

In The Matter Of:
SUNNY SLOPE WATER COMPANY

ANNUAL MEETING OF SHAREHOLDERS
March 15, 2021



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SUNNY SLOPE WATER COMPANY
ANNUAL MEETING OF SHAREHOLDERS
VIRTUALLY HOSTED

PASADENA, CALIFORNIA
MONDAY, MARCH 15, 2021

REPORTED BY:
AMBER DAWN CASTANEDA, RPR, CRR
CSR NO. 7640
APPEARING REMOTELY FROM
SAN BERNARDINO COUNTY, CALIFORNIA

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COMPANY REPRESENTATIVES PRESENT AT MEETING

DIRECTORS:

- PETER C. JEONG, PRESIDENT
- JOHN L. SHAW, VICE PRESIDENT
- STEVEN R. SEILER, SECRETARY
- LAP T. NG, TREASURER
- MARK SEDLACEK, ASSISTANT SECRETARY/TREASURER

OTHER SUNNY SLOPE REPRESENTATIVES:

- KEN TCHENG, VICE PRESIDENT AND GENERAL MANAGER
- TROY HOLLAND, SUPERINTENDENT
- NACHO MAGALLON, IT AND FACILITIES
- KAREN MAAS, OFFICE LEAD AND HR
- MEL ALBERTO, ACCOUNTING
- JOHN LANGMAN, PROJECT AND BUSINESS MANAGEMENT
- PAUL KAYMARK, CPA, NIGRO & NIGRO, PC
- AIDA BABAYAN, FINANCIAL ADVISOR, UBS
- JOHN L. SHAW, ATTORNEY AT LAW

- KAREN MAAS, INSPECTOR OF ELECTION

1 PASADENA, CALIFORNIA

2 MONDAY, MARCH 15, 2021

3 10:00 A.M.

4
5 MR. PETER C. JEONG: Okay. Let's call the
6 meeting to order. It's 10:00.

7 The meeting of the 2021 Annual Shareholders
8 Meeting, please come to order.

9 The first item that we need to do is to appoint
10 Amber Castaneda as our court reporter.

11 And as president, I would like to welcome all
12 of the shareholders and all of our affiliates to this
13 meeting.

14 This has been a special year. We've all had,
15 you know, a lot of problems in staying home, and this is
16 the first year that we're holding this meeting
17 virtually. So please excuse us if there may be some
18 miscues that we're doing here.

19 Okay. First of all, my name is Peter Jeong.
20 I'm the president of the board of directors this year.
21 I would like to introduce all of the board members.

22 Our first vice president is John Shaw.

23 Okay. Our first vice president is John Shaw.

24 Our secretary is Steven Seiler.

25 Our treasurer is Lap Ng.

1 Our assistant secretary and assistant treasurer
2 is Mark Sedlacek.

3 And our director emeritus is William Frank.

4 At this time, I would like to ask that we
5 conduct this virtual meeting. If you need to speak,
6 raise your hand, you know, get Karen's attention, and
7 she will let you speak.

8 Also, I don't know, Amber, can you see all of
9 the names to take down, you know, who is speaking, or do
10 we need them to spell their names again?

11 THE REPORTER: When they speak, their square
12 will pop up, and I will know who is speaking.

13 MR. PETER C. JEONG: Very good.

14 At this time, I would like to appoint the
15 director of elections, Karen Maas; our vice president
16 and general manager, Ken Tcheng; our superintendent,
17 Troy Holland; and our business partner from Nigro &
18 Nigro is Paul Kaymark; and from UBS, Aida Babayan.

19 At this point, I would like to have the
20 secretary please read the official notice of the annual
21 meeting. Steve.

22 MR. STEVEN R. SEILER: Okay. Public notice of
23 the annual meeting of Sunny Slope Water Company appeared
24 in the March issue of the Temple City Life, the
25 principal periodic publication of Temple City Chamber of

1 Commerce.

2 Notice of the 126th Annual Meeting of
3 Shareholders of Sunny Slope Water Company, virtually
4 hosted. Notice issued by -- excuse me. Notice is
5 hereby given that the annual meeting of the shareholders
6 of the Sunny Slope Water Company, a California
7 corporation, will be virtually hosted in the county of
8 Los Angeles, state of California, on Monday, the 15th
9 day of March, 2021, at 10:00 a.m.

10 The purpose of this meeting is for the election
11 of directors and the transaction of other business as
12 may come before said meeting, and the determination of
13 any matters postponed for hearing at said meeting from
14 the previous meetings of the shareholders.

15 Submitted by Steven -- Sunny Slope Water
16 Company, Steven R. Seiler, Secretary.

17 MR. PETER C. JEONG: Okay. Thank you, Steven.

18 As stated before, I appoint Karen Maas as the
19 inspector of election.

20 And Mr. Secretary, please determine if a quorum
21 exists. Announce whether we have a quorum.

22 MR. STEVEN R. SEILER: Yes, Mr. President,
23 there is a quorum.

24 MR. PETER C. JEONG: Okay. Now, this is the
25 tough part for you, Steve. Request that you read the

1 minutes of the 2020 annual meeting.

2 MR. STEVEN SEILER: Okay. There are 36 pages.
3 I would, respectfully, request a waiver of the reading,
4 Mr. President.

5 MR. PETER C. JEONG: It's been requested that a
6 waiver be made on reading of the 2020 annual meeting.

7 Are there any objections?

8 Hearing none, I hereby waive the reading of the
9 meeting minutes.

10 Okay. Do I have a motion to approve the
11 meeting minutes of the 2020 annual meeting?

12 Lap Ng.

13 MR. LAP T. NG: Okay. I move to approve the
14 2020 annual meeting minutes.

15 MR. PETER C. JEONG: Do I hear a second?

16 MR. MARK J. SEDLACEK: I second the motion.

17 MR. PETER C. JEONG: Very good.

18 It's been moved and seconded.

19 If there aren't any objections, then I declare
20 that the minutes have been approved.

21 All right. Manager's Report, please,
22 Mr. Tcheng.

23 MR. KEN TCHENG: Thank you, Mr. President.

24 For this year, the COVID-19 presented a
25 challenge for company operations. Office staff worked

1 remotely from home, coming to the company as-needed.
2 Field operations staff remained working on site. We are
3 fortunate and thankful for our dedicated employees.
4 They kept the company operating without interruption.

5 So for the year, water production increased by
6 8.2 percent, and we attribute this increase to mostly
7 due to COVID-19.

8 Water quality samples were regularly taken
9 throughout 2020. All samplings met Federal and State
10 health standards.

11 Basin watermaster costs for the 2020 fiscal
12 year totaled \$923,861.

13 Water table variation, the key, the Baldwin
14 Park Key Well is the water table measuring baseline.
15 With the rainfall we have had since the beginning of the
16 fiscal year 2019-20, the water table is at 197.5 feet as
17 of March 2021. However, it is 11 feet below the same
18 period last year. So we're still in a drought
19 condition, if you will.

20 Los Angeles County property taxes for 2020, we
21 paid \$18,907.

22 Insurance costs for 2020 were \$245,695.

23 Power costs for 2020 were \$469,225. That's
24 reflecting an increase of 16 percent from the previous
25 year.

1 We have some accomplishments in 2020. I would
2 like to mention them.

3 Sunny Slope continued to purchase cyclic water
4 when available. We purchased 1,000 acre-feet of cyclic
5 water for storage. Cyclic water will offset rising
6 replenishment water costs.

7 This year we made a conversion from bimonthly
8 to monthly billing. Customer billing was successfully
9 converted to monthly billing beginning with bills
10 generated on November 1st, 2020. This conversion
11 improved the billing process, promoted consistent bill
12 receivables every month, and provided the capability to
13 bill for water consumption in a timely manner.

14 Automated accounts payable implementation.
15 This implementation improved the company's
16 procure-to-pay (P2P) process with the implementation of
17 the Sage APA system. This led to many end-to-end
18 business process improvements and efficiencies within
19 the procurement, purchase order, invoice, and payment
20 life cycle, including, but not limited to, documents
21 stored in a central repository, approval workflow,
22 reporting, transparency, and auditability.

23 We installed a new fence at the Duarte Pump
24 House. The fence included an automated gate. This new
25 fence provides physical access and security. It also

1 improved the aesthetics of the location.

2 As you may be aware, office remodel after
3 satisfying necessary permit applications and
4 construction bid process, construction activities began
5 in December 2020. We expect this construction to be
6 completed by the end of July this year.

7 Reservoir 1 rehabilitation project. Initial
8 engineering evaluation and assessment was conducted in
9 the third quarter of last year. The engineering
10 specifications and plans have been completed. We are
11 now preparing to go out for construction bids.

12 And lastly, EPA vulnerability assessment and
13 resiliency project. This project is to comply with the
14 EPA Title II Americas Water Infrastructure Act. It
15 entails two phases: first, risk and resilience
16 assessment, which was completed; and second, emergency
17 response plan, which is work in progress this year.

18 That concludes my report, Mr. President.

19 MR. PETER C. JEONG: Very good, Mr. Tcheng.

20 Now, I would like to --

21 Does anybody want to make a motion to approve
22 the Manager's Report?

23 MR. JOHN L. SHAW: I make a motion that we
24 approve the Manager's Report.

25 MR. PETER C. JEONG: Do I hear a second?

1 MR. LAP T. NG: I move to second the motion.

2 MR. PETER C. JEONG: Okay. It's been moved and
3 seconded that we approve the Manager's Report.

4 Any other comments?

5 Hearing none, all in favor, say aye.

6 REPRESENTATIVES: Aye.

7 MR. PETER C. JEONG: Okay. Motion carries.
8 Manager's Report has been approved.

9 Okay. Our next item is for the treasurer to
10 present the Annual Report for the 2020 year.

11 MR. LAP T. NG: Okay. I formally announce the
12 2020 Annual Report in our website,
13 SunnySlopeWaterCompany.com, under the News icon, you'll
14 find a 2020 Sunny Slope Annual Report.

15 MR. PETER C. JEONG: Okay. Very good.

16 Do I hear a motion to approve the Annual
17 Report?

18 MR. MARK J. SEDLACEK: I make a motion to
19 approve the Annual Report.

20 MR. PETER C. JEONG: Do I hear a second?

21 MR. STEVEN R. SEILER: I would second the
22 Annual Report.

23 MR. PETER C. JEONG: It's been moved and
24 seconded that we approve the Annual Report.

25 Any further discussions?

1 Hearing none, all in favor say aye.

2 REPRESENTATIVES: Aye.

3 MR. PETER C. JEONG: Opposed?

4 Okay. Annual Report has been approved.

5 Okay. Now we are to announce the nominations
6 for the directors for the ensuing year. The
7 qualifications -- are they going to be shown?

8 Anyway, qualifications of the members of the
9 board of directors. Each member of the board of
10 directors:

11 One, Shall be a shareholder of the Sunny Slope
12 Water Company.

13 Two, Shall own in the name of said director one
14 or more shares of stock in the Sunny Slope Water
15 Company.

16 Three, Shall for two years prior at the
17 beginning of and throughout his term of office own and
18 occupy property or premises within the territory
19 serviced and supplied by the Sunny Slope Water Company
20 and shall be a purchaser of water of the said company
21 for the property or premises.

22 Four, Shall not be an officer, agent, employee,
23 or otherwise receiving compensation from said
24 corporation, except as set forth in the Article III,
25 Section 19 of the bylaws.

1 At this point here, I would ask the chairman of
2 the proxy committee to nominate board members for the
3 ensuing year.

4 Would that be Karen?

5 MR. STEVEN R. SEILER: No. Chairman of the
6 proxy committee.

7 MS. KAREN MAAS: Seiler.

8 MR. STEVEN R. SEILER: It's me?

9 Okay. I would nominate the slate as presented.

10 MR. PETER C. JEONG: Do we need to read them
11 off? Otherwise, Amber cannot.

12 MR. STEVEN R. SEILER: Okay. I can read them
13 off. I would be happy to read them off. One moment
14 here.

15 You would have Peter Jeong, John L. Shaw,
16 Steven R. Seiler, Lap T. Ng, Mark Sedlacek are standing
17 for re-election.

18 MR. PETER C. JEONG: Okay. Very good.

19 I don't see anybody else on the floor, but I
20 will ask anyway.

21 Are there any additional nominations from the
22 screen?

23 Hearing none, I declare that the nominations be
24 closed.

25 The next order of business would be for the

1 inspector of the elections present -- to present all
2 shares voted to the board president and the results.

3 MS. KAREN MAAS: John.

4 MR. PETER C. JEONG: These are the results for
5 the election?

6 MS. KAREN MAAS: Yes.

7 MR. PETER C. JEONG: Okay. Are there any
8 challenges to the results of this election?

9 If there are no challenges, then I declare the
10 election approved by the shareholders virtually present.

11 Now, at this point here, I would like to
12 entertain a motion to ratify and approve the official
13 acts of the board of directors and the general manager.

14 MR. JOHN L. SHAW: I so move.

15 MR. PETER C. JEONG: Do I have a second?

16 MR. LAP T. NG: I second the motion.

17 MR. PETER C. JEONG: Okay. It's been moved and
18 seconded that we ratify and approve the official acts of
19 the board of directors and the general manager.

20 Any other questions or further discussion?

21 If not, then all in favor, say aye.

22 REPRESENTATIVES: Aye.

23 MR. PETER C. JEONG: Opposed?

24 Hearing none, the official acts of the board of
25 director and general managers have been approved.

1 Okay. Now, I'm supposed to open up the floor
2 for questions to the board members.

3 Any questions?

4 You must have one question.

5 MR. LAP T. NG: I don't see anybody on.

6 MR. PETER C. JEONG: Well, I mean, we can have
7 a question with nobody there. Do you have any
8 questions, Aida?

9 Okay. Well, since there are no questions here,
10 then our business is completed today.

11 If there are no questions, then I would
12 entertain a motion to adjourn.

13 MR. LAP T. NG: New business?

14 Okay.

15 MR. JOHN L. SHAW: I move we adjourn this
16 meeting.

17 MR. KEN TCHENG: Mr. President, before we
18 receive a second --

19 MR. PETER C. JEONG: Yes.

20 MR. KEN TCHENG: -- I would like to thank staff
21 for supporting and helping at this meeting, as well as
22 thank Amber, Paul, and Aida for joining us this morning.
23 So, appreciate your support.

24 MR. PETER C. JEONG: I entertain the same
25 sentiments to everybody. Thank you very much.

1 And it has been a pleasure serving you as the
2 president of Sunny Slope, the board of directors for
3 2020 and 2021.

4 Do I have a second?

5 MR. LAP T. NG: I move second. I make a second
6 motion.

7 MR. PETER C. JEONG: It's been moved and
8 seconded.

9 All in favor, say aye.

10 REPRESENTATIVES: Aye.

11 MR. PETER C. JEONG: Our annual meeting is now
12 adjourned.

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14 (Whereupon, the proceedings
15 concluded at 10:20 a.m.)

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REPORTER'S CERTIFICATE

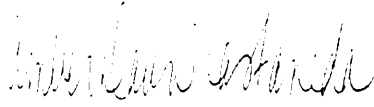
STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

I, AMBER DAWN CASTANEDA, RPR, CRR, a Certified Shorthand Reporter within and for the County of San Bernardino, State of California, do hereby certify:

That the said Annual Meeting of Shareholders was taken down by me in shorthand at the time and place therein stated and was thereafter reduced to print by Computer-Aided Transcription under my direction;

I further certify that I am not of counsel or attorney for any of the parties hereto or in any way interested in the event of this cause, and that I am not related to any of the parties thereto.

Dated this 25th day of March, 2021.



AMBER DAWN CASTANEDA, RPR, CRR,
CSR No. 7640