



Minutes of February 17, 2023 Board of Directors Meeting

A Regular Meeting of the Board of Directors was held at the office of Western Heights Water Company, 32352 Ave D, Yucaipa, CA, on Friday, February 17, 2023. President Green called the meeting to order at 8:00 AM. Directors present: Robert Zappia, Benjamin Kelly, and Armando De La Paz; General Manager Mark Iverson, Office Manager Debbie Patrick. Director Duane Burk attended telephonically.

1. Public Comment – None
2. Minutes of Board Meeting – Minutes from the January 20, 2023 Board Meeting were reviewed and approved. The minutes will be amended regarding Motion 01:23. The motion was approved by unanimous vote. Director Kelly noted that he wanted a seven percent increase in the company's 401(k) contribution. The minutes were approved as corrected. Motion by Director De La Paz and seconded by Director Zappia.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly reported there was nothing pertinent to Western Heights to report. He has reached out to Bob Tincher to attend a Board Meeting. If he is not available, Paul Kielhold may be able to attend.
4. Board Meeting Schedule – The Annual Shareholders Meeting will be held March 15 at 6:00 PM, with the regular Board immediately following.
5. General Manager's Report
  - a) Discussion Items
    - a. Water Sold – Water sales for January 2023 are 1.2 percent higher than they were for January 2022.
    - b. Budget Status and Financials – Total revenues for 2023 are 123.3 percent higher than year to date in 2022. Expenses are 19.3 percent higher from this time last year.

The Accounts Payable Register and Major Projects were reviewed. Ms. Patrick answered a couple of questions regarding payments made.
  - c. Projects Status Update
    - i. Dangermond Property – Western Heights is moving a recycled water line that runs across the property, which was agreed to do as part of the purchase agreement. Director Burk noted the original line was installed poorly. He recommends documenting all the changes that are made.

- ii. 0 Tennessee Property – Hillwig-Goodrow is working on the utilities and street plans to submit to the City for approval. These plans are needed to receive the grading permits. Mr. Iverson is working to get an estimate for the rough grading. He is also looking for developers to purchase the project as-is or to work with the company in a partnership for the development and selling of the lots.
- iii. 401(k) Contributions – The company's 401(k) plan only allows company contributions as whole number. The Board can keep the company's contribution at 6 percent or increase it to 7 percent. A 7 percent change would increase the contributions from \$52,800 to \$61,653 annually, a difference of \$8,853.

**Motion 03:23** – Approve an increase in the company paid portion of the employees' 401(k) to 7 percent. Motion was made by Director Burk, seconded by Director Zappia, and approved unanimously.

- iv. Updates to the Employee Handbook – Per the Board's request, the vacation and sick policies were reviewed. There are a few inconsistencies regarding payout upon employee separation. The General Manager's report outlines changes to the handbook.

**Motion 04:23** – Approve changes in the vacation and sick time policies in the Employee Handbook, per the General Manager's Report. Motion was made by Director De La Paz, seconded by Director Zappia, and approved unanimously.

- v. Income Survey – Kennedy Communications has completed the income survey and it has been submitted to the California State Water Resources Control Board. The Median Household Income (MHI) for our service area is \$75,000. Once the MHI survey has been accepted we will investigate what opportunities are available for the company. Mr. Iverson is verifying if Western Heights is responsible for upgrading the piping on the customer's side of the meter. This is something that the company is not authorized to do, however the State may override this policy.
- vi. New Development – Mr. Iverson met with Premium Land Development regarding the property at Avenue D and 12<sup>th</sup> Street. They are building 204 apartments on the property. The Artisan project on 17<sup>th</sup> Street has requested meters for Phase II of the development. This is an additional eight homes. Once payment of \$128,000 is received, staff will install the services.

6. Action Items

Action items were discussed and voted on during the General Manager's Report

7. Directors' Matters

Director Kelly noted there was an article in the newspaper on January 30 regarding the water situation.

The meeting was adjourned at 8:19 AM.

A handwritten signature in black ink, appearing to read "Debbie Patrick", written over a horizontal line.

Debbie Patrick, Secretary to the Board