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# **Oak Trail Estates**

## **Mutual Water Company**

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### **Rules, Regulations and Policies For The Board of Directors**

- I. Contracts and Expenditures
- II. Company Records
- III. Meeting Minutes
- IV. Review of Bylaws and Rules, Regulations and Policies
- V. Review of Reserve Study (Long-term Capital Replacement Plan)
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*Under Article XV, MISCELLANEOUS, Section 1 of the Bylaws of the OTE Mutual Water Company, the Board of Directors has the power to make and adopt rules and regulation it deems advisable for the management of the company. The following document is a compilation of all rules and regulations created by past and present boards. These rules and regulations have been created with assistance or review of an attorney.*

Revised January 24, 2024

## **I. Contracts and Expenditures**

- A. All contracts that bind the Water Company must be approved the Board of Directors by a simple majority at a duly called Board meeting that meets the quorum. These include, but are not limited to, physical plant improvements and expansions, county requests for “can and will serve” commitments, easements and hookups.
- B. All contracts need the signature of the President and one other Board member.
- C. All expenditures over \$1,000 must be approved by a simple majority of the Board of Directors at a duly called Board meeting that meets the quorum.

## **II. Company Records**

- A. The Secretary will keep the originals of all records of the OTEMWC.
- B. When provided by officers of the Board the company records include, but are not limited to, the following:
  - 1. The Articles of Incorporation of the Company
  - 2. The Bylaws of the Company
  - 3. The Rules, Regulations and Policies of the Company
  - 4. The Water Master’s job description
  - 5. The minutes of the Annual Meetings
  - 6. The minutes of all Board of Directors meetings
  - 7. All legal correspondence

## **III. Meeting Minutes**

The Secretary shall record and maintain minutes of all board meetings.

## **IV. Review of Bylaws and Rules, Regulations and Policies**

- A. A review should be conducted to ensure that the Water Company’s policies stay current with the changing times and the needs of its Shareholders.
- B. The Bylaws and Rules, Regulations and Policies should be reviewed every three to five years.

- C. The Board Member's Notebooks should be reviewed at the first Board meeting of each year to make sure the material stays current and the new members have become familiar with the business of the Water Company.

#### **V. Review of Reserve Study (Long-Term Capital Replacement Plan)**

The Reserve Study should be reviewed every 3 to 5 years to ensure that the data used in the study is kept up to date and that fees needed to finance future projects meet the goals of the study.

#### **VI. Liability Insurance**

- A. The Water Company maintains liability insurance for the Water Co. and the Board of Directors.
- B. This insurance, which comes due in mid-August, is reviewed by the Board of Directors on an annual basis. The President, Treasurer and Water Company accountant should keep copies of the current policy.
- C. On the advice of counsel, the Water Co. maintains separate insurance from the OTEHOA.

#### **VII. Requests for "Can and Will Serve" Authorization**

- A. The Santa Barbara County Planning Department requires a "Can and Will Serve" letter from the OTEMWC as part of the review and approval process when considering a building permit for a Shareholder/property owner's project in Oak Trail Estates.
- B. Upon receipt of a request from the County Planning Dept. for such a letter, the OTEMWC will notify the Oak Trail Estates Homeowner's Association (hereafter referred to as the Association) in writing of the request and delay issuance of the "Can and Will Serve" letter for 30 days or until they hear from the Association that they have no issue with the applicant, whichever occurs sooner. This time period should allow the Association time (if they should find a violation of the Association's Declaration of Covenants, Conditions and Restrictions) to initiate action on the matter.
- C. In the event the Association notifies the Water Co. that a possible violation may exist with regard to this proposed use, the following sentence, as advised by legal counsel for the OTEMWC, will be added to the standard "Can and Will Serve" letter:

*“This ‘Can and Will Serve’ letter should not be interpreted in any way as condoning the applied for purposed use if in conflict with the Declaration of Covenants, Conditions and Restrictions of the Oak Trail Estates Homeowners Association.”*

**Below is an example of a “Can and Will Serve” letter to the County Planning Dept.**

\_\_\_\_\_, Planner  
County of Santa Barbara  
Planning & Development Department  
624 West Foster Road, Suite C  
Santa Maria, CA 93455-3623

Re: Land Use Permit Application # \_\_\_\_\_

Dear \_\_\_\_\_,  
This letter is in response to the letter dated \_\_\_\_\_ from \_\_\_\_\_ requesting a  
“Can and Will Serve” letter from the Oak Trails Mutual Water Co. (OTEMWC) as part of  
their Land Use Permit Application # \_\_\_\_\_ located at \_\_\_\_\_,

This letter constitutes the issuance of a “Can and Will Serve” verification that the OTEMWC  
will continue to provide water service to this property.

Yours very truly,

OAK TRAILS ESTATES MUTUAL WATER COMPANY

By \_\_\_\_\_ Date \_\_\_\_\_

And \_\_\_\_\_

## **VIII. Annual Meeting Voting Procedures**

### **A. The Ballot and Proxy**

1. Ballots for the Annual Meeting must be mailed out not less than 10 days or more than 60 days before the meeting date (see bylaws).
2. Election of the five directors, any bylaw changes and the appointments of the shareholder proxy are printed on a divided sheet of paper or two sheets, if more space is needed.
3. The top portion (or one sheet) has the slate of candidates and a space for a write-in candidate followed by any other business requiring a vote of the shareholders.

4. The bottom portion is the shareholder's proxy. It includes a short explanation of the duties of the proxy and a place to write in the proxy's name. It must include the date of the meeting, the shareholder's printed name, signature, and lot number.
5. Candidates should also send a short biography to be included with the ballot. (Example: where and how long they have lived in the Water Co. service area, etc.)
6. *It is important that a letter of information and instruction for the shareholder be included with the ballot.*

#### B. Explanation of a Proxy

1. In order to elect officers and conduct any official business at the Annual Meeting, it is necessary to have a quorum present (at least 51% of the total shareholders of the Water Co.) in person or by proxy.
2. It is important that every shareholder sign and send in a proxy, in the event the shareholder cannot attend the meeting. A shareholder may specify any shareholder (including officers on the Board of Directors) to be their proxy. This proxy must attend the meeting.
3. If a shareholder does not specify anyone to be his or her proxy, the Secretary of the Board of Directors will act for the shareholder. This prevents the cancellation of the meeting because a quorum is not met.
4. In the event a shareholder prefers his proxy to vote for the directors, they should mark the box that indicates this request so his ballot and proxy will not be separated.

#### C. The Voting Procedure

1. The Board of Directors selects one or more shareholders (not on the board) to be the Election Official(s) for the Annual Meeting. This person is responsible for collecting the ballots and proxy selections from our accountant the day before the annual meeting.
2. As the ballots are received in our accountant's office, they can be checked off the shareholder roster, opened, separated and put in a large envelope for the Water Company. The week before the meeting, the accounting office can inform the Election Official of the shareholders whose ballots have not been received so they may be called to see if they received a ballot or just forgot to vote.
3. The Election Official brings the envelope containing the ballots, proxy materials and envelopes to the Annual Meeting to be counted.
4. At the beginning of the meeting the Election Official announces the results of the quorum calculation. If a quorum has been reached, then the meeting may proceed. If a quorum is not met, a new date for the meeting must be selected.

5. At the end of the Annual Meeting agenda the Election Official presents the results of the election. A written report by the Election Official is sent to the new Board of Directors at their first official Board Meeting and is included in the minutes of the Annual Meeting.
6. The results of the election shall be determined by the number of votes for each nominee. No members shall be able to cast more than one vote for any nominees. No member shall be able to cast more votes than the number of director positions.

D. Other Materials for the Annual Meeting

1. It is important to have an accurate record of attendance. All shareholders must sign in before the meeting starts.
2. The Election Official will need the sign-in list to get a quorum count.
3. Any other materials including the minutes of the previous Annual Meeting are made available at the sign-in table.

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