



Western Heights Water Company
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Minutes of March 21, 2018 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 Wednesday, March 21, 2018. President Zappia called the meeting to order at 8:25 pm. Directors present: Kelly, Dahlke, Burk, Green, General Manager Iverson, and Office Manager Debbie Patrick.

1. Public Comment – No public comment.
2. Minutes of Board Meeting – Held on February 16, 2018 reviewed and approved. Motion by Director Zappia and seconded by Director Green.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly reported MUNI approved the selection of the consultant for the infiltration study for the Yucaipa basin GSA.
4. April Board Meeting – The April Board Meeting is scheduled for Friday, April 20, 2018 at 8:00 am.
5. Manager's Report:
 - a) Discussion Items:
 - a. Budget Status and Financials – No update of financials available due to the separation of Nicole Sufficool. An updated statement of information must be filed with the State and updated signature authority updated with the bank. See action items for more details.
 - b. Yucaipa GSA Update – Monthly meeting held February 28. Special meeting held March 14 to select consultant for infiltration study. The next meeting is scheduled for Wednesday, March 28, 10:00 am at Yucaipa City Hall.
 - c. Stock Split Update – Tyler Technologies owner of the INCODE billing software has completed development of the application needed to update shares in the billing accounts. The program will be run early next week. WHWC staff must make some manual changes at the same time Tyler runs the program so subsequent billings are correct. Technology Solutions is working on the new stock tracking application. The new application should be up and running in April. The stock split will proceed once the tracking application is completed and tested.
 - d. Yucaipa Boulevard Pipeline Status – We are still waiting on the city to give us approval to install our pipeline.

- e. Property Improvement 32354 Avenue D Update – All improvements are complete. Mr. Iverson will provide the board a complete accounting of the cost of all the improvements at the April board meeting.

b) Action Items:

- a. Approval of Annual Audit and Financial Statement

Motion 07:18 – Director Zappia made a motion to approve the Annual Audit and Financial Statement and sign the Management Representation Letter. Director Green seconded. Motion passed.

- b. Updated Statement of Information for WHWC

Nominations were made for the following corporate positions:

Chief Executive Officer – Board President
Corporate Secretary – Duane Burk
Chief Financial Officer – Mark Iverson
Secretary to the Board – Debbie Patrick

Motion 08:18 – Director Zappia made a motion to accept the nominations as presented. Director Green seconded. Motion passed.

Motion 09:18 – Director Green made a motion to file an updated Statement of Information with the State of California. Director Dahlke seconded. Motion passed.

- c. Update Bank Account Signers

Motion 10:18 – Director Green made a motion to update the signers for all WHWC bank accounts. Remove Brenda Cotarelo, Nicole Sufficool, Bill Brown and any other signers not specifically named in the motion. Add Mark Iverson, Debra Patrick, Tim Green, Dr. Robert Zappia as contacts and signers to all WHWC bank accounts listed in Exhibit A. While on probation Debra Patrick will need a countersigner for all accounts. Director Burk seconded. Motion passed.

6. Other Business

The Board asked Mr. Iverson to investigate bonding for Debbie Patrick and himself.

Motion 11:18 – Director Zappia made a motion to elect Director Green as Board President and Director Zappia to Board Vice President. Director Green seconded. Motion passed.

Motion 12:18 – Director Green made a motion to elect Debbie Patrick as Secretary to the Board. Director Kelly seconded. Motion passed.

Meeting adjourned at 8:45 pm.



Debbie Patrick, Secretary to the Board



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The Annual Meeting of Western Heights Water Company's (WHWC) Shareholders was held on Wednesday, March 21, 2018 in the company shop located at 32352 Ave D, Yucaipa, California, in accordance with the by-laws of the company. Announcement was made by the mailing of proxies to all shareholders on February 20, 2018. A second mailing was sent March 1, 2018, which included a postage paid envelope. The Yucaipa News-Mirror published the Notice of Meeting March 9 and March 16, 2017 and included an article about the meeting.

President Zappia called the meeting to order at 7:00 p.m.

Directors present were: Robert Zappia, John Dahlke, Benjamin Kelly, Duane Burk, and Timothy Green. President Zappia thanked the shareholders present for attending and explained that the main purpose of the meeting was "for the election of Directors and for any such business that may properly come before the meeting."

He introduced himself, the Directors, Patricia Caskey, CPA, Bill Brown, Superintendent, Debbie Patrick, Office Manager, and Mark Iverson, General Manager.

Patricia Caskey, CPA, the official auditor of the proxy vote count, stated that a quorum had not been met: Shares represented by proxies were 492.0 with 8.0 shares present for a total of 500.0 proxy shares (or a total of 2460 votes).

President Zappia announced that the quorum of 20% was not fulfilled (689 shares required) so there would not be an election, but the Board would like to answer any questions the shareholders may have.

Al Kelly, a resident of Yucaipa, not a shareholder, expressed concern of a possible cancer cluster in the area. Mr. Kelly will provide a map of those affected and President Zappia will look into his concern.

General Manager Iverson reported on activities and Capital Improvements completed in 2017 and Capital Improvements scheduled for 2018:

Activities

- Sustainable Groundwater Management Act (SGMA) – Mr. Iverson is President of the Yucaipa Groundwater Sustainability Agency (GSA). The GSA has eight members and have five years to develop a plan on how to protect our part of the aquifer.
- Property Acquisition at 32354 Avenue D – WHWC purchased the house next to the office. The home was in foreclosure. The house and property have been renovated. The current office is landlocked. The living room has been converted to a conference room. The current conference room in the office is very small. The new property can be used for equipment parking. The General Manager and Board answered questions from those in attendance.
- Graphical Information System (GIS) – Mr. Iverson explained WHWC's new GIS and the advantages of having a GIS. An electronic GIS provides a way for crews to record and track problems on the pipelines and valves. This is a planning tool for future development. The GIS solidified the boundaries for WHWC and was a requirement of the GSA.

- Stock Split – Mr. Iverson explained the approved three for one stock split. There is no net difference in service or rates for the shareholders. The split will allow shareholders to tailor their shares to their actual water usage by selling or purchasing shares. The stock certificates will be tracked electronically. Paper copies will only be provided if requested. Mr. Iverson answered questions from those in attendance.

Capital Improvements Completed in 2017

- Los Altos Pipeline and Interconnection – Cost \$111,850
- Highview Drive Pipeline Replacement – Cost \$32595
- Knoll Drive Pipeline Replacement – Cost \$50,756
- Hilltop Drive Pipeline Replacement – Cost \$61,415
- 14th Street Pipeline Replacement – Cost \$256,459
- Yucaipa Boulevard Pipeline Replacement, 17th Street to 18th Street – Cost \$170,247
- Linda Lindera Pipeline Replacement – Cost \$25,000
- North Reservoir Rehabilitation – Cost \$110,000
- Eight New Fire Hydrants Installed – Cost \$24,000

Capital Improvements Planned for 2018

- Yucaipa Boulevard Pipeline 18th Street to Hampton
- Yucaipa Boulevard Pipeline 16th Street to 15th Street
- Avenue D Pipeline Replacement 14th Street to 15th Street
- Wells 2A and 11 Flush Line
- Outer Highway 10 Bridge Crossing
- Ten New Fire Hydrants

Mr. Iverson and the Board discussed with the shareholders in attendance various questions and comments.

With all questions or comments being addressed, President Zappia adjourned the meeting at 8:14 PM.



Debbie Patrick, Secretary to the Board