

SAN ANTONIO WATER COMPANY

BOARD OF DIRECTORS ORGANIZATIONAL MEETING MINUTES

Tuesday, April 11, 2023

Immediately following the Annual Meeting of Shareholders of the Company, the Board of Directors of the San Antonio Water Company (SAWCo) met at the Upland City Hall Council Chambers, 460 North Euclid Avenue, Upland, California at 6:13 p.m. Directors present were Rudy Zuniga, Will Elliott, Bob Cable, Martha Goss, Bill Velto, and Kati Parker. Director Bob Bowcock was absent. Also in attendance were San Antonio Water Company legal counsel Derek Hoffman, General Manager Brian Lee, Assistant General Manager Teri Layton, Senior Administrative Specialist Kelly Mitchell, and Administrative Specialist Tiffany Dickinson. President Rudy Zuniga presided.

▪ Call to Order

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

Director Velto moved and Director Cable seconded selecting Mr. Lee as temporary chairman of the meeting. Motion carried unanimously.

Director Velto moved and Director Parker seconded to have Director Zuniga remain as President. Motion carried unanimously by voice vote.

Director Velto moved and Director Goss seconded to have Director Elliott remain as Vice President. Motion carried unanimously by voice vote.

Director Velto moved and Director Elliott seconded to have Director Goss remain as Secretary/CFO. Motion carried unanimously by voice vote.

Director Velto moved to approve the Designations and Authorities as presented.

Director Parker inquired about designating a representative to the Chino Basin Watermaster Board. Mr. Lee explained SAWCo does not have the ability to select representatives to the Chino Basin Watermaster Board. As Minor Appropriators, SAWCo can only designate a representative to the Appropriative Pool.

Director Elliott seconded to approve the Designations and Authorities as presented. Motion carried unanimously.

The following are the results of the above motions:

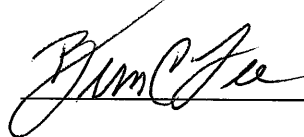
- A. President – Rudy Zuniga
 - B. Vice-President – Will Elliott
 - C. Secretary/Chief Financial Officer – Martha Goss
5. Designations and Authorities:
- A. Representative to the Six Basins Watermaster – Teri Layton (primary) and Tommy Hudspeth (alternate) as representatives to the Six Basins Watermaster.
 - B. Representative to Chino Basin Pool and Advisory Committees – Brian Lee (primary) and Teri Layton (alternate) as representatives to the Chino Basin Pool and Advisory Committees.
 - C. Representative to Cucamonga Basin Management Committee – Teri Layton (primary) and Brian Lee (alternate) as representatives to Cucamonga Basin Management Committee.
 - D. Representative to Pomona Valley Protective Association (PVPA) –Staff recommends Director Kati Parker as the primary representative to the PVPA.
 - E. Assistant Secretary/Assistant Financial Officer –General Manager, Brian Lee as Assistant Secretary/Assistant Financial Officer.
 - F. Representatives for the Administration and Finance Committee (AFC) – Director Goss, Director Cable, and Director Velto. Director Goss as chair of the committee.
 - G. Representatives for the Planning, Resources, and Operations Committee (PROC) – Director Elliott, Director Bowcock, and Director Parker. Director Elliott as chair of the committee.
 - H. Company General Counsel – Fennemore
 - I. Company Special Counsel – Fred Fudacz of the firm Nossaman LLP.

- J. Company Auditor – Bowen, McBeth, Incorporated.
 - K. 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;
 - L. 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 General Manager 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 Specialist has authority to transfer up to \$45,000 to facilitate payroll with provisions of internal accounting controls in place.
 - M. General Manager's Authority –
 - A. 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].
 - B. 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: Mr. Lee took the opportunity to remind the Board members of their fiduciary duty to the Company and its shareholders. The majority shareholders have a fiduciary duty to protect the minor shareholders. Mr. Lee complimented the Board on the job they have done in that regard.
7. Conflict of Interest Rules and AB54 Compliance for Directors: Mr. Lee advised that all Board members are up to date with their AB54 training.
8. Closed Session:
- A. General Manager's Annual Review, Goals, and Objectives [CGC §54957 subdivision 9(b)].

The Board, Mr. Hoffman, and Mr. Lee went into closed session at 6:21 p.m. and returned from closed session at 6:59 p.m. Mr. Hoffman stated there was no reportable action.

Director Zuniga announced the next Board meeting will be held on Tuesday, April 21st at 5:00 p.m.

Adjournment: There being no further business the meeting was adjourned at 6:59 p.m.



Assistant Secretary