

SUNNY SLOPE WATER COMPANY
ANNUAL MEETING OF SHAREHOLDERS

PASADENA, CALIFORNIA
MONDAY, MARCH 16, 2020

REPORTED BY:
Amber Dawn Castaneda,
RPR, CRR
CSR No. 7640

1 COMPANY REPRESENTATIVES PRESENT AT MEETING

2
3 DIRECTORS:

4
5 MARK J. SEDLACEK, PRESIDENT

6 PETER C. JEONG, VICE PRESIDENT

7 JOHN L. SHAW, SECRETARY

8 STEVEN R. SEILER, TREASURER

9 LAP T. NG, ASSISTANT SECRETARY/TREASURER

10
11
12 OTHER SUNNY SLOPE REPRESENTATIVES:

13
14 KEN TCHENG, VICE PRESIDENT AND GENERAL MANAGER

15 TROY HOLLAND, SUPERINTENDENT

16 NACHO MAGALLON, I.T. & FACILITIES

17 KAREN MAAS, OFFICE LEAD & HR

18 MEL ALBERTO, ACCOUNTING

19 JOHN L. SHAW, ATTORNEY AT LAW

20
21 WILLIAM A. FRANK, INSPECTOR OF ELECTION

1 PASADENA, CALIFORNIA

2 MONDAY, MARCH 16, 2020

3 10:00 A.M.

4
5 MR. MARK J. SEDLACEK: Call the meeting to
6 order.

7 This is Mark Sedlacek, president of Sunny Slope
8 Water Company.

9 First step I would like to do is appoint the
10 court reporter, Amber Castaneda, for recording this
11 meeting.

12 We have, because of the events with COVID-19,
13 we have set up a call-in number. So what I would like
14 to do next is, first of all, welcome the shareholders in
15 attendance, the two who are here today; and then, have
16 the shareholders who called in to introduce themselves
17 right now. And then, if you could spell your name. And
18 then, when questions come up during the actual annual
19 meeting, that if you could introduce yourselves again
20 for the court reporter.

21 So I'll open it up to the shareholders who are
22 on the line. If you could introduce yourself and spell
23 your name.

24 MS. BEVERLY FALK: I'm Beverly Falk,
25 B-e-v-e-r-l-y F-a-l-k.

1 MR. MARK J. SEDLACEK: Okay. Thank you.

2 MS. SUSAN ANDERSON: I'm Susan Anderson,
3 S-u-s-a-n A-n-d-e-r-s-o-n.

4 MR. MARK J. SEDLACEK: We have two
5 shareholders.

6 Any other attendees?

7 We just started the annual meeting for Sunny
8 Slope Water Company. There is a third person who joined
9 the call, or fourth.

10 Could you introduce yourself, please, for the
11 other two who haven't?

12 MR. BENNETT NELSON: Bennett Nelson. I'm a
13 customer in San Gabriel.

14 MR. MARK J. SEDLACEK: Okay. Thank you.

15 For the court reporter, could you spell your
16 name, please?

17 MR. BENNETT NELSON: B-e-n-n-e-t-t Nelson,
18 N-e-l-s-o-n.

19 MR. MARK J. SEDLACEK: Thank you.

20 There is a fourth person who joined?

21 MR. RICHARD CAMPOS: Hello. This is Richard
22 Campos.

23 MR. MARK J. SEDLACEK: Thank you, Richard.
24 Could you spell your last name?

25 MR. RICHARD CAMPOS: C-a-m-p-o-s.

1 MR. MARK J. SEDLACEK: Thank you.

2 So we have how many people joined so far?

3 Four?

4 Are there any other shareholders who have
5 called in?

6 Okay. So we'll start the --

7 MR. JOHN L. SHAW: You have to repeat the
8 instruction to the last two.

9 MR. MARK J. SEDLACEK: Thank you.

10 For the last two who joined, I gave the
11 instructions beforehand. During the meeting, especially
12 like during the General Manager's Report, if you have
13 any questions, when you do ask them, if you could
14 introduce yourselves again for the record, because we
15 have a court reporter recording the meeting. So that's
16 all we ask, too.

17 Certainly, we are open to questions and we want
18 to hear, but if you would just introduce yourself again.

19 MR. RICHARD CAMPOS: Got it. Okay.

20 MR. LAP T. NG: Could everybody silence their
21 phones also or turn them off?

22 MR. MARK J. SEDLACEK: That's a good idea, if
23 anybody has a phone. Good point.

24 So I'll introduce the board members right now.

25 To your left is John Shaw, who is the

1 secretary. To your right is Peter Jeong, our vice
2 president. And then Steve Seiler, our treasurer. And
3 then Lap Ng, our assistant secretary/treasurer. To your
4 farthest left is Ken Tcheng, our vice president and
5 general manager. And we have Bill Frank here, our
6 inspector of elections and board member emeritus. And
7 in the back, we have Troy Holland, our superintendent.
8 Mel Alberto, our business contact. And then Karen Maas
9 here is the office manager.

10 So at this point, we would like to ask William
11 Frank, our inspector of election, to just be ready to be
12 involved in the questions.

13 And for secretary to read the official notice
14 of the annual meeting, which all of you should have
15 received.

16 MR. JOHN L. SHAW: First, the number of shares?

17 MR. MARK J. SEDLACEK: Correct.

18 MR. WILLIAM A. FRANK: I'll be right back.

19 MR. JOHN L. SHAW: Okay. So the notice of the
20 annual meeting has been published in the Temple City
21 Life in January and March.

22 "Notice of the 125th Annual Meeting of the
23 Shareholders of Sunny Slope Water Company. Notice is
24 hereby given, the annual meeting of the shareholders of
25 Sunny Slope Water Company, a California corporation,

1 will be held at the office of the company, located at
2 1040 El Campo Drive, Pasadena, California 91107, in the
3 county of Los Angeles, state of California, on Monday,
4 the 16th day of March, 2020, at 10:00 a.m.

5 The purpose of this meeting is for the election
6 of directors and the transaction of such other business
7 as may come before said meeting, and the determination
8 of any matters postponed for hearing at said meeting
9 from the previous meetings of the shareholders.

10 Sunny Slope Water Company, John L. Shaw,
11 secretary."

12 MR. MARK J. SEDLACEK: Okay. And then
13 appointed Bill Frank is the inspector of election.

14 Can you please announce the number of shares
15 represented by the proxy made?

16 MR. WILLIAM A. FRANK: There are 2,676.

17 MR. JOHN L. SHAW: Okay. 2,676 shares. That
18 represents a quorum.

19 MR. MARK J. SEDLACEK: Thank you.

20 And then now requesting the secretary John Shaw
21 to read the minutes of the 2019 annual meeting, which is
22 a copy here.

23 MR. JOHN L. SHAW: I have the minutes of the
24 last meeting of shareholders. It's a 30-page document.

25 Request a waiver of the reading of said

1 minutes. If there is no objection.

2 MR. PETER C. JEONG: I make a motion we waive
3 the minutes.

4 MR. MARK J. SEDLACEK: Okay. I waive the
5 minutes. Okay.

6 MR. FRANKLIN RUEDEL: I have a question.

7 MR. MARK J. SEDLACEK: The question is are the
8 minutes or will the minutes be posted?

9 MR. FRANKLIN RUEDEL: Is there a way we can
10 read them outside of this building is what I'm asking?

11 MR. MARK J. SEDLACEK: Correct.

12 MR. KEN TCHENG: Yes.

13 MR. MARK J. SEDLACEK: Is there a motion to
14 approve the minutes of the 2019 annual meeting? We have
15 that.

16 And then is there a second?

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

18 MR. MARK J. SEDLACEK: All in favor?

19 MR. LAP T. NG: Aye.

20 THE AUDIENCE: Aye.

21 MR. MARK J. SEDLACEK: And then, request a
22 reading of the Manager's Report from Ken Tcheng.

23 MR. KEN TCHENG: Okay. So for the year 2019,
24 water production was down 5.3 percent at 145 million
25 cubic feet.

1 Water quality. We continue to take samples for
2 water quality throughout the year. And if they all pass
3 Federal and State health standards.

4 The cost for basin watermaster for the fiscal
5 year -- for the calendar year total just over \$900,000.
6 That represents a 17.7 percent increase from previous
7 year.

8 Water table variation at the Baldwin Park Key
9 Well is at currently as of March of this year is 208.9
10 feet. 208.9 feet, which represents a 15.5 percent
11 increase from the same period last year. The historic
12 low for the water table is 169.4 feet; and the historic
13 high is 295.3 feet, which is in 1983.

14 So although we have good rains, the water
15 table, the basin still needs a lot of replenishment in
16 that sense.

17 L.A. County property tax went up 14 percent to
18 \$15,402.

19 Insurance costs went up 5.2 percent at
20 \$215,000.

21 Power costs went up just .2 percent at
22 \$411,000.

23 With respect to projects in 2019, we replaced
24 three main pipes. They were at Burton to Rosemead, that
25 was done in February. Rosemead to Encinitas, that was

1 done in August. And Camino Real cul-de-sac, which was
2 done in October.

3 In late 2019, we initiated the EPA America's
4 Water Infrastructure Act of 2018. The objective of this
5 project is to update the existing emergency response
6 plan based on results of the EPA Risk and Resilience
7 Assessment tool. Sunny Slope is leveraging its
8 membership in the Public Water Agency Group or PWAG for
9 support with the EPA project. That's a consortium of
10 water utility companies that formed together to help
11 each other in case of emergency.

12 We undertake an office remodeling project last
13 year. The result of the undertaking is that we have
14 some permit issue which the County and the State require
15 that we do a seismic trenching on our property. We sit
16 right next to the Raymond Basin Fault, and the State
17 enacted a mandate two years ago that if you're that
18 close, you have to conduct a seismic trenching.

19 So if you come into our parking lot, you see
20 the long trench. That's the seismic trenching.

21 The finding of the trenching resulted in four
22 liquefactions. The seismic scientist tells us that's
23 not an issue. As a matter of fact, the County has
24 permitting process goes to a couple of departments. One
25 department already looked at the report and said it's

1 okay. We're now waiting on the structural and the
2 safety assessment from the County for the final approval
3 of the permit. If that all goes well, we'll start the
4 construction of the project in July of this year.

5 We anticipate that when the construction
6 project starts, that there is going to be obstruction to
7 our shareholders coming to the office, because a lot of
8 construction equipment will be going on in the parking
9 lot. So we encourage our shareholders, customers to
10 leverage our customer portal, which is on the website.
11 You can, basically, look at your bill, you can look at
12 your water usage trend, and you can pay bills. And so
13 90 percent of our customer services can be conducted
14 with the customer portal. So we encourage you to take
15 advantage of that.

16 Our phone system will continue to work. We
17 have a call center. That if we can't answer your calls,
18 it will go to the call center, and the call center will
19 forward the message to us, and we'll contact you.

20 If you need face-to-face engagement, we can
21 always accommodate that, and we will schedule an
22 appointment with you to meet with you to discuss your
23 needs.

24 So anticipate some interruption in the customer
25 service access, in that sense.

1 Also, in 2019, we conducted a feasibility study
2 to determine the viability of constructing a new
3 reservoir versus the rehabilitation of existing
4 Reservoirs 1 and 4. Study results suggested rehab of
5 the reservoirs was the better option.

6 The Reservoir 1 project kicked off in January
7 this year. We are engaged with an engineering firm to
8 determine the specs and scope of this renovation, and
9 then preparing a bid package to go out for a
10 construction bid.

11 So that work is in progress. We anticipate
12 construction to start in November of this year.

13 Additionally, the company's accounting system
14 was updated to the most recent version of Sage 100 Cloud
15 2019. This is consistent with our technology strategy
16 of migrating mission critical business applications to a
17 cloud computing infrastructure.

18 MR. MARK J. SEDLACEK: This is the Sunny Slope
19 Water Company annual meeting. Did we have another
20 person join the call?

21 MR. FRED NELSON: Yes.

22 MR. MARK J. SEDLACEK: For the record, we have
23 a court reporter here. Could you announce your name and
24 then spell it, please?

25 MR. FRED NELSON: Well, if the phone works. I

1 have to go get my cell phone. It's Fred Nelson,
2 N-e-l-s-o-n.

3 MR. MARK J. SEDLACEK: Thank you. Thank you,
4 Mr. Nelson.

5 MR. KEN TCHENG: Well, so my last two items is
6 Sunny Slope successfully implemented process change to
7 comply with Senate Bill 998, which extended the
8 discontinuation of residential user's water services
9 only after 60 days for nonpayment of bill.

10 So due to the COVID-19 situation, we are
11 suspending any discontinuation in the interim until
12 conditions change. So anyhow, that's the new law that
13 we have complied with.

14 And lastly, in support of State-mandated water
15 conservation requirements, Sunny Slope implemented a
16 customer portal, as I mentioned, on the web. And the
17 objective is providing customers with water consumption
18 information, such as billing invoices, usage, trends,
19 and conservation tips. To date, we have 514 user
20 accounts. And we would really encourage our customers
21 to sign on to this portal, because it has a lot of
22 current information for you.

23 That's my report, Mr. President.

24 MR. MARK J. SEDLACEK: Okay. Thank you.

25 And before we move forward, just really

1 quickly. For Fred Nelson, when we get to the point of
2 question-and-answer, if you could acknowledge or give
3 your name first for the court reporter.

4 So the next step -- the next step, is there a
5 motion to approve the Manager's Report?

6 MR. JOHN L. SHAW: I move that we approve the
7 Manager's Report.

8 MR. MARK J. SEDLACEK: Is there a second?

9 MR. STEVEN R. SEILER: I second.

10 MR. MARK J. SEDLACEK: All in favor?

11 THE AUDIENCE: Aye.

12 MR. MARK J. SEDLACEK: Okay. Motion passes.

13 And then we'll move on to the Annual Report
14 from Mr. Seiler.

15 MR. STEVEN R. SEILER: I would like to present
16 the 125th Annual Report for 2019. It is available
17 online to everybody. If there is anybody present who
18 doesn't have one, we can give them. I have a couple
19 copies here, and we can provide them for you. So if
20 anybody wants it, just let us know.

21 MR. BENNETT NELSON: I can't hear.

22 MR. MARK J. SEDLACEK: Okay. Sorry. Let's
23 see. We'll move the microphone over when we go from one
24 board member to another.

25 So can you hear us now?

1 MR. BENNETT NELSON: I'm having a very
2 difficult time. I may have to disconnect. I'm so
3 sorry.

4 MR. MARK J. SEDLACEK: Okay. Understood.
5 Thank you.

6 Is there a motion to approve the Annual Report?

7 MR. LAP T. NG: I make the motion to approve
8 the Annual Report.

9 MR. MARK J. SEDLACEK: Is there a second?

10 MR. JOHN L. SHAW: I'll second that motion.

11 MR. MARK J. SEDLACEK: All in favor?

12 THE AUDIENCE: Aye.

13 MR. MARK J. SEDLACEK: Motion passes.

14 The next step is to announce the nominations
15 that are now in order for five directors for the ensuing
16 year. I'll look at the qualifications of the members of
17 the board of directors. Peter Jeong will provide that
18 list of qualifications.

19 MR. PETER C. JEONG: Yes. Hi there. My name
20 is Peter Jeong.

21 Qualifications of the members of the board of
22 directors:

23 Each of the members of the board of directors:

24 A, Shall be a shareholder of the Sunny Slope
25 Water Company.

1 B, Shall own in the name of said director one
2 or more shares of stock in the Sunny Slope Water
3 Company.

4 C, Shall for two years prior at the beginning
5 of and throughout his/her term of office own and occupy
6 property or premises within our territory serviced and
7 supplied by Sunny Slope Water Company; and shall be a
8 purchaser of water of said company for use of said
9 property or premises.

10 D, Shall not be an officer, agent, employee or
11 otherwise receiving compensation from said corporation,
12 except as set forth in Article III, Section 19.

13 MR. MARK J. SEDLACEK: Okay. Thank you.

14 And then I'll ask for the chairman of the proxy
15 committee to nominate, provide nominations.

16 MR. LAP T. NG: Okay. The proxy committee
17 nominates the incumbent John Shaw, Mark Sedlacek, Peter
18 Jeong, Steve Seiler, and myself Lap Ng.

19 MR. MARK J. SEDLACEK: Are there additional
20 nominations from the floor for board members?

21 Okay. And I don't know if we have the screen
22 working. All nominations are listed on the screen.

23 Would you like us to read it?

24 MR. FRANKLIN RUEDEL: I just had a question.

25 MR. MARK J. SEDLACEK: Okay.

1 MR. FRANKLIN RUEDEL: How long have the various
2 members been members?

3 MR. MARK J. SEDLACEK: One-year terms each
4 time.

5 MR. FRANKLIN RUEDEL: The terms are one year,
6 is that what you're saying?

7 MR. MARK J. SEDLACEK: The terms are one year.
8 That's correct.

9 MR. FRANKLIN RUEDEL: How many terms then?

10 I'm trying to get have we had the same board
11 for X number of years?

12 MR. STEVEN R. SEILER: Can we take the
13 questions at the end?

14 MR. MARK J. SEDLACEK: We'll hold those to the
15 end. We'll make sure to answer your question then.

16 MR. JOHN L. SHAW: There is no term limits for
17 Sunny Slope Water Company.

18 MR. FRANKLIN RUEDEL: I'm not asking for term
19 limits. I don't want term limits. That's not my point.

20 I just wondered if there was voluntarily term
21 limits?

22 MR. JOHN L. SHAW: No.

23 MR. FRANKLIN RUEDEL: So that we do get a
24 chance for some variety or new, some of the other
25 fellows a time off? That's what I'm trying to get at.

1 No. Term limits don't prove anything, as far as I'm
2 concerned.

3 MR. MARK J. SEDLACEK: We'll certainly answer
4 your question. We will answer your question.

5 MR. FRANKLIN RUEDEL: Franklin Ruedel.

6 MR. JOHN L. SHAW: Okay.

7 MR. MARK J. SEDLACEK: Let's see. I think
8 everyone on the phone heard the names.

9 Correct?

10 So there is no one else listed than what was
11 listed before.

12 MR. LAP T. NG: No.

13 MR. MARK J. SEDLACEK: So then, the next step
14 is for closed nominations. And if there is any other,
15 the shareholders present using the ballots provided,
16 provide them to Mr. Frank, if there is anything more at
17 this point.

18 MR. FRANKLIN RUEDEL: I don't have a ballot.
19 Do you need the ballot?

20 MR. STEVEN R. SEILER: Yes. You voted.

21 MR. MARK J. SEDLACEK: Question came up too
22 about -- for anyone on the phone -- how they would -- if
23 they turned in a proxy already or if they have to have a
24 ballot.

25 MS. SUSAN ANDERSON: This is Susan Anderson.

1 We turned in a proxy already.

2 MR. MARK J. SEDLACEK: Okay. Thank you.

3 MS. SUSAN ANDERSON: It's under Keith Anderson.

4 MR. MARK J. SEDLACEK: Okay.

5 MS. BEVERLY FALK: This is Beverly Falk. I'll
6 defer to my proxy.

7 MR. MARK J. SEDLACEK: Okay. Thank you.

8 And then at this point, we'll go ahead and take
9 a momentary pause while the shares are tabulated by the
10 inspector of election.

11 So as soon as that's completed, we will resume
12 the meeting. So we'll take a short pause right now.

13 Actually, this is a point, yeah. This is for
14 people, since -- are there any other questions? We'll
15 answer your questions.

16 The number, it varies. I think some of us have
17 been here five years. I've been here ten. And it
18 varies above that.

19 MR. PETER C. JEONG: I've been here 25 years.

20 MR. FRANKLIN RUEDEL: My ears don't work as
21 well as yours do, probably.

22 MR. PETER C. JEONG: I've been here 25 years.

23 MR. FRANKLIN RUEDEL: Is that the maximum?

24 MR. STEVEN R. SEILER: 30.

25 MR. FRANKLIN RUEDEL: Of all of you?

1 MR. JOHN L. SHAW: 34.

2 MR. FRANKLIN RUEDEL: 34.

3 MR. LAP T. NG: I'm the youngest. Five years.
4 I just joined the board five years ago.

5 MR. FRANKLIN RUEDEL: You look younger.

6 MR. LAP T. NG: Thank you.

7 MR. FRANKLIN RUEDEL: Not as old and stodgy as
8 some of the others.

9 MR. STEVEN R. SEILER: Comparatively.

10 MR. FRANKLIN RUEDEL: You're an exception.

11 MR. MARK J. SEDLACEK: Okay. So for the other
12 shareholders, we're going to have one shareholder who
13 couldn't call in on the line, we're going to get another
14 phone line and put it on conference.

15 MR. BENNETT NELSON: This is Bennett Nelson.
16 I'm going to sign off. Reception is poor. Thanks for
17 including me.

18 MR. MARK J. SEDLACEK: All right. Thank you
19 again for participating.

20 MR. FRANKLIN RUEDEL: I would encourage a
21 rotation of something, of some sort.

22 MR. MARK J. SEDLACEK: Understood.

23 It sounds like we have two other shareholders
24 who are still there.

25 MR. PETER C. JEONG: Susan, you had a question?

1 MS. SUSAN ANDERSON: Is this time for
2 questions?

3 MR. MARK J. SEDLACEK: Yes. Correct. We're
4 waiting for the final tabulations, so now is a good
5 time.

6 MS. SUSAN ANDERSON: Not only for myself, but
7 others who have been in conversation about the increase
8 for the reconstruction of the reconstruction project.
9 We're wondering about the charges, the charge is \$6 a
10 month for the next few years.

11 MR. MARK J. SEDLACEK: We'll have our general
12 manager respond to that question.

13 MR. KEN TCHENG: Okay. Are you still on,
14 Susan?

15 MS. SUSAN ANDERSON: Yes.

16 MR. KEN TCHENG: So we conducted, as I
17 mentioned earlier, a feasibility study on whether we
18 needed to build a new reservoir or rehab the two
19 existing reservoirs. And the recommendation from our
20 technical consultants is to rehab the reservoirs.

21 So we have Reservoir 1, which is the 4 million
22 gallon underground reservoir; and Reservoir number 4,
23 which is the 6 million gallon reservoir. And the
24 estimated costs for both of them are 6.3 million
25 dollars. So the \$6 surcharge for the next ten years

1 will cover 4.5 million, and then we'll leverage our
2 reserve fund just under 2 million dollars to make up the
3 total cost. And that's where the \$6 per month surcharge
4 came about.

5 MS. SUSAN ANDERSON: I see.

6 Two other questions in regard to that.

7 Does the water company, are they under the
8 limitations of telling the shareholders beforehand that
9 this charge is going to go into effect like the electric
10 companies do?

11 MR. KEN TCHENG: Sunny Slope is a mutual water
12 company, it's not for profit, so we operate with less
13 restrictions than a government entity, if you will. But
14 your question, I think, is more how did we notify you of
15 the increase? And there is a couple of notifications
16 that went out. One is on your bill. We let you know
17 that the increase is coming, so we do send that out a
18 couple of billings ahead. And then in the Annual
19 Report, we do have the president's letter that will
20 state the increase as well. That's kind of the normal
21 process that we have done throughout the past.

22 MS. SUSAN ANDERSON: Okay.

23 MR. KEN TCHENG: Did that answer your question?

24 MR. JOHN L. SHAW: When is the actual charge
25 going into effect?

1 MR. LAP T. NG: July 1.

2 MR. KEN TCHENG: July 1.

3 MR. JOHN L. SHAW: So it's a few months from
4 now.

5 MR. KEN TCHENG: Yeah. So it's effective
6 July 1, and we have been communicating this increase
7 notification.

8 MR. FRANKLIN RUEDEL: You made a six-month
9 notification then?

10 MR. KEN TCHENG: It's about three months.

11 MS. SUSAN ANDERSON: My second question is:
12 How did you determine that each shareholder should be
13 charged the same amount, and in taking into
14 consideration the possibility of charging some larger
15 water users more?

16 MR. KEN TCHENG: We -- again, the reservoir is
17 for the benefit of all shareholders, regardless of size,
18 because that's really your water storage, and it's part
19 of our distribution system. So we flat increased across
20 the base.

21 MR. MARK J. SEDLACEK: This is Mark Sedlacek
22 again.

23 It's like a duty to serve. We have had other
24 rate increases before that were volumetric based on the
25 amount of water consumed. And in this case, it is --

1 everyone needs that reservoir to have basic water
2 supply.

3 MS. SUSAN ANDERSON: Okay.

4 MR. LAP T. NG: I want to add that the funds,
5 the \$6 per month is solely dedicated for the renovation
6 of the reservoir. Nothing else.

7 MR. KEN TCHENG: That was our board member Lap
8 Ng. What he said was that the \$6 surcharge applies
9 strictly to the reservoir renovation and nothing else.

10 MS. SUSAN ANDERSON: Okay. Thank you.

11 MR. MARK J. SEDLACEK: Do we have Mr. Nelson on
12 the line now?

13 MR. FRED NELSON: Yeah. I'm here. I can
14 barely hear, but thank you for your effort. I really
15 appreciate it.

16 MR. MARK J. SEDLACEK: Okay. Do you have any
17 questions right now?

18 MR. FRED NELSON: The question, I'm sorry I
19 couldn't hear the full thing, is what is an acre foot of
20 water cost or being sold for right now? Do you know?

21 MR. KEN TCHENG: So Fred, the cost of one acre
22 foot of water, when we add all of the costs of water
23 itself, plus all of the assessment fees, it's close to
24 \$1,000 an acre foot this year.

25 MR. FRED NELSON: Okay. Can I repeat? So

1 \$1,000 an acre foot?

2 MR. KEN TCHENG: Close to it, yes.

3 MR. FRED NELSON: Is that what you're paying or
4 what you're selling it for?

5 MR. KEN TCHENG: We're not selling. We're
6 buying.

7 MR. FRED NELSON: But you pay about \$1,000?

8 MR. KEN TCHENG: Yes.

9 MR. FRED NELSON: An acre foot?

10 MR. KEN TCHENG: Correct.

11 MR. FRED NELSON: So appreciate that.

12 I'm sorry, I did want to be there, and I'm
13 sorry that the other line didn't work at all. I
14 continued to get the busy signal. And the lady that
15 helped me was very, very kind and very professional and
16 she deserves a raise in pay.

17 MR. KEN TCHENG: Did she tell you to say that?

18 MR. FRED NELSON: I wish I could have been
19 there. I'm so sorry. Thank you for your help. I
20 appreciate it all of the time.

21 MR. MARK J. SEDLACEK: And thank you for
22 calling in.

23 MR. FRED NELSON: Yeah.

24 Are you through now?

25 MR. MARK J. SEDLACEK: That's the next step.

1 MR. FRED NELSON: I can hear you now, but
2 before I couldn't.

3 MR. MARK J. SEDLACEK: Okay. We have now
4 another question from the floor here in the building.

5 MR. FRANKLIN RUEDEL: Franklin Ruedel.
6 I would like to see you, you don't currently
7 belong to the Temple City Chamber?

8 MR. KEN TCHENG: We do. We've been a member of
9 Temple City Chamber since 1998.

10 MR. FRANKLIN RUEDEL: Oh, okay. I just wanted
11 to encourage you to continue it, particularly if you
12 publicize. I happen to be a member on that board
13 myself.

14 MR. MARK J. SEDLACEK: All right. Any other
15 questions from anyone else?

16 Okay. Anyone else on the line?

17 MR. FRANKLIN RUEDEL: I had one more question.

18 MS. BEVERLY FALK: This is Beverly Falk. Can I
19 ask a question?

20 MR. MARK J. SEDLACEK: Yes.

21 MS. BEVERLY FALK: I just want, can you give a
22 brief rundown of what happened as far as this call-in
23 arrangement and the coronavirus issue, which is why I
24 didn't attend in person?

25 MR. KEN TCHENG: This is Ken Tcheng.

1 With all of the fluidness of the situation over
2 the weekend, we rushed to set up this phone conference
3 so that encouragement is if you don't need to come in,
4 you can call in. This is our first time we used the
5 phone. So with respect to that, we want to make sure
6 that we support the CDC recommendations; as well as,
7 abundance of concern for our employees, if you will.

8 MR. STEVEN SEILER: And shareholders.

9 MR. KEN TCHENG: And shareholders, yes. Of
10 course, shareholders are most important.

11 But let me talk about COVID-19, just kind of
12 reassure you from the water company standpoint. We
13 attended last Thursday a research for water foundation
14 where they brought in scientists to talk about COVID-19
15 and the water and wastewater system. And the main
16 message that I got from that conference call is that our
17 disinfectant use, which is chlorine, more than adequate
18 combatant for COVID-19. Plus, the volume of water, if a
19 person is exposed and exposed to our water, the volume
20 it will dilute and the chlorine itself will rid of the
21 COVID-19. So the tap water is safe from this
22 standpoint.

23 The other concern is wastewater. We don't deal
24 with wastewater, so we're not as concerned. But just
25 kind of FYI that they did detect COVID-19 in waste by

1 wastewater treatment plant. So don't go next to a
2 wastewater treatment plant. They're not sure to what
3 extent. It's not as certain, but they did mention that.

4 But as far as drinking water, we're in good
5 shape.

6 MR. MARK J. SEDLACEK: Thank you.

7 Another question?

8 MR. FRANKLIN RUEDEL: I just was wondering if
9 we have some statistics on how our water is compared to
10 other water companies' water?

11 MR. KEN TCHENG: How hard of water or --

12 MR. FRANKLIN RUEDEL: The water that we consume
13 or that you sell, how does it compare to -- in
14 Temple City we have, I think it's five water companies
15 that service us, if I'm not mistaken.

16 MR. JOHN L. SHAW: That's correct. Five water
17 companies serve the city of Temple City.

18 MR. FRANKLIN RUEDEL: And I would like to think
19 that ours is the best. And I would also like to think
20 that that ought to be noted. Because I think we have a
21 particular privilege of owning our own water company
22 that a lot of people don't understand. We have, I
23 believe, in the private enterprise, that a privately
24 owned water company can be used efficiently or more
25 efficiently than a government owned water company. And

1 I think some of those efforts ought to be brought forth,
2 maybe even an article in the paper or something to that
3 effect. And that also increases our property values
4 while we're at it, which is a benefit to us as
5 individuals.

6 MR. KEN TCHENG: I think we can take a look
7 into it. It's -- Troy is in the back. But in general,
8 depending on how we, each water agency treats its water.
9 Because for us, it's pretty clean water. We add
10 chlorine. Now we have a charcoal system, and we also
11 have a treatment system that takes nitrates out.

12 MR. FRANKLIN RUEDEL: A what system?

13 MR. KEN TCHENG: It's called granular-activated
14 carbon. It's a charcoal system that filtrates --

15 MR. FRANKLIN RUEDEL: Does that mean it tastes
16 like chocolate?

17 MR. KEN TCHENG: No.

18 MR. JOHN L. SHAW: Charcoal.

19 MR. FRANKLIN RUEDEL: That would be great for
20 your teeth.

21 MR. KEN TCHENG: It's difficult, I think, to
22 compare agency to agency, because we deal with our water
23 treatment differently, and we pump from groundwater.
24 Some agencies take water from Metropolitan, which is
25 surface water. So there is a distinction.

1 MR. FRANKLIN RUEDEL: Can we look at it from
2 price?

3 MR. KEN TCHENG: We know it's cheaper, in terms
4 of our rate.

5 MR. FRANKLIN RUEDEL: Well, that might be a
6 start.

7 MR. KEN TCHENG: What do you think,
8 Mr. Superintendent?

9 MR. FRANKLIN RUEDEL: Knowing I'm prejudice
10 towards Temple City Schools also. Temple City Schools
11 are the encouragement for many people to live in this
12 area and value their property rates there. So I think
13 this would be an additive for that.

14 MR. KEN TCHENG: I'm sure from board
15 perspective, we'll take a look at it.

16 MR. FRANKLIN RUEDEL: For your consideration.

17 MR. MARK J. SEDLACEK: That's a good point. It
18 will be included in future reports.

19 MR. FRANKLIN RUEDEL: I have a vested interest
20 as well in that. I won't go into that. Some of you may
21 know why. But other than just being a property owner.

22 MR. MARK J. SEDLACEK: Thank you.

23 If there is not any other questions, I'll move
24 on to essentially the total shares. It should be
25 showing up on the screen in a minute.

1 For presenting all shares, Bill Frank brought
2 us the list. So I can read those.

3 It should be coming up. Is it there?

4 Okay. So I'll read it for the people calling
5 in. Hopefully, I'm reading what's on the screen too.
6 If I'm not, Bill will correct me as I go through it.

7 The total shares outstanding are 12,998. The
8 majority is 6,500. A quorum, which is 20 percent, is
9 2,600.

10 Going on to shares eligible for voting. The
11 proxy committee has 2,676 shares that were submitted.
12 Shareholders present or shares present are 12. Total
13 represented at meeting is 2,694.

14 So do we have everything here?

15 MR. FRANKLIN RUEDEL: What percentage is that?

16 MR. JOHN SHAW: 30.

17 MR. MARK J. SEDLACEK: It's over quorum.

18 MR. FRANKLIN RUEDEL: 30 percent of the
19 shareholders are represented at this meeting?

20 MR. MARK J. SEDLACEK: With the proxy
21 committee, correct.

22 MR. FRANKLIN RUEDEL: That's what I'm saying,
23 everything combined? Sort of a poor showing, but on the
24 other hand --

25 MS. SUSAN ANDERSON: Question. Can you repeat

1 the total number of shares?

2 MR. MARK J. SEDLACEK: Correct. The total, I
3 can read it because it's fairly brief. Let me read it
4 all to you so you've got it.

5 MS. SUSAN ANDERSON: You're breaking up.

6 MR. MARK J. SEDLACEK: Okay. I'm sorry. The
7 microphone is closer now, so it will come through
8 clearer.

9 The total shares outstanding is 12,998.
10 Majority is 6,500. A quorum, which is 20 percent, is
11 2,600. Shares eligible for voting from the proxy
12 committee, which is what was submitted, 2,276.
13 Shareholders or shares present is 12. So the total
14 represented at meeting, in terms of shares, is 2,694.

15 MS. SUSAN ANDERSON: Thank you.

16 MR. MARK J. SEDLACEK: Okay. So it's on the
17 screen too for the people here.

18 MR. FRANKLIN RUEDEL: For the benefit of the
19 room, we might want to use more of a circle in here in
20 arranging the seats. That way the people in the back
21 and the people in the front would have a better chance
22 of understanding.

23 MR. MARK J. SEDLACEK: That's a good idea.

24 MR. FRANKLIN RUEDEL: I don't mind turning
25 around to them, but then I'm not speaking to you.

1 MR. MARK J. SEDLACEK: For the other
2 participants.

3 MR. FRANKLIN RUEDEL: Yes. The others in the
4 room.

5 MR. LAP T. NG: Maybe that's a good idea for
6 the renovation plan.

7 MR. FRANKLIN RUEDEL: Well, that also.

8 MR. LAP T. NG: Yeah.

9 MR. MARK J. SEDLACEK: That would make it
10 easier.

11 MR. FRANKLIN RUEDEL: Until you do that, the
12 simplest way to me, without having an increase in cost,
13 is just rearranging the chairs.

14 MR. MARK J. SEDLACEK: Thank you. Noted.

15 So are there any challenges to the results of
16 the election?

17 Okay. Since there is no challenge -- oh,
18 correct.

19 Let me read the results of the election. I
20 can't see exactly the names right off, but I'll just go.

21 MR. STEVEN R. SEILER: Each board member, each
22 nominee receives the same number of votes.

23 MR. MARK J. SEDLACEK: So Bill Frank clarified
24 that each board member received the same number of
25 votes. John Shaw, Lap Ng, Steve Seiler, Peter Jeong,

1 and myself Mark Sedlacek.

2 And then I'll declare, essentially, the
3 election approved by the shareholders present.

4 Is there a motion to ratify and approve the
5 official acts of the board of directors and general
6 manager?

7 MR. STEVEN R. SEILER: I so move.

8 MR. MARK J. SEDLACEK: Is there a second?

9 MR. JOHN L. SHAW: I'll second.

10 MR. MARK J. SEDLACEK: All in favor?

11 THE AUDIENCE: Aye.

12 MR. MARK J. SEDLACEK: Okay. Motion passes.

13 And I know we've been having questions and
14 answers as we've gone through it. Are there any other
15 questions that people have at this point?

16 Okay. All right.

17 MR. STEVEN R. SEILER: I would move that we
18 adjourn this meeting.

19 MR. PETER C. JEONG: I second it.

20 MR. MARK J. SEDLACEK: All in favor?

21 THE AUDIENCE: Aye.

22 MR. MARK J. SEDLACEK: Meeting adjourned.

23 Thank you for attending.

24 THE REPORTER: Thank you.

25

(Whereupon, the proceedings
concluded at 10:39 a.m.)

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1 REPORTER'S CERTIFICATE

2
3 STATE OF CALIFORNIA)
4) ss.
5 COUNTY OF SAN BERNARDINO)
6

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

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

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

18 Dated this 17th day of March, 2020.
19

20 _____
21 AMBER DAWN CASTANEDA, RPR, CRR,
22 CSR No. 7640
23
24
25