

SAN ANTONIO WATER COMPANY

BOARD OF DIRECTORS ORGANIZATIONAL MEETING MINUTES

Tuesday, April 5, 2016

Immediately following the Annual Meeting of Shareholders of the Company, the Board of Directors met at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California at 6:30 p.m. Directors present were Tom Thomas, Will Elliott, Ken Willis, Glenn Bozar, and Bob Cable.

- 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, Charles Moorrees, as temporary chairperson.

It was moved by Director Elliott and seconded by Director Cable that Director Thomas hold the position of President. Motion carried.

Director Thomas requested the remainder of Item 4 be combined with Item 5 under one motion with some minor changes. Those changes included the position of Secretary/Chief Financial Officer to now be held by Director Sundell who is a member of the Administrative and Finance Committee. Director Thomas also clarified the AFC chair will be Director Sundell and the PROC chair will be Director Elliott.

Director Thomas moved and all Board members present approved the motion by voice vote. Motion carried.

The following is the result of these motions:

- A. President – Tom Thomas
 - B. Vice-President – Will Elliott
 - C. Secretary/Chief Financial Officer – Sue Sundell
5. Designations and Authorities:
- 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 and Advisory Committees – Teri Layton (primary) and Charles Moorrees (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. Director Sundell as chair of the committee.

- F. Representatives for the Planning, Resources, and Operations Committee (PROC) – Director Willis, Director Elliott, and Director Gerardi. Director Elliott as chair of the committee.
- 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 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: Director Thomas stated that all members appointed to the SAWCo Board have been members for a minimum of two years and have already been versed in the fiduciary duties and liabilities of their positions.
- 7. Conflict of Interest Rules for Directors: Mr. Moorrees reported he spoke with legal counsel, Mr. McPeters, regarding conflict of interest. He stated that the conflict of interest rules that the Board members are familiar with in a public sector do not apply in the private corporations. Disclosure of a monetary conflict is all that's required and does not need to be voted on. An example may be the sale of property by a director to the water company.
- 8. Closed Session: None.

Adjournment: There being no further business Director Willis moved and Director Elliott seconded to adjourn the meeting. Motion carried. The meeting was adjourned at 6:39 p.m.

Assistant Secretary