

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, November 21, 2017

An open meeting of the Board of Directors of the San Antonio Water Company (SAWCo) was called to order at 5:05 p.m. on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Tom Thomas, Sue Sundell, and John Gerardi. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant General Manager Teri Layton, and Senior Administrative Specialist Kelly Mitchell. Director Thomas presided.

No quorum. Staff to provide informational items only.

- Salute to the Flag
- 1. Recognitions and Presentations: Mr. Moorrees recognized Rosemary Hoerning, Public Works Director for the City of Upland and resident Peter Cherbak. He also directed the Board's attention to the dais where a letter from a shareholder regarding the water availability charge was placed. Mr. Moorrees will be responding to the letter to clarify what the charge is for and why all shareholdings are receiving the charge.
- 2. Additions-Deletions to the Agenda: None.
- 3. Shareholder-Public Testimony: None.
- 4. Consent Calendar Items:
 - A. Approval of Board Meeting Minutes
Regular Meeting Minutes of October 17, 2017.
 - B. Administrative and Finance Committee (AFC) Meeting Minutes
AFC minutes of August 22, 2017.
 - C. Planning, Resources and Operations Committee (PROC) Meeting Minutes
No meeting minutes to report.
 - D. Financial Statement
Comparative Income Statement and Balance Sheet for September 30, 2017 and year-to-date.
 - E. Investment Activity Report
Monthly Report of Investments Activity
 - F. Water Production
Bi-Monthly water production [Jan/Feb, Mar/Apr, May/June, July/Aug, Sept/Oct, Nov/Dec]
 - G. Prominent Issues Update
Status summaries on certain on-going active issues.
 - H. Projects and Operations Update
Status summaries on projects and operations matters.
 - I. Groundwater Level patterns [Quarterly in April, July, October and January]
Tracking patterns of groundwater elevations relative to ground surface.
 - J. Correspondence of Interest

Voting on the Consent Calendar Items was deferred to the next meeting due to lack of a quorum.

- 5. Board Committee – Delegate Report:
 - A. Pomona Valley Protective Association (PVPA) Representative's Report** – Director Thomas reported on the PVPA Annual Meeting held on November 8th. The members of the Board remained the same for the upcoming year. Director Thomas will continue serving as vice president. There was some concern as to whether or not PVPA could retain nonprofit status and still contribute to Six Basins in order to reduce the amount of the annual assessment in Six Basins. PVPA's attorney determined it was okay to contribute as long as PVPA can show that the contribution went to

projects that benefited the entire water community. That being so, PVPA contributed \$150,000 to Six Basins which lowers the proposed annual assessment from \$24 to \$22.

B. Six Basins Representative Report – Director Thomas advised the Six Basins Strategic Plan was adopted. The Safe Yield was lowered from 14,000 acre feet (AF) to 13,500AF. The annual budget was also adopted. Three Valleys Municipal Water District (TVMWD) is in a contract with a grant consultant who will work with all members of Six Basins. The meeting schedule for next year was approved. TVMWD was given permission to put in as much as 1,000AF of additional water into the basin with up to three years to pump it out.

C. Chino Basin Representative Report – Ms. Layton reported that at SAWCo's last Board meeting there was a closed session in which staff received direction from legal counsel on the CalMat Intervention and voted accordingly at the Advisory meeting on October 19th. The intervention was approved by the Advisory committee. The Appropriators that voted no were SAWCo, Monte Vista Water District (MVWD), Monte Vista Irrigation Company, the City of Upland, the City of Chino and the City of Chino Hills. The Board approved the intervention and it will now go to court on December 15th. It is yet to be seen if MVWD will oppose it.

SAWCo staff attended the assessment package workshop on October 30th where Watermaster takes the approved budget for 2017-2018 and applies the assessment based on prior year production figures. No change has been made to the Safe Yield has been made pending court determination of appeal.

SAWCo's anticipated assessment for fiscal year 2017/2018 was approximately \$170,000. However, at the Advisory meeting, Watermaster announced that they will not be invoicing \$2.8 million in projects but IEUA will be getting a loan for that amount thus delaying payment and making SAWCo's assessment \$89,723.46. SAWCo continues to participate in a budget committee and members have met with Watermaster with an anticipated \$1.4 million savings for a 10 year period and looks forward to Watermaster going to court to change the frequency of filings of reports.

A Stakeholder Kickoff Meeting for the Chino Basin Water Bank was held on October 31st. Grant money is being pursued by Inland Empire Utilities Agency (IEUA) for Santa Ana River Conservation and Conjunctive Use Program (SARCCUP). The program is expected to improve the watershed water supply resiliency and enhance the natural and built environment. The Chino Basin Water Bank is a concept from this program to manage the inputs and outputs of water in the Chino Basin. Parties met at Cucamonga Valley Water District (CVWD) Frontier Project building to express their ideas, concerns and agreement with the project. A meeting is scheduled next week with the consultant Ed Means.

Staff also attended the Storage Workshop on November 2nd. This is the fourth workshop of its kind and was titled "Optimize for the Future". The workshop focused on Task 1, developing minimum sustainability thresholds and Task 2, developing relationship of storage to net recharge. For Task 1 the focus was to develop baseline groundwater pumping projections, water demand and supply projections for 2020-2050. Wildermuth developed two scenarios with one having parties' best estimates of how they will use available water supplies to meet their demands and the second having parties' pump no less than their pumping rights before meeting their demands through other sources.

At the Appropriative Pool Meeting on November 9th the Pool approved the assessment package with the understanding that the package may need to be redone in the future once court or agreement is reached. The Pool approved increasing the annual delivery limit for Dry Year Yield Program from 25,000AF to 50,000AF for Fiscal Year 2017/2018. Pool members came out of closed session with the reportable item that they believe \$595 for Exhibit G water is a fair price given that the average price in the assessment package was \$550.

After closed session on November 16th before Advisory, Pool still maintained that \$595 was a fair price and they were not aware of anyone interested in buying at a higher price. The Pool also discussed upcoming elections and Ms. Layton will be considered for Chair position and Van Jew with MVWD considered for Vice-Chair in January of 2018.

The Court hearing regarding staying the Judgment was extended to February 2, 2018 at 1:30 p.m.

D. Cucamonga Basin Report – Mr. Moorrees stated management met with CVWD and West End Consolidated Water Company (WECWC) to discuss modernizing the Judgment and plan the next steps in managing Cucamonga Basin. It was agreed the parties would consider the draft judgment written by Fred Fudacz, SAWCo's special counsel. The next meeting will be scheduled in December.

E. Administration and Finance Committee (AFC) Chairman's Report – no report given.

6. General Manager's Report on Activities:

A. CY2018 Calendar – Director Thomas suggested the calendar for next year be modified so that the November Board meeting does not take place during the week of Thanksgiving.

B. Board Gift – End of the Year Luncheon – Director Thomas advised this item will need to be placed on the Board Budget Workshop agenda for approval.

C. Policy on Water Service to Rental Properties – Deferred to the December Board meeting.

D. Lease of Shares – Deferred to the December Board meeting.

E. Project Status Report – Mr. Moorrees advised the projects are included in the budget which will be discussed at the Board Budget Workshop.

7. Closed Session – None.

8. Director's Comments and Future Agenda Items: None.

Adjournment: Seeing no further business, the meeting was adjourned at 5:21 p.m.

The Board Budget Workshop and End of the Year Luncheon will be on Wednesday, December 6, 2017 at 9:30 a.m.

The next Board Meeting will be held on Tuesday, December 19, 2017 at 5:00 p.m.

Assistant Secretary
Charles Moorrees