

SAN ANTONIO WATER COMPANY
MINUTES OF THE SAN ANTONIO WATER COMPANY
Tuesday, May 18, 2010

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 on the above date at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California. Directors present were Dr. Fred Gattas, Mark Hill, Will Elliott, Brian Brandt, Ken Willis and Robb Quincey. Also in attendance were SAWCo's General Manager Charles Moorrees, Assistant Manager of Administration and Finance Teri Layton, City of Upland Public Works Director Anthony La and John Girardi. Director Willis presided.

- Call to Order
 - Salute to the Flag
1. Recognitions & Presentations: A framed certificate signed by Director Willis, Director Thomas, and Director Gattas was presented the previous Saturday to Pomona Valley Protective Association (PVPA) for their 100 year anniversary. Pictures of the event were shared.
 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 April 20, 2010.
 - B. Planning, Resources, and Operations Committee (PROC) Meeting Minutes
Receive & file minutes of February 24, 2010
 - C. Administration and Finance Committee (AFC) Meeting Minutes
No meeting minutes to report.
 - D. Financial Statement
Income Statement and Balance Sheet for March 2010 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 ongoing active Issues.
 - H. Projects and Operations Update
Status summaries on projects and operations matters.
 - I. Groundwater Level patterns [Quarterly in April, July, October & January]
Tracking patterns of groundwater elevations relative to ground surface.
 - J. Correspondence of Interest
 - Congressman Dreier's Office – Response to SAWCo's request for Mt. Baldy HOA Land Transaction Document
 - Steve Evans/Friends of the River – Support for snow-making project at San Antonio Creek
 - Letter from PVPA regarding 100 Year Celebration Proclamation

Mr. Hill moved and Mr. Brandt seconded to approve the Consent Calendar Items as presented. Motion carried. (Mr. Quincey abstained)

5. Board Committee – Delegate Report:
PVPA Representative's Report – Mr. Thomas was not in attendance to report.

Six Basins Representative Report – Mr. Moorrees reported that the Engineering/Technical committee met on April 29, 2010. The committee will discuss the Storage and Recovery Agreement with San Antonio Water Company at the next meeting. They will be looking at any rules and procedures for making transfers of water in the future. The committee also recommended the Watermaster Board that development of an AD-Hoc Committee to get a better understanding of the basin and its capacity for storage.

Administration and Finance Committee (AFC) Chairman's Report – Mr. Willis stated that there will be an AFC meeting on May 25, 2010 at 3 p.m.

Planning, Resources, and Operations Committee (PROC) Chairman's Report – Mr. Moorrees stated that the majority of the items discussed at the PROC meeting are reflected in the staff reports.

6. Administrative & Financial Issues:
Title Research Proposal – Mr. Moorrees stated that the purpose of the proposal is to provide a method to reduce the risk of a home buyer buying a residence in the domestic service area without knowing that owning shares is required for water service. The issue was presented to the Board in April 2010 and there was question as to whether SAWCo was able to place a notice on the Title Report. It was suggested that SAWCo obtain legal opinion. The response from legal counsel Tom McPeters stated that the notice will record separately and will not need anyone's permission to report with the General Manager signing on behalf of SAWCo. Any researcher in the future will pick up the notice.

Mr. Moorrees inquired that if Director Elliott agrees with the assessment of legal counsel that the Board re-consider the proposal to contract with Mr. Bob Reid in the amount not to exceed \$7,500 an appropriate \$9,000 from savings.

Dr. Gattas moved and Mr. Elliott seconded to approve the contract with Bob Reid not to exceed \$7,500 and to appropriate \$9,000 from savings. Motion carried.

Monte Vista Water District – Mr. Moorrees explained that this item was brought to the Board to fulfill Monte Vista Water District’s (MVWD) entitlement via one-time lease of pumping rights out of SAWCo’s Chino Basin account. MVWD acquired more shares of stock last year and as such has asked for delivery of its entitlement of 19.425 acre feet at \$0.42 per hundred cubic feet. This item was presented to the PROC who recommended SAWCo not formalize a service agreement but utilize an informal approach as the case has been in the past.

Mr. Moorrees recommended the Board approve MVWD’s request for a one-time purchase to lease pumping rights equal to their shareholder entitlement of 19.425 AF from SAWCo’s Chino Basin account at the adopted “base” rate of \$182.95/AF [\$0.42/hcf].

Mr. Hill moved and Mr. Brandt seconded the manger’s recommendation. Motion carried.

Urban Water Master Plan – Mr. Moorrees stated that SAWCo completed their first Urban Water Master Plan (UWMP) in 2005. The time has come to update this plan. As such, SAWCo has requested proposals from three engineering firms; Civiltec Engineering, Inc., Albert A. Webb Associates, and GEI Consultants. Those proposals were presented to the PROC on April 28th. The PROC recommended that the proposal from Civiltec Engineering, Inc. be taken to the Board for approval.

Mr. Moorrees recommended that the Board agree with staff and the PROC in awarding a contract with Civiltec Engineering to prepare SAWCo’s 2010 UWMP in the amount of \$21,790.

Mr. Hill moved and Dr. Gattas seconded the manager’s recommendation. Motion carried.

Water System Master Plan – Final Draft – Mr. Moorrees stated that SAWCo has been working on a Water System Master Plan for quite some time. The Final Draft was presented previously as a “receive and file” item. However, the Executive Summary and Final Comments from the engineer had not been received by that time.

Mr. Moorrees has since received both the Executive Summary and the Final Comments. He has made comments and sent it back to the engineer. He plans to bring the Final Draft back to the Board in June with the completed Executive Summary and a resolution to adopt. No action required at this time.

Insurance Renewal Proposal – Mr. Moorrees stated that this item was not presented at the advisory committee level. Proposals were received from American Alternative Insurance Company (AAIC) and Arch Insurance for 2010-2011 Insurance Commercial Package with ‘Excess Liability’ to \$10 million. It was presented to Director Tom Thomas for review. The current renewal quoted for 2010-2011 is \$50,253 which is 4.3% less than last year’s premium. Although Arch Insurance proposed a lower premium, it did not cover claims filed for past events. AAIC’s proposal did include claims filed for events prior to coverage. Director Tom Thomas recommended staying with the current provider, AAIC.

Mr. Moorrees recommended the Board approve the renewal proposal received from AAIC for the 2010-2011 Insurance Commercial Package with ‘Excess Liability’ to \$10 million.

Mr. Elliott moved and Mr. Quincey seconded the manager’s recommendation. Motion carried.

Project Status Report –

- **Chronological History Documentation** – The professional service agreement has been executed with Rauch Communications. Insurance documents and timeline are forthcoming.
- **Well 27A Profile Analysis** – General Pump Company has begun the redevelopment of the well. It was completed today pending analysis.
- **Boundary Survey** – Mr. Moorrees will be meeting with surveyor prior to next week to go over the property SAWCo recently purchased.
- **Cucamonga Basin-Desilting project at crosswalls** – Received the permit back from the San Bernardino County Flood Control District (SBCFCD). It is conditioned upon SAWCo getting the regulatory permits. A request for an emergency permit has been given to the Department of Fish and Game. Mr. Moorrees has contacted Army Corps as well as the Regional Water Quality Control Board.
- **Water Rights Investigation** – Mr. Moorrees reported meeting with Mr. Slater and believes he is ready to sign the final draft agreement. He has also spoken with the Deputy Forest Supervisor with the United States Forest Service (USFS) who has agreed to set up

a meeting with SAWCo and USFS legal counsel, Mt. Baldy Homeowners Association, Shea and cabin owners sometime in June.

- ***Cucamonga Basin Management Plan*** – A follow up meeting is scheduled on June 1st with Wildermuth Environmental, Inc. (WEI) and Cucamonga Valley Water District (CVWD).

7. Closed Session – None

8. Director's Comments and Future Agenda Items – Dr. Gattas commented on the value of the additional coverage on the insurance.

Adjournment: Mr. Willis announced that since there was no further business, the meeting was declared adjourned at 5:26 p.m.

Assistant Secretary