

**WESTERN HEIGHTS WATER COMPANY
32352 AVENUE D
YUCAIPA, CA 92399-1899**

REGULAR MEETING OF THE BOARD OF DIRECTORS

AGENDA

8:00 a.m. Friday, October 17, 2025

CALL TO ORDER / PERSONS IN ATTENDANCE

1. PUBLIC COMMENT

2. APPROVAL OF MINUTES

September 19, 2025 Board Meeting

3. SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

Report – Ben Kelly

4. BOARD MEETING SCHEDULE

November Board Meeting – Friday, November 21 at 8:00 AM
December Board Meeting – Friday, December 19 at 8:00 AM

5. GENERAL MANAGER'S REPORT:

a) Discussion Items

a. Water Sold – Exhibit 1

Water sales for September 2025 are 7.5% higher than they were for September 2024 and 12.1% higher than this time in 2024.

b. Budget Status and Financials – Exhibit 2

Total Bank Balance	\$6,874,753
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Total Revenues:	\$463,958
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Total Expenses	<u>\$323,441</u>
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Net Income	\$140,517
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Total revenues for 2025 are 5.3% lower than this time last year. Expenses are 6.2% higher than this time last year.

Accounts Payable Register – Exhibit 3

Major Projects – Exhibit 4

c. Updates

Property Sale 12586 13th Street – Western Heights purchased the property in 2018 for \$51,000 and sold to DNJ Construction October 2021 for \$72,900. WHWC carried the note on the sale at 4 percent interest. DNJ has sold the property and paid off their note of \$67,687. WHWC made \$21,900 from the purchase price and an additional \$10,797 in interest payments for total of \$32,697. This is a substantial profit of 64% which works out to be about 9% annual rate of return overall over the 7-year period 2018 to 2025.

16th Street Pipeline Replacement – Installation of 1,300 feet of new 12-inch water line on 16th Street from Avenue D to Avenue E is complete.

Cherry Valley Acres Note Refi Update – We are working to close the refinance of the Cherry Valley Acres loan. Cherry Valley will pay back \$400,000 of the original \$1,400,000 loan from last year. The prepayment includes interest-to-date plus one additional quarterly interest payment. They are also paying legal fees and closing costs. The note will be for \$1,000,000 at 5% interest amortized over 20 years with a 5-year balloon payment. These are the same terms as the original note. Collateral for the new note includes approximately one half of the original property financed last year plus two additional lots in Cherry Valley that Cherry Valley Acres owns free and clear. Closing of the refinance is pending resolution of issues that our attorney found with the reconveyance deed.

Yucaipa Basin GSP – GSP has been meeting monthly since July. The next meeting is October 22, 2025. The key discussion is about the administration of pump credits for the years agencies pump less than their pumping allocation, and handling credits for artificial recharge. The GSA continues to work constructively to develop management strategies that are beneficial to all that agencies and meets the state requirements for the GSP.

Brook Shorey – Brook graduated August 15, 2025 from Cal State Long Beach with a Bachelor of Science, Geology and took her Fundamentals of Geology (FG) exam to become a certified Geologist in Training (GIT). She is waiting on the exam results.

Employee Benefits – The company's medical provider has increased premiums 6.79% for 2026. This is in line with the industry. The 2026 premiums will increase by \$657 per month. Health Net remains the most competitive for benefits and rates. The dental premium will remain the same. Vision and life insurance rates have not been received but traditionally have little to no increase.

6. ACTION ITEMS:

Approve a rate increase of 3% for water charges, 3% for meter charges, and 5% for assessments, as recommended by the General Manager.

7. DIRECTORS' MATTERS