



Minutes of June 18, 2021 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, June 18, 2021. President Green called the meeting to order at 8:00 am. Directors present: Robert Zappia, Benjamin Kelly; General Manager Mark Iverson, Office Manager Debbie Patrick. Directors Duane Burk and Armando De La Paz attended via conference call. Also present: Shareholder David Smit and Realtors Sarah Jo Antonucci and Vadim Shtil.

1. Public Comment – Mr. Shtil is a mortgage and real estate broker. He and Ms. Antonucci are selling Mr. Smit's house on 16th Street. They are interested in how the company's investment strategy.
2. Minutes of Board Meeting – Minutes from the May 21, 2021 Board Meeting were reviewed. Director Kelly asked for clarification on charging customers for the full frontage when putting in a line. Those charges will be negotiated on a case-by-case basis. The minutes were approved unanimously. Motion by Director De La Paz and seconded by Director Kelly.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly reported there is a program for low interest loans called Water Infrastructure Finance and Innovation Act (WIFIA). It may not apply to mutual water companies. The company will keep the information on file in case it is needed in the future. Director Kelly left information on MUNI's Proposed Demand Management Program. The Advisory Commission voted to proceed with the Integrated Regional Urban Water Management Plan.
4. Board Meeting Schedule – The next meeting will be Friday, July 23 at 8:00 am.
5. General Manager's Report
 - a) Discussion Items
 - a. Water Sold – Water sales for May 2021 are 18.6% higher than they were for May 2020, and 13.2% higher than for this time in 2020.
 - b. Budget Status and Financials – Not including the income for the GAC settlement, total revenues for 2021 are 13.7 percent higher than year to date in 2020. Expenses are 21.5 percent higher from this time last year. The directors reviewed the Accounts Payable Check Register for April 2021. There were no questions.
 - c. Projects Status Update
 - i. South Booster Upgrade – Installation of the pumps and electrical equipment is complete. We are making final programing to fine-tune the pump controls. There is still some block work, doors, and

louvers to be set to enclose the building. The booster will be more reliable, increase capacity, and be more energy efficient.

- ii. Dangermond Property (North Booster Site) – The property acquisition is in escrow. We have paid the \$10,000 deposit and we are working with our surveyor to obtain the new APN or to do a lot line adjustment.
- iii. Yucaipa GSA – The GSA has been meeting weekly to discuss the safe yields and management actions for the basin. The first draft of the GSA report is planned to be completed by the end of July and submitted for public comment in September. The project is on schedule and below budget.
- iv. Potable Water Recharge – We are beginning work to develop a potable water recharge project using Wells 3 and 6. The proposed project will be a joint project between YVWD and WHWC with Muni providing funding assistance. The first step is to develop the project concept to present to Muni and obtain their commitment to participate in the project.

6. Action Items

a) Investment Portfolio Amendment

MOTION 07:21 – To approve an amendment to the investment policy to include real estate investment up to 25% of the company's investment portfolio. Motion made by Director Burk, seconded by Director De La Paz, and passed unanimously.

b) General Manager Evaluation

MOTION 08:21 – To approve a bonus for the General Manager as recommended by Director Green. Motion made by Director Kelly, seconded by Director Zappia, and passed unanimously.

c) Property Purchase

MOTION 09:21 – To approve the purchase of the property located at 12360 16th Street, Yucaipa, California to be used as rental property, in the amount of \$350,000. Motion made by Director Zappia, seconded by Director Burk, and passed unanimously, with Director Green abstaining.

d) Oak Glen Property

MOTION 10:21 – To approve the selling the Oak Glen property in the amount of \$250,000 as negotiated by Director Green and Mr. Iverson. Motion made by Director Zappia, seconded by Director Burk, and passed unanimously.

7. Directors' Matters

Mr. Iverson will investigate the possibility of purchasing storage containers for the property on 13th Street to be used as rental income. He will present a plan to the City for approval.

The meeting was adjourned at 9:07 AM.

A handwritten signature in black ink, appearing to read "Debbie Patrick", written in a cursive style. The signature is positioned above a horizontal line.

Debbie Patrick, Secretary to the Board