

# SAN ANTONIO WATER COMPANY

## BOARD OF DIRECTORS ORGANIZATIONAL MEETING MINUTES

Tuesday, April 2, 2013

Immediately following the Annual Meeting of Shareholders of the Company, the newly-elected Directors met at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California at 6:55 p.m. Directors present were Tom Thomas, Will Elliott, Sue Sundell, John Gerardi, and Bob Cable.

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

Director Tom Thomas assigned the General Manager, Mr. Moorrees, as temporary chairperson and inquired with legal counsel Tom McPeters whether it was appropriate for one board member to make a motion on all items under agenda items 4 and 5. Mr. McPeters stated it was fine for one member to make a motion on both item numbers.

It was moved by Director Cable and seconded by Director Gerardi that Director Thomas hold the position of President, Director Elliott hold the position of Vice-President, and Director Willis hold the position of Secretary and Chief Financial Officer (CFO). Motion carried.

The following is the result of this motion:

- A. President - Tom Thomas
  - B. Vice-President – Will Elliott
  - C. Secretary/Chief Financial Officer - Ken Willis
5. Designations and Authorities:

Under the same motion made by Director Cable, seconded by Director Gerardi and moved by the Board, the following were reappointed as representatives:

- A. Representative to the Six Basins Watermaster – Charles Moorrees (primary) and Teri Layton (alternate) as representatives to the Six Basins Watermaster.
- B. Representative to Chino Basin Pool & Advisory Committees – Charles Moorrees (primary) and Teri Layton (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, Charles Moorrees as Assistant Secretary/Assistant Financial Officer.

- E. Representatives for the Administration and Finance Committee (AFC) – Director Bozar, Director Sundell, and Director Cable.
- F. Representatives for the Planning, Resources, and Operations Committee (PROC) – Director Willis, Director Elliott, and Director Gerardi.
- G. Company General Counsel –The firm of McPeters, McAlearney, Shimoff & Hatt.
- H. Company Special Counsel – The firm Nossaman, Guthner, Knox, Elliott 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 Manager of Administration and Finance 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].

General Manager's authorized to execute professional service agreements.

[Note: On November 19<sup>th</sup> and December 17<sup>th</sup> 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: Mr. McPeters again reminded attendees that SAWCo is not a public entity but a private corporation. Statutes that apply to public agencies do not apply to the water company. SAWCo only needs to follow those statutes that apply to private corporations.
- 7. Conflict of Interest Rules for Directors: Mr. McPeters spoke about conflict of interest with regards to financial gain. He stated that any board member that could possibly benefit financially from an action item needs to make an announcement to the fact. The board can still vote an item through but they need to be made aware of even a possible financial gain prior to voting.

Director Thomas stated that SAWCo does have to adhere to the Brown Act. Mr. McPeter agreed in regards to open meeting laws.

- 8. Closed Session: The Board recessed to closed session at 7:00 p.m. to conference with Legal Counsel and Special Counsel regarding water rights in the San Antonio Canyon (§54956.9 (c)) and returned at 7:29 p.m.

Director Thomas stated there were no reportable items from the close session.

Adjournment: There being no further business the meeting was adjourned at 7:30 p.m.

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Assistant Secretary  
Charles Moorrees