



Western Heights Water Company

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Minutes of November 15, 2024 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, November 15, 2024. President Duane Burk called the meeting to order at 8:00 AM. Directors present: Robert Zappia M.D, Armando De La Paz, Benjamin Kelly, Chris Venable; General Manager Mark Iverson, Office Manager Debbie Patrick.

1. Public Comment – None
2. Minutes of Board Meeting – Minutes from the September 20, 2024 Board of Directors Meeting were reviewed and approved. Motion made by Director Venable, seconded by Director De La Paz, and approved unanimously.
3. San Bernardino Valley Municipal (MUNI) Report – Director Kelly reported the Foothill Pipeline will be closed for a month. It should not affect Western Heights.
4. Board Meeting Schedule – The December Board of Directors meeting will be Friday, December 13 at 10:00 AM. The company Christmas lunch will be held afterwards.
5. General Manager's Report

a) Discussion Items

- a. Water Sold – Water sales for October 2024 are 26.7% higher than they were for October 2023. Year to date sales are 11.9% higher than this time in 2023.
- b. Budget Status and Financials – 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.

The Accounts Payable Register for September and October and Major Projects were reviewed.

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. The grading plan is approved and awaiting final signature at the City. The sewer plans should be approved by the first of the year. Street plans and WQMP are being revised. Fire flow calculation and hydrant tests were submitted to the Yucaipa Fire Department. Work is in progress for the dry utilities and landscaping.

- b. Quorum for by-law changes – The quorum requirement 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 distributed to the Board.
- c. 2025 Employee Benefits – The policy renewal and coverage options were sent September 2024. Because there was no board meeting in October, Mr. Iverson and Ms. Patrick 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.

Motion 09:24 – To ratify employee benefit renewal as presented by the General Manager. Motion made by Director De La Paz, seconded by Director Venable, and approved unanimously.

- 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 submitted. Under action items, there is an updated resolution to be voted on to reflect the higher loan amount. Additionally, WHWC is 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.

Motion 10:24 – To approve the amended Resolution 2024-01, increasing the loan amount from \$2.4 million to \$11 million. Motion made by Director De La Paz, seconded by Director Venable, and approved unanimously.

- c) Investment Opportunity – Mr. Iverson presented an opportunity to partner with Weaver Grading (Weaver) in land purchase in Cherry Valley. Weaver will make the down payment of \$1 million and will finance the balance of \$1.4 million with WHWC. The terms are a 5% interest on a 20-year note with a balloon payment in five years. This is a higher rate of return than the CD market. If Weaver defaults on the loan, WHWC will take ownership of the property. Mr. Iverson would like to continue negotiations with Weaver for the property sale.

Motion 11:24 – To approve the General Manager to negotiate a loan agreement with Mark Weaver for the three lots in Cherry Valley. Motion made by Director Venable, seconded by Director Zappia, and approved unanimously.

Action Items

All items acted upon in the General Manager's Report

Directors' Matters

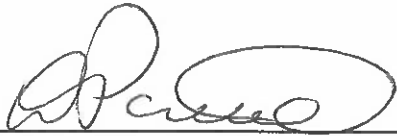
Director Burk noted when Mr. Iverson was hired, one of his goals was to increase the balance of assets to \$6 million. He has achieved that goal. Director Burk would like to see the assets increase to \$10 million. Mr. Iverson reviewed the asset replacement model. Increasing the financial assets will ensure the company is on track to meet future financial obligations without assessing special assessment to the shareholders.

Director Venable noted there may be some development on the Robinson property in the future.

Director Kelly reported there may be an opportunity to do some work for the State Water Project. Mr. Iverson can offer to help if needed.

Director De La Paz reported there will be changes in July 2025 for all water purveyors regarding the cross-connection control plan. This includes changes to the certifications. One of the staff is on light duty and is GIS locating and getting pictures of all the backflow devices.

The meeting was adjourned at 9:08 AM.



Debbie Patrick, Secretary to the Board