

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

**REGULAR MEETING OF THE BOARD OF DIRECTORS**

**AGENDA**

8:00 a.m. Friday, November 15, 2024

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**CALL TO ORDER / PERSONS IN ATTENDANCE**

1. **PUBLIC COMMENT**

2. **APPROVAL OF MINUTES**

September 20, 2024 Board Meeting

3. **SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT**

Report – Ben Kelly

4. **BOARD MEETING SCHEDULE**

The December Board Meeting is scheduled for Friday, December 13, 10:00 AM. The company Christmas lunch will follow.

5. **GENERAL MANAGER'S REPORT:**

a) Discussion Items

a. Water Sold – Exhibit 1

Water sales for October 2024 are 26.7% higher than they were for October 2023. Year to date sales is 11.9% higher than this time in 2023.

b. Budget Status and Financials – Exhibit 2

Total Bank Balance	\$6,027,752
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Total Revenues:	\$348,401
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Total Expenses	<u>\$239,681</u>
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Net Income	\$108,720
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Total revenues for 2024 are 27.3% higher than this time last year. Expenses are 12.4% higher than this time last year. The bank balance is lower due to work on the Oak Glen pipeline. Funds were received from the developer in August and materials were purchased in September.

Accounts Payable Register – Exhibit 3

Major Projects – Exhibit 4

## b) Updates

- a. 0 Tennessee Weaver – There has been progress with the permits. Mark Weaver hopes to start work on grading right after the first of the year.
  - Grading plan is approved. Final plans are at the City being signed by Fermin.
  - Final Tract Map is in review with the County. It should be approved in the next few weeks.
  - Sewer plans were re-submitted to YVWD with only minor comments. Should be approved by January 1, 2025.
  - Street plans are being revised for 2nd submittal.
  - WQMP is being revised for 2nd submittal.
  - Fire flow calculation and hydrant tests were submitted to the City Fire Department for approval last week.
  - Agreements for dry utilities designs and landscaping were approved work is in progress.
- b. Quorum for by-law changes – The quorum for by-law changes is twenty percent of the shareholders. Amendments to the by-laws can be voted on by mail-in or in-person ballots at the annual shareholders meeting. A draft of proposed changes to the by-laws was prepared by Wayne Lemieux and is attached.
- c. 2025 Employee Benefits – The policy renewal and coverage options were sent September 2024. Because there was no board meeting in October, Debbie and Mark reviewed the rates and coverage and renewed the policy with the same coverage, SmartCare HMO Platinum \$20 from Health Net so that the policy would not lapse. The increase was 11.9 percent, which is in line with the industry. We are requesting the board ratify the approval of the policy with rate increases and coverage. Further details are in the General Managers Report.
- d. Lead and Copper Service Lateral Replacement Project – Maria Kennedy is working on a zero-interest loan. The state has increased the proposed loan amount to over \$11M based on the service line inventory we submitted. Under action items, there is an updated resolution to be voted on to reflect the higher loan amount. Additionally, we are required to notify customers of the lead service inventory line replacement work. It is a form letter modified with the specifics of the WHWC service area. The letters are required to be sent out by November 15, 2024, and they were mailed Thursday, November 14.

## c) Investment Opportunity

Weaver Grading has asked if WHWC would finance the purchase of an 18-acre parcel in Cherry Valley.

Here are some key facts about the site:

- Address:
  - 38692 Brookside Ave Cherry Valley -16.68 Acres APN: 405230006
  - 38632 Brookside Ave Cherry Valley - 1 Acre APN: 405230002
  - 38718 Brookside Ave Cherry Valley - .76 Acres APN: 405230010
- Property Size: 18.44 acres total

- Zoning: Commercial, the site and surrounding area
- Permitting: Approved conditional use permit
- Proposed Project: Mini storage and RV storage
- Purchase Amount: \$2.4M

Here are some key facts potential investment and financing options:

- Weaver Downpayment: \$1.0M
- Requested Funding Amount: \$1.4M
- Loan Terms: 5% APR, 20-year note, with 5-year balloon payment
- Quarterly Loan Payments
- WHWC primary on the note
- 30-day default period for non-payment
- Default results in Weaver's loss of downpayment, development and construction costs to-date or forfeiture of the completed project.

Interest Revenue: \$323,640 (over 5 years)

Rate of Return: on \$1.4M is over 9% per year

Next Steps

- Board approval to proceed
- Continued review of relevant documents
- Engage real estate attorney to prepare loan documents

I am requesting the board vote on whether to proceed or not with the investment.

#### 6. ACTION ITEMS:

- Ratify Employee Benefits renewal
- Approve revised resolution for lead and copper loan
- Approve land investment with Weaver Grading.

#### 7. DIRECTORS' MATTERS