



**SAWPA COMMISSION  
REGULAR MEETING MINUTES  
JULY 15, 2025**

**COMMISSIONERS PRESENT**

Mike Gardner, Chair, Western Municipal Water District  
Gil Botello, Vice Chair, San Bernardino Valley Municipal Water District [via – zoom]  
David Slawson, Alternate, Eastern Municipal Water District  
Jasmin Hall, Inland Empire Utilities Agency  
Denis Bilodeau, Orange County Water District [via – zoom]

**COMMISSIONERS ABSENT**

Philip E. Paule, Eastern Municipal Water District

**COMMISSIONERS PRESENT;  
NON-VOTING**

T. Milford Harrison, San Bernardino Valley Municipal Water District [via – zoom]  
Fred Jung, Alternate, Orange County Water District [via – zoom]

**STAFF PRESENT**

Karen Williams, Shavonne Turner, Dean Unger, John Leete, Ian Achimore, Sara Villa, Alison Lewis, Natalia Gonzalez, Marie Jauregui, Emily Fuentes, Haley Gohari

**OTHERS PRESENT**

Thomas S. Bunn, Lagerlof, LLP; John Kennedy, Orange County Water District; Lisa Haney, Orange County Water District; Valerie Amezcua, Orange County Water District; Carly Pierce, Western Municipal Water District; Ryan Shaw, Western Municipal Water District; Adekunle Ojo, San Bernardino Valley Municipal Water District; Gene Hernandez; Yorba Linda Water District; Tom Lindsey, Yorba Linda Water District; Mia Corral Brown, Chandler Asset Management; Vivian Trinh, San Bernardino Community College District; Michael Boccadoro, West Coast Advisors; Beth Olhasso, West Coast Advisors

The Regular Meeting of the Santa Ana Watershed Project Authority Commission was called to order at 9:30 a.m. by Chair Mike Gardner on behalf of Western Municipal Water District's Board Room, 14205 Meridian Parkway, Riverside, CA 92518 and Commissioner Denis Bilodeau at 601 N Ross Street, Room 327, Santa Ana, CA 92701, and Commissioner Gil Botello at 380 E. Vanderbilt Way, San Bernardino, CA 92408.

**1. CALL TO ORDER**

**2. ROLL CALL**

An oral roll call was duly noted and recorded by the Clerk of the Board.

**3. PUBLIC COMMENTS**

There were no public comments.

**4. ITEMS TO BE ADDED OR DELETED**

There were no items to be added or deleted.

## 5. CONSENT CALENDAR

### A. APPROVAL OF MEETING MINUTES: JULY 1, 2025

**Recommendation:** Approve as posted.

**MOVED**, to approve the Consent Calendar as posted.

Result:	Adopted by Roll Call Vote
Motion/Second:	Hall/Slawson
Ayes:	Bilodeau, Botello, Gardner, Hall, Slawson
Nays:	None
Abstentions:	None
Absent:	None

## 6. WORKSHOP DISCUSSION AGENDA

### A. LEGISLATIVE REPORT

Michael Boccadoro of West Coast Advisors provided a presentation on the Sacramento Update. Most California reservoirs are above historic average due to three strong water years. San Luis Reservoir is the key exception, currently at 40% capacity and 86% of historic average, due to Delta pumping restrictions. The snowpack has melted, and reservoirs are now being drawn down to serve areas like the San Joaquin Valley and Southern California. There's growing concern over dry conditions and drought returning, which are increasing wildfire risks.

A \$3.25 billion budget was passed for FY 2025–2026, relying more on borrowing than spending cuts to close a \$12 billion deficit. Major decisions postponed until after summer recess (July 18 – August 18):

- Proposition 4 water bond
- Cap-and-trade (GGRF) funding
- Delta Conveyance Project trailer bill
- Wildfire Fund replenishment, especially in light of the Eaton Fire

Mr. Boccadoro reported that July 18th is the Second House Policy Committee deadline, August 29th is the Appropriations Suspense deadline, and September 12th is the end of first year 2025-26 session.

Beth Olhasso of West Coast Advisors continued the presentation on the Legislative Update. A brief overview of the following key water bills in motion were highlighted:

- SB 72 (Caballero) CA Water Plan-Long-Term Water Supply Targets: Now in Assembly Appropriations; efforts underway to remove it from the suspense file post-recess.
- AB 532 (Ransom) Water Rate Assistance: Sponsored by CMUA, moving smoothly through the Legislature with strong support.
- SB 31 (McNerney) Recycled Water: Seeks changes to Title 22 for non-potable recycled water use. No opposition votes so far, with Senate Appropriations support.
- SB 454 (McNerney) PFAS Mitigation Program: Passed Assembly floor; back in Senate for concurrence, headed to the Governor's desk.
- SB 694 (Hurtado) Advanced Clean Fleets: Failed to advance.

- SB 445 (Wiener) Transportation: Recently amended to apply only to high-speed rail and exclude private utilities due to strong opposition. This bill was flagged as a long-term concern.

Commissioner Hall inquired about SB445 and what is causing conflict or opposition from agencies. Ms. Olhasso noted transit agencies argue that some utilities delay projects by failing to respond to relocation plans or dragging their feet into the review process. These delays increase project costs and timelines, affecting the broader public by stalling critical transit improvements.

Commissioner Botello asked about the status of SB 350. Ms. Olhasso noted that the proposal would require some ratepayers to subsidize low-income assistance programs through charges added to their utility bills. There is concern about this approach, because it conflicts with the fee-for-service mandate and could push outside the boundaries of what is legally allowed to charge under Proposition (Prop) 218. Instead, the focus is on identifying alternative funding sources that do not violate Prop 218. For example, some agencies like Cucamonga Valley generate revenue by leasing space for things like cell towers, and they use those funds to support low-income rate assistance. These are the kinds of creative, collaborative solutions they would like to explore further, rather than placing the burden on existing ratepayers.

Ms. Olhasso highlighted on the Regulatory Updates; the Federal Government withdrew nine (9) Clean Air Act waivers related to California's clean fleet programs. Despite this, CARB (Air Board) claims it can still regulate state and local government fleets without federal waivers. There was strong pushback from agencies due to concerns over vehicle availability, charging limitations, and operational challenges during emergencies. The State Water Board adopted the Clean Water State Revolving Fund, and there is PFAS Regulation Workshop on lowering notification and response levels scheduled August 6<sup>th</sup>, and AB 794 (Gabriel) Emergency PFAS MCL bill did not advance.

Commissioner Slawson asked what group is challenging the Federal MCL for PFAS. Ms. Olhasso stated that there is a coalition of groups actively following the challenge to the federal PFAS MCL and can provide an article to Ms. Williams, and she can distribute it to provide a bit more background and context on the issue.

This item is to receive and file; no action was taken on agenda item no. 6.A.

## **7. NEW BUSINESS**

### **A. APPROVAL OF GENERAL SERVICES AGREEMENT AND TASK ORDER WITH LAGERLOF LLP FOR LEGAL SERVICES (CM#2025.51)**

Karen Williams provided a report on the approval of the General Services Agreement (GSA) and Task Order for Lagerlof, LLP, contained in the agenda packet on pages 13-22.

On March 4, 2025, the Commission approved issuing an RFQ for legal services. Six (6) proposals were received, and three firms were interviewed on July 3, 2025. The Commission unanimously selected Lagerlof as the legal services provider. The staff's recommendation is to authorize the Interim General Manager to 1) Execute a GSA with Lagerloff, removing Section 4.05 (the indemnification clause), per their proposal. Lagerlof requested this deletion to protect their malpractice coverage, citing that California law already imposes fiduciary duties on attorneys, and 2) Execute Task Order No. LSGK-100-14 for legal services in an amount not to exceed \$108,900 for FYE 2026.

Chair Gardner raised concerns on the deletion of Section 4.05 within the GSA and is hesitant to approve any contract that indemnifies the other party against their own errors or omissions.

In the current agreement with Lagerlof, we already have language similar to Section 4.05, why is it suddenly a concern now?

Legal Counsel Thomas Bunn noted that the issue arose recently in connection with another client, prompting a broader policy change across the firm. The legal malpractice insurance policies do not cover contractual indemnity obligations. Including such a clause could invalidate malpractice coverage, leaving the firm (and client) exposed. Instead, professional liability (malpractice) insurance is the appropriate protection in the event of an error or omission. Mr. Bunn emphasized they carry substantial malpractice coverage, which is the proper first avenue for any claims.

Commissioner Slawson noted that Legal issues are not always black and white. When giving a legal opinion, sometimes that opinion is challenged in higher courts or interpreted differently. It is not like a construction or engineering project where negligence or incompetence can be clearly established. He often sees legal opinions that differ or even turn out to be wrong later, and he understands why a law firm might be hesitant to agree to indemnify us fully because legal interpretations can vary and evolve.

Mr. Bunn thanked the Commission for all their support and looks forward to continuing the working relationship.

**MOVED**, to authorize the Interim General Manager to execute the following:

1. General Services Agreement (GSA) with Lagerlof, LLP deleting Section 4.05 under Article IV, per their proposal, and
2. Task Order No. LSGK100-14 with Lagerlof LLP for an amount not to exceed \$108,900.00 to provide legal services for Fiscal Year Ending (FYE) 2026.

Result:	Adopted by Roll Call Vote
Motion/Second:	Botello/Hall
Ayes:	Bilodeau, Botello, Gardner, Hall, Slawson
Nays:	None
Abstentions:	None
Absent:	None

**B. INVESTMENT MANAGEMENT SERVICES AWARD OF CONTRACT (CM#2025.52)**

Karen Williams provided a presentation on the Investment Management Services Award of Contract, contained in the agenda packet on pages 253-269.

On March 4, the Commission approved issuing an RFP for investment management services. Six proposals were received and reviewed by a panel consisting of Cindy Sachs (Valley District), Rick Aragon (Western Municipal Water District), and staff. Three firms were invited to interviews on June 20: Chandler Asset Management, PFM Asset Management, and Public Trust Advisors (did not attend and were disqualified).

Chandler Asset Management received the highest overall score and demonstrated strong qualifications and alignment with the authority's needs. Over 20 years of average staff experience, manages \$3.1 billion for California public agencies, independent, employee-owned, and based in San Diego, strong investment approach using a proprietary horizon analysis model, structured and disciplined trading process, typically securing three (3) quotes per trade, dedicated credit team and use of Clearwater Analytics for reporting, and transparent, tiered fee structure of no fees for non-managed funds (e.g., funds in LAIF or checking accounts), negotiated discount: Reduced from 10 to 8 basis points on the first \$25 million (saving \$5,000 annually), and fees are locked in for the duration of the contract.

Ms. Williams provided SAWPA's financial overview. As of May, the authority held \$83 million in cash and investments. The investment breakdown: 78% in LAIF, 8% in securities, and 9% in CDs. There is significant potential to optimize the 78% in LAIF (approx. \$64 million) for higher returns. This past year, earnings were \$3.2 million, much higher than previous years with low interest rates, where earnings were \$500K–\$600K.

Ms. Williams noted that Chandler Asset Management will perform a comprehensive cash flow analysis to evaluate the Authority's Capital Improvement Plan. This analysis will help determine the amount of funds required for annual operational needs and how much can be allocated to long-term investments. Of the current \$83 million in total assets, Chandler will assess how much it should remain in short-term investments or if the LAIF accounts for liquidity purposes, and how much it can be invested in longer-term securities.

It is estimated that \$12–15 million (equivalent to one year's worth of expenses) would remain in liquid accounts and therefore would not be subject to management fees, as Chandler only charges fees on actively managed funds.

Commissioner Hall inquired that despite SAWPA performing quite well over the past year and with the new fiscal year beginning in July, and typical market shifts expected in August and September, how will Chandler's strategy help us navigate what is ahead? Are they planning to manage the momentum we have already built? Or is their role more focused on structuring and optimizing our portfolio going forward? Do they have a baseline expectation or performance benchmark we can refer to, something that justifies the investment in their services and gives us confidence in continued growth?

Commissioner Hall continued and said she understands no one can predict the future, but what about Chandler's approach or performance with other agencies stood out? What gave you confidence that they are the right partner to manage our funds beyond just past returns?

Mia Corral Brown of Chandler Asset Management noted that their investment strategy is designed to optimize the Authority's portfolio in a conservative and compliant manner, strictly adhering to the California Government Code. They take a highly risk-aware approach, focusing on high-quality, safe investments such as U.S. Treasuries, federal agency securities, and select corporate bonds, among other permissible asset classes.

While SAWPA's current investments in LAIF are yielding competitive returns today, they are limited to very short-term durations. If interest rates were to decline sharply, so would those returns. Chandler's approach would be to strategically diversify the investments along the yield curve from 0 to 5 years allowing to lock in favorable yields for a longer period while still maintaining liquidity and safety. Chandler is SEC-registered and shares the same fiduciary duty to protect and act in your best interest. By laddering investments in a disciplined, transparent way, they aim to minimize risk and maintain stable returns over time even in uncertain market conditions.

Ms. Brown noted that as for costs, their fees are competitive, about \$3,400 per month, and can be deducted directly from the interest earnings in the third-party custody account. This structure helps ensure that their services pay for themselves through improved investment performance, while also saving staff time and resources. While they cannot predict the future, they can position the portfolio to respond effectively to changing conditions giving stability, compliance, and performance aligned with long-term goals.

Chair Gardner noted that Western Municipal Water District (WMWD) uses Chandler Asset Management and was just awarded its 2<sup>nd</sup> Triple AAA rating due to their advice and counsel.

Ms. Brown stated that Chandler Asset Management has experience working with public agencies. They have partnered with WMWD for over 25 years, Rancho California Water District for more than two decades, and Valley Municipal Water District for approximately 10 years. They also serve Temescal Valley Water, West Valley Water District, Coachella Valley Water District, and Beaumont-Cherry Valley Water District, among several others.

Their deep familiarity with California water agencies uniquely positions them to understand the specific financial and regulatory challenges you face including rate structures, capital improvement program (CIP) requirements, and the management of bond proceeds or construction funds.

Commissioner Botello stated that this being the first time SAWPA has engaged in an investment management firm, this is a valuable opportunity to review and enhance investment strategies. He is not personally familiar with Chandler Asset Management, but can say that at Valley District, where they have a strong and healthy portfolio, their asset managers provide quarterly updates to the board. He strongly encourages SAWPA to implement something similar whether quarterly or semi-annually where Chandler reports directly to the Commission on portfolio performance and strategy. That transparency would be both reassuring and informative for the Board.

Mr. Botello emphasized the importance of keeping politics out of investment decisions. While it is great to hear that Chandler works with many neighboring water agencies, what matters most is that they maintain a strict fiduciary focus: investing funds based on performance and security, not political considerations. Our goal should be to achieve the best possible returns for the public we serve. This is a positive step forward and he looks forward to learning more about Chandler's approach and how they can help SAWPA strengthen and grow our investments responsibly.

Ms. Williams noted that Chandler will be providing investment reports to the Commission. Whether those updates will be quarterly or semi-annually is still to be determined, but regular reporting is part of the plan. She echoed the importance of keeping politics completely out of our investment strategy, the focus needs to remain strictly on fiduciary responsibility and sound financial management.

Historically, SAMPA has not had the kind of investment funds that we are managing now. Until recently, our cash reserves simply were not at the level that would justify or require professional investment management. This is really the first time we have had both the resources and the opportunity to make these kinds of strategic financial decisions. Engaging Chandler marks an important shift in how we manage public funds with more structure, more expertise, and more accountability.

Chair Gardner stated that SAWPA has been fortunate to have Ms. Williams as the CFO, her knowledge and skill to manage the investments effectively. One of the main reasons this proposal was brought forward is because Ms. Williams had previously indicated plans to retire at the end of the year. We felt it was important to have a professional asset manager in place before that happens, to ensure a smooth transition and maintain stability in our financial strategy. Managing this kind of portfolio takes time, attention, and focus and with so many other responsibilities on our plates, especially now, it just makes sense to bring in the support.

Rick Aragon of WMWD expressed his gratitude for being included in the process. It was a well-run and transparent effort and appreciated the opportunity to work with Ms. Williams and the San Bernardino Valley team. He highlighted working with Chandler for many years and cannot recommend them highly enough. What stands out most is their exceptional customer service, which you have already seen firsthand.

Behind that service is a team of top-tier professionals, some of the best in the industry managing your portfolio. Chandler was the only firm that voluntarily presented an independent performance benchmark, showing how their portfolios consistently outperform the market while remaining fully compliant with safety and risk requirements. That kind of transparency takes confidence, and it reflects their proven history and commitment to performance. Mr. Aragon offers his full support with this decision and reiterates his confidence in Chandler Asset Management based on many years of direct experience.

Commissioner Botello asked if SAWPA has a Statement of Investment Policy. Ms. Williams said yes, SAWPA does have an investment policy, and it typically comes up for review annually. Ms. Williams was waiting to reintroduce it until the firm was on board first. This way, they will have the opportunity to review the policy and suggest any updates or improvements before it gets presented again. It is anticipated to be brought back to Commission in August-September to allow sufficient time for review. Mr. Botello requested a copy of the policy be sent to him.

**MOVED**, to authorize the Interim General Manager to execute an agreement with Chandler Asset Management for professional investment management services on behalf of the Authority.

Result:	Adopted by Roll Call Vote
Motion/Second:	Hall/Slawson
Ayes:	Bilodeau, Botello, Gardner, Hall, Slawson
Nays:	None
Abstentions:	None
Absent:	None

**C. APPROVAL OF SALARY SCHEDULE (CM#2025.53)**

Karen Williams provided a report on the Salary Schedule for FY 2026, contained in the agenda packet on pages 301-302.

This item is brought forward annually and pertains to SAWPA's salary schedule, which is required for approval in compliance with CalPERS regulations. The 2025–2026 salary schedule remains consistent with last year's, with the following updates:

- A 2.53% CPI adjustment was applied to the minimum and maximum salary ranges, as previously approved.
- Title updates and additions include:
  - Administrative Services Supervisor
  - Senior Administrative Services Specialist
- New positions added through the budget process:
  - Director of Finance
  - Assistant General Manager

The updated salary schedule will take effect July 1, 2025. The Assistant General Manager position is included in both the budget and the salary schedule; however, we are not moving forward with filling that position at this time it has been paused. As a result, while the position is budgeted, no funds are currently being spent on it.

**MOVED**, to approve the salary schedule for FY 2026 as required by CalPERS.

Result:	Adopted by Roll Call Vote
Motion/Second:	Botello/Slawson
Ayes:	Bilodeau, Botello, Gardner, Hall, Slawson
Nays:	None
Abstentions:	None
Absent:	None

## 8. **INFORMATIONAL REPORTS**

Recommendation: Receive for Information.

### A. **CASH TRANSACTIONS REPORT – MAY 2025**

**Presenter:** Karen Williams

### B. **INTER-FUND BORROWING – MAY 2025 (CM#2025.54)**

**Presenter:** Karen Williams

### C. **PERFORMANCE INDICATORS/FINANCIAL REPORTING – MAY 2025 (CM#2025.55)**

**Presenter:** Karen Williams

### D. **PLANNING DEPARTMENT QUARTERLY REPORT: APRIL – JUNE 2025**

**Presenter:** Ian Achimore

### E. **STATE LEGISLATIVE REPORT**

**Presenter:** Karen Williams

### F. **GENERAL MANAGER REPORT**

Karen Williams reported that SAWPA's Water Resources and Planning Manager recently resigned. In the interim, Ian Achimore was appointed as Acting Planning Manager and Rick Whetsel as Acting LESJWA Administrator. According to SAWPA's current employee handbook, acting assignments are limited to 90 days. That 90-day period will end on July 21.

Ms. Williams consulted with Legal Counsel, and he advised that since the Water Resources and Planning Manager position has not been filled and unless the Commission has any objections, we may extend the acting assignments beyond the 90 days.

Additionally, SAWPA staff are in the process of updating the employee handbook, and one of the proposed changes will be to remove the 90-day limit for acting positions altogether. Ms. Williams asked if the Commission has concerns about extending the acting assignments until the vacant position is filled.

Chair Gardner asked the Commission if there were any questions or concerns regarding this approach. Hearing none, staff will proceed as discussed. The 90-day period for the acting assignments will be extended as needed until the vacant position is filled. Staff will continue to keep the Commission informed on the progress of the recruitment process.

### G. **CHAIR'S COMMENTS/REPORT**

There were no Chair comment received.

### H. **COMMISSIONERS' COMMENTS**

There were no Commissioners' comments received.



**I. COMMISSIONERS' REQUEST FOR FUTURE AGENDA ITEMS**

Chair Gardner requested a brief update on the status of the investigation to be provided during Closed Session at the next meeting.

**9. CLOSED SESSION**

There was no Closed Session.

**10. ADJOURNMENT**

There being no further business for review, Chair Gardner adjourned the meeting at 10:40 a.m.

**Approved at a Regular Meeting of the Santa Ana Watershed Project Authority Commission on Tuesday, August 5, 2025.**

Signed by:

*Mike Gardner*

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Mike Gardner, Chair

Attest:

DocuSigned by:

*Sara Villa*

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Sara Villa, Clerk of the Board