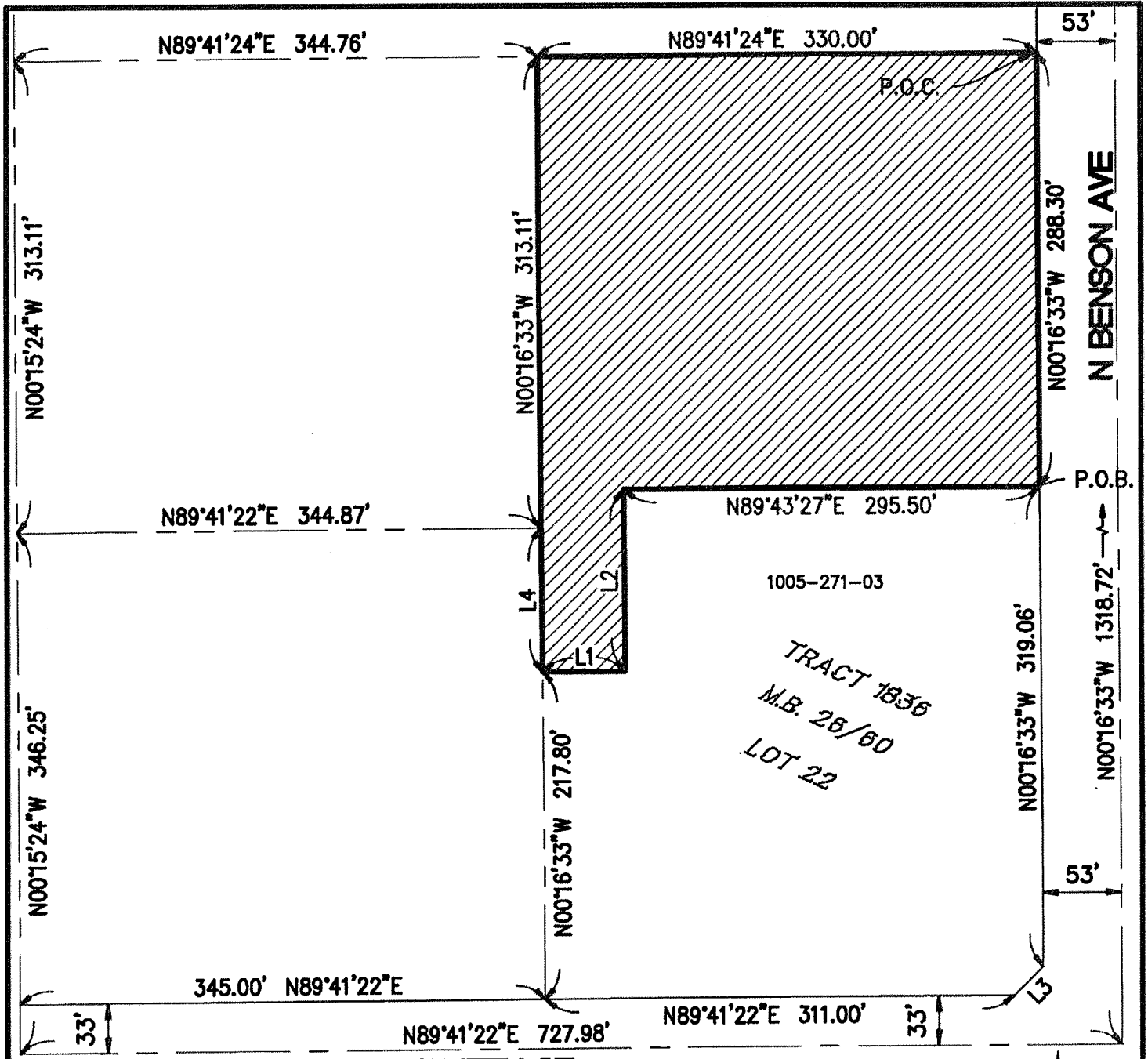
Ronald A. Musser, L.S. 4230, Exp. 6-30-20



3-5-19

Date

EXHIBIT "B"-1 (PLAT DEPICTING GRANTOR PROPERTY)



1005-271-03
 TRACT 1836
 M.B. 26/60
 LOT 22

LEGEND

- EXISTING PROPERTY LINE
- PROPOSED REMAINDER PARCEL BOUNDARY
- PROPOSED REMAINDER PARCEL (101,672 SF)
- P.O.B. POINT OF BEGINNING
- P.O.C. POINT OF COMMENCEMENT

LINE TABLE		
LINE #	LENGTH	DIRECTION
L1	54.50'	N89°43'27"E
L2	120.45'	N00°16'33"W
L3	26.88'	N44°42'25"E
L4	95.45'	N00°16'33"W



SCALE: 1"=100'



TKE ENGINEERING, INC.
 2305 CHICAGO AVENUE
 RIVERSIDE, CA 92507
 (951) 680-0440

Ronald A. Musser
 RONALD A. MUSSER L.S. No. 4230
 EXPIRES: 6-30-20



EXHIBIT 'B'

REMAINDER PARCEL

APN 1005-271-03
 (PORTION OF)

EXHIBIT "A"-2

LEGAL DESCRIPTION OF GRANTEE PROPERTY

That portion of the East 350.00 feet of Lot 22 of Tract 1836, in the City of Upland, County of San Bernardino, State of California, as per map recorded in Book 26 of Maps, Page 60, in the office of the County Recorded of said County described as follows:

- A. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 288.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 319.06 feet continuing along said westerly line to an angle point in said line; thence South 44°42'25" West, 26.88 feet along said westerly line to the southerly line of Said Lot 22; thence South 89°41'22" West, 311.00 feet along said southerly line to the westerly line of said East 350.00 feet of Lot 22; thence North 00°16'33" West, 217.80 feet along said westerly line; thence North 89°43'27" East, 54.50 feet; thence North 00°16'33" West, 120.45 feet to a point that is South 89°43'27" West, 295.50 feet from the Point of Beginning; thence North 89°43'27" East, 295.50 feet to the Point of Beginning;

Containing 104,847 square feet or 2.41 Ac.

Together with a perpetual non-exclusive easement for the benefit of the property described in paragraph "A" above for pedestrian and vehicular ingress and egress described as follow;

- B. Commencing at intersection of the northerly line of said Lot 22 with the westerly line of Benson Avenue as described in document to the City of Upland, a Municipal Corporation recorded December 19, 2013 as Document Number 2013-0542884 records of said County; thence South 00°16'33" East, 268.30 feet along said westerly line to the Point of Beginning; thence South 00°16'33" East, 20.00 feet continuing along said westerly line; thence South 89°43'27" West, 295.50 feet; thence North 00°16'33" West, 20.00 feet; thence North 89°43'27" East, 295.50 feet to the point of Beginning.

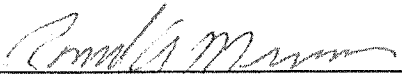
This easement shall benefit the property described in paragraph "A" above and shall burden and run with the property described in this paragraph "B"

Containing 5,910 square feet or 0.135 Ac.

AFFECTS: APN 1005-271-03

See (EXHIBIT "B") for a plat depicting the above described property.

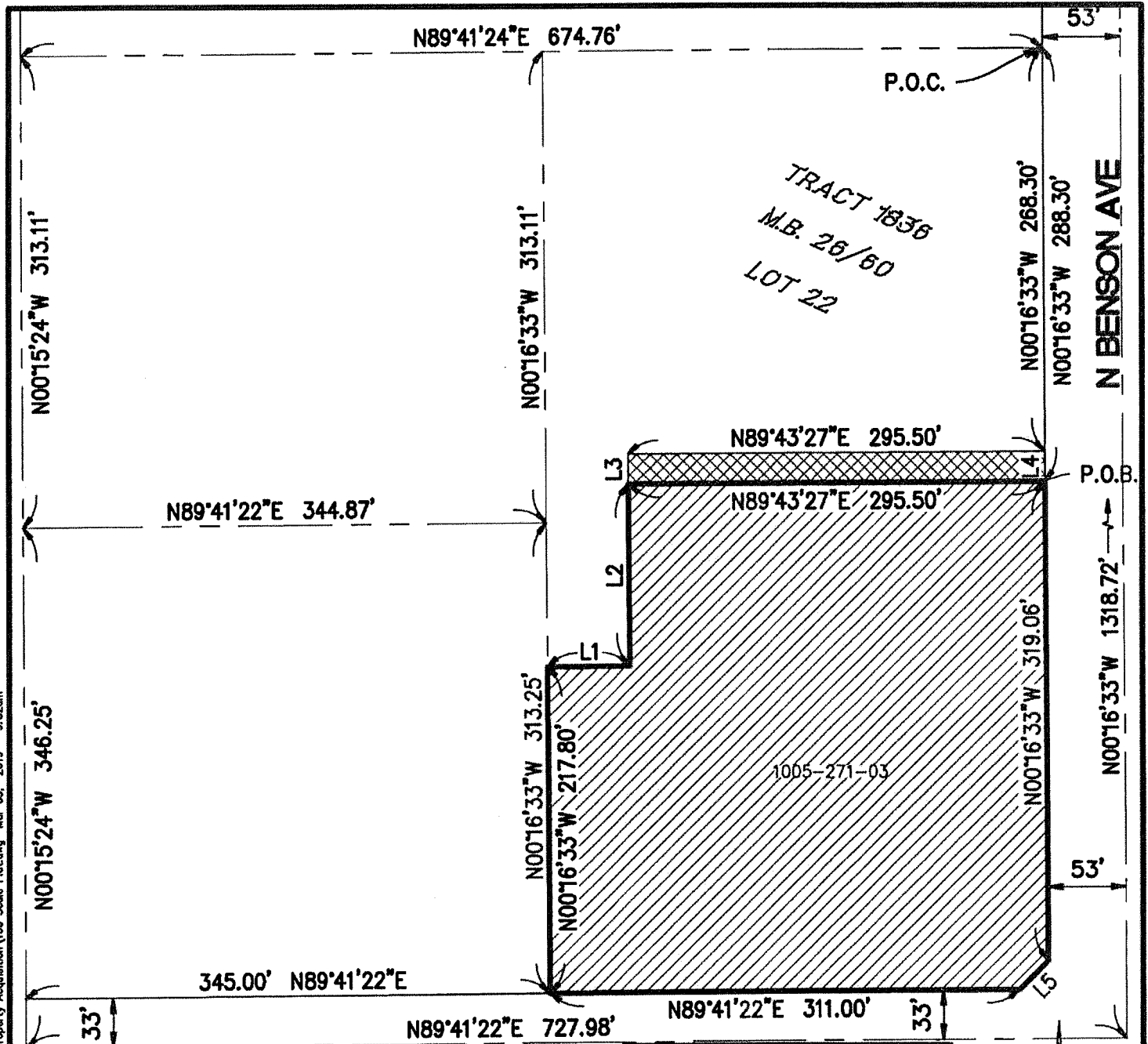
This real property has been described by me, or under my direction, in conformance with the Professional Land Surveyor's Act.


Ronald A. Musser, L.S. 4230, Exp. 6-30-20



3-5-19
Date

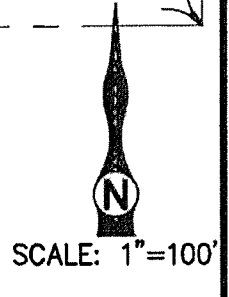
EXHIBIT "B"-2 (PLAT DEPICTING GRANTEE PROPERTY)



LEGEND

- EXISTING PROPERTY LINE
- PROPOSED PROPERTY ACQUIRED
- PROPOSED AREA TO BE ACQUIRED (104,847 SF)
- PROPOSED EASEMENT (5,510 SF)
- P.O.B. POINT OF BEGINNING
- P.O.C. POINT OF COMMENCEMENT

LINE TABLE		
LINE #	LENGTH	DIRECTION
L1	54.50'	N89°43'27"E
L2	120.45'	N00°16'33"W
L3	20.00'	N00°16'33"W
L4	20.00'	N00°16'33"W
L5	26.88'	N44°42'25"E



TKE ENGINEERING, INC.
 2305 CHICAGO AVENUE
 RIVERSIDE, CA 92507
 (951) 680-0440

Ronald A. Musser
 RONALD A. MUSSER L.S. No. 4230
 EXPIRES: 6-30-20



EXHIBIT 'B'

PROPERTY ACQUISITION

APN 1005-271-03
 (PORTION OF)

S:\CADD\102-136 Legal Description, Plat and ALTA Survey for SAWCo Reservoir Site Property Acquisition\100 Scale Plat.dwg Mar 05, 2019 - 9:52am

EXHIBIT "A"-3

LEGAL DESCRIPTION OF CONSTRUCTION ACCESS EASEMENT AREA

[TO BE PROVIDED]

[Approximately 15,000 sq. ft. portion of Remainder Parcel TBD]

EXHIBIT "B"-3

PLAT DEPICTING CONSTRUCTION ACCESS EASEMENT AREA

[TO BE PROVIDED]

[Approximately 15,000 sq. ft. portion of Remainder Parcel TBD]

ANNEX "A"

Payment of Purchase Price; Revenues for Payment of Construction Easement Rental

The payment of the Purchase Price, accrued interest thereon, and Construction Easement Rental by the Buyer shall be on an unsecured basis solely from Net Water Revenues or from other available monies in the Buyer's Water Enterprise Fund.

Related Defined Terms:

"Gross Water Revenues" means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Buyer's Water System including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the Buyer from the furnishing and supplying of services and facilities through the Water System, (ii) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys to the extent that such earnings and income are available for use for the Water System pursuant to law, and (iii) the proceeds derived by the Buyer directly or indirectly from the sale, lease, or other disposition of a part of the Water System; provided the term "Gross Water Revenues" shall not include any of the following: (A) customers' deposits or any other deposits or advances subject to refund until those deposits or advances become the property of the Buyer, (B) connection charges and impact fees that are established for specific purposes and moneys derived from which are deposited by the Buyer in funds separate and apart from the Water Enterprise Fund, and (C) charges collected by the Buyer for water meter installation that are deposited by the Buyer in funds separate and apart from the Water Enterprise Fund.

"Net Water Revenues" means, for any period, an amount equal to all of the Gross Water Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs during such period.

"Operation and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Buyer for maintaining and operating the Water System, determined in accordance with generally accepted accounting principles, including (i) all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Water System in good repair and working order, (ii) all administrative costs of the Buyer that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits and licenses to operate the Water System and insurance premiums, and (iii) all other reasonable and necessary costs of the Buyer or charges required to be paid by it to comply with the terms hereof; but excluding in all cases, the following: (A) debt service payable on obligations incurred by the Buyer with respect to the Water System, (B) depreciation, replacement and obsolescence charges or reserves therefor, and (C) amortization of intangibles or other bookkeeping entries of a similar nature.

"Water Enterprise Fund" means the enterprise fund of the Buyer relating to the Water System and in which Gross Water Revenues are deposited.

“Water System” means the whole and each and every part of the water system of the Buyer (including but not limited to all drinking water collection, transport, treatment, storage, and delivery facilities, including land and easements thereof, owned by the Buyer, and all other properties, structures, or works hereafter acquired and constructed by the Buyer and determined to be a part of such water system), including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such water system or any part thereof hereafter acquired or constructed; provided, that to the extent the Buyer is not the sole owner of an asset or property or to the extent that an asset or property is used in part for the above-described water system purposes, only the Buyer’s ownership interest in such asset or property or only the part of the asset or property so used for water system purposes shall be considered to be part of the Water System.

All principal of the Purchase Price to be paid by the Buyer shall bear interest at the rate of **one and eighty-eight hundredths of one percent (1.88%)** per annum from the Closing Date to and including the date of payment to Seller.

Except as otherwise provided below, the Buyer shall pay to the Seller the Purchase Price in the amounts and at the following times:

Installment Payment Schedule Table:

Installment Payment	Payment Date	Principal	Interest	Total Principal & Interest
#1	Close of Escrow	\$ 344,000.00	\$ 0.00	\$ 344,000.00
#2	December 10, 2020	344,000.00	interest ⁽¹⁾	344,000.00 + interest ⁽¹⁾
#3	December 10, 2021	344,000.00	19,401.60	363,401.60
#4	December 10, 2022	344,000.00	12,934.40	356,934.40
#5	December 10, 2023	344,000.00	6,467.20	350,467.20
	Total:	\$1,720,000.00		

(1) Interest from the Close of Escrow through Installment Payment #2 shall be calculated as follows: (a) the ratio of the number of calendar days, commencing with first calendar day after the Close of Escrow, through and including December 10, 2020, divided by 365, multiplied by (b) 0.0188 and multiplied by (c) \$1,376,000.00 (i.e., the then outstanding principal amount of \$1,720,000.00 minus \$344,000.00 principal amount paid at Close of Escrow). For example, if Close of Escrow and Installment Payment #1 occur on March 31, 2019, interest for Installment Payment #2 would be calculated as 619 calendar days ÷ 365 x 0.0188 x \$1,376,000.00 = \$43,870.65.

Notwithstanding anything herein or in the Agreement to the contrary, the Buyer in its sole discretion and at any time may prepay any or all of the principal amount of the Purchase Price with accrued interest to the date of payment. In addition, the Buyer and Seller may in their discretion agree to defer all or a portion of the principal amount due and payable on the dates set forth above, and provide for the payment of deferred amount to another date not later than December 10, 2025.

In the event of any such prepayment or deferment of payment of all or a portion of the principal amount of the Purchase Price, the Buyer and Seller shall promptly prepare and attach to the Agreement a modified schedule of principal and interest payments reflecting the same. The City Manager and President may prepare and approve such modified schedule without having to obtain further authorization from the Buyer or Seller.

**AMENDMENT TO
PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS**

This Amendment to Purchase and Sale Agreement and Escrow Instructions (this “Amendment”) is dated as of May 21, 2019 and is made by and between the San Antonio Water Company, a California corporation (the “Seller”), and the City of Upland (the “Buyer”), a municipal corporation.

RECITALS:

A. The Buyer has determined that an essential existing 7.5 million gallon reservoir is structurally deficient and in need of replacement.

B. The Seller and the Buyer previously have entered into that certain Purchase and Sale Agreement and Escrow Instructions, made and entered into as of March 31, 2019 (the “Original Agreement”), relating to the proposed sale by the Seller to the Buyer of the “Property” (as defined in the Original Agreement) for the Buyer’s replacement reservoir facility project (the “Project”).

C. Pursuant to the terms of the Original Agreement, escrow for the proposed sale by the Seller to the Buyer of the Property has been opened with Lawyers Title Company.

D. Section 2 of the Original Agreement provides that the Close of Escrow and the Closing Date shall occur on or before that date which is sixty (60) days after March 31, 2019 (i.e., May 30, 2019).

E. The Buyer has been in the final process of securing financing from the California State Water Resources Control Board (the “State Water Board”) under the State Revolving Fund program for the construction of the Project, and the State Water Board has confirmed the completeness of all information required to be submitted by the Buyer to the State Water Board in connection with such construction financing.

F. The construction financing for the Project and the Original Agreement are intertwined in the following respects: (i) Section 12(i) of the Original Agreement provides that, unless waived by the Buyer, a condition of the Buyer’s obligations to consummate the purchase of the Property thereunder is the issuance by the State Water Board for execution by the Buyer of the final version of the financing agreement providing for the construction financing for the Project and the execution by the Buyer and the State Water Board of such financing agreement; and (ii) while the State Water Board is willing to issue the construction financing agreement prior to the Buyer’s acquisition of the Property, no disbursements will be made by the State Water Board under the construction financing agreement until the Property has been acquired by the Buyer.

G. In late April, the State Water Board informed the Buyer that, due to complications arising from the State Water Board’s accounting system transition, the State Water Board is experiencing a delay in its issuance of financing agreements under the State Revolving Fund program for all applicants under the program and is highly unlikely to be in a position to issue the financing agreement for the Buyer’s construction costs of the Project in time for the

Buyer and the Seller to complete the real property transaction subject to the Original Agreement by May 30, 2019.

H. Due to these issues at the State Water Board beyond the Buyer's control, the Buyer has requested the Seller to enter into this Amendment for the purpose of extending the scheduled outside date for the Close of Escrow and the Closing Date under the Original Agreement.

I. The Seller is willing to enter into this Amendment.

NOW, THEREFORE, the Seller and the Buyer agree as follows:

Section 1. Amendment to the Original Agreement. The Original Agreement is hereby amended by amending and restating the last sentence of Section 2 thereof in its entirety to read as follows:

“The Close of Escrow shall occur on or before that date which is one hundred and twenty (120) days after the Effective Date (the “Closing Date”), i.e., July 29, 2019; provided, that the City Manager, on behalf of the Buyer, and the President or the General Manager, on behalf of the Seller, may agree in writing (including by email) to further extend the foregoing period establishing the outside Closing Date for an additional sixty (60) days for reasons beyond the control of either the Buyer or the Seller, including but not limited to the continued delay in the State's issuance of the final Construction Installment Sale Agreement referred to in Section 12(i) of this Agreement.”

Section 2. Effect of Amendment. Save and except as expressly amended by this Amendment, the Original Agreement shall remain in full force and effect. From and after the date hereof, all references to the “Agreement” shall mean the Original Agreement, as amended by this Amendment.

Section 3. Severability. Invalidation of any of the terms, conditions, covenants, or other provisions contained herein by judgment or court order shall in no way affect any of the other terms, conditions, covenants, or provisions hereof, and the same shall remain in full force and effect.

Section 4. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of California.

Section 5. Counterparts. This Amendment may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For purposes of this Amendment, facsimile or photocopied signatures shall be deemed to be original signatures, and shall be followed by the immediate overnight delivery of original signature pages.

Section 6. Effective Date. The effective date of this Amendment shall be the date first written above.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the date first above written.

SELLER:

San Antonio Water Company,
a California corporation

By: _____
Name: Tom Thomas
Title: President

BUYER:

City of Upland,
a municipal corporation

By: _____
Name: Jeannette Vagnozzi
Title: City Manager

ATTEST:

Keri Johnson, City Clerk

APPROVED AS TO FORM:

Counsel to San Antonio Water Company

By: _____
Thomas H. McPeters, Esq.

APPROVED AS TO FORM:

Richards, Watson & Gershon,
A Professional Corporation

By: _____
City Attorney