

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

December 20, 2011

An open meeting of the Administration and Finance Committee (AFC) of the San Antonio Water Company (SAWCo) was called to order at 3:05 p.m. on the above date at the Company office located at 139 N. Euclid Ave., Upland, California. Committee Members present were Tom Thomas, Dr. Fred Gattas, Glenn Bozar, and Sue Sundell. SAWCo's General Manager Charles Moorrees, Assistant Manager of Administration and Finance Teri Layton were also in attendance. Dr. Gattas presided.

1. Recognitions and Presentations: None.

2. Additions / Deletions to the Agenda: None.

3. Public Comments: None.

4. Administrative and Financial Issues:

A. *Employee Time-Off Benefits* – Dr. Gattas asked management to leave the meeting. After the Committee discussed the employee time-off benefits, management was asked to come back in the meeting. Dr. Gattas reported that there are benefits that the Committee would like to reconsider but stated that the Committee could not do it without good legal counsel. He continued stating he would like to have monthly meetings of the AFC until such time that there is a definite program the Committee could all agree on. It is hoped to have a decision of any benefit change by March 2012.

Prior to the next AFC meeting, Dr. Gattas asked that the Company get a legal opinion as to what SAWCo can do to modify the existing benefit program. Mr. Moorrees clarified if there was something more that is requested since the last response from the legal attorney. Dr. Gattas responded that he did not get that letter. The other Committee members did respond that they got the letter. Ms. Sundell stated that Paid Time Off (PTO) complicates the situation and suggested legal counsel forget about that and ask for a recommendation on the current benefits for a reduction in cost. Following discussion, a recommendation to reduce cost would be to eliminate the buy-back of sick leave. The buy-back was just done at the end of the year 2011 so it will be available until end of 2012.

Dr. Gattas stated he was concerned with the liability of the numerous hours of sick time. It was clarified that sick time can only accumulate up to 460 hours and only the hours over 384 presents a liability otherwise sick time is not paid out unless used. There was concern of the accumulation of vacation time. It was explained that the employees stop accruing time off when they reach 200 hours.

Dr. Gattas moved and Mr. Bozar seconded to eliminate buying back sick leave over 384 hours up to 460 hours at 50% of employee's pay rate effective January 1, 2012. Motion carried. (Mr. Thomas abstained as ex-officio).

Action Items:

The committee's recommendation for Board approval is to eliminate the Company's buy back of unused sick leave at the end of each year. Secondly, clarification was made that the committee wanted an "opinion" from the Company's personnel attorney on what

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would be considered “prudent” and “reasonable” and not a legal opinion. This request was based on the attorney’s experience with other agencies.

Monthly AFC meetings are to be scheduled before each Board meeting beginning in January 2012 to discuss and resolve employee benefit discussions.

An end of the year spreadsheet combining all the benefits was requested to be presented at the next AFC meeting.

5. Closed Session: None.
6. Committee Comments and Future Agenda Items: None.

Adjournment: The committee determined there was no further business and adjourned the meeting at 4:40 p.m.

Assistant Secretary
Charles Moorrees