

Minutes approved at the May 17 2025 Annual Meeting by the Board of Directors

**Oak Trail Estates Mutual Water Company
Annual Shareholders Meeting Minutes, May 18, 2024**

Location: Saint Mark's In-The-Valley Episcopal Church
2901 Nojoqui Ave
Los Olivos, California 93441

Board of Directors Attending:

President: Nancy Eckhous

Treasurer: Greg Kniss

Secretary: Mike Rhodes

Director Eric Lane could not attend

Director: Dennis Jorgensen

Watermaster: David Mexico

Introductory Remarks

At 11:00AM President Nancy Eckhous called the meeting to order. She welcomed shareholders, introduced the attending Oak Trail Estates Mutual Water Company Board of Directors, Water Masters, Paul Matsukus and David Mexico. Due to low attendance, Nancy then asked each of the attendees to briefly introduce themselves. Nancy thanked the directors for their hours of volunteer work over the past year. She then mentioned several highlights of the past year. We've used 27% less water than the year before, we've caught several leaks saving shareholders several thousand cubic feet of water. We have contracted with Water Worx for uninterrupted system maintenance and the graceful transitional retirement of Dave Mexico. Other highlights include a compliance plan that is now in place fully eight years in advance of state requirements, key updates to our By-Laws, a generator that is now fully operable and state permitted. A generator enclosure is now complete with draught tolerant landscaping. Landscaping for our other wells is also complete. The new 30-Year Reserve Report is updated and most important, we continue to deliver, uninterrupted, clean water to every shareholder. She encouraged shareholders to ask questions when they wish.

Approval of Minutes

Minutes of the May 20, 2023 Annual Shareholder Meeting were read and after a single correction, approved by the shareholders.

Treasurer's Report

Greg Kniss alerted attendees to gather information prepared for them which included the 2023 Budget and Actual results. In addition, the 2024 Budget is detailed. Greg pointed out that the 2024 Budget shows an end-of-year income to be \$238,410. This follows a 2023 end-of-year variance of ~\$60,000 against the 2023 budget due primarily to lower water usage. A \$5,000 interest income is noted due to higher interest rates delivered to our savings and CD's. The 2024 budget was prepared with the assumption that our Solar system would be fully operational by September. This is now judged to be unlikely so much of the 2024 budget will generate both favorable and unfavorable variances of some consequence during the year. Nevertheless, the overall financial health of the Water Company is sound, this confirmed by our third party Independent Financial Review recently completed. In this regard, Greg noted that a footnote in the assessment suggested that we distribute our CD investments to an additional institution for added security. He will do so with board approval. The 2024 end-of-year bank balance is listed as \$315,606. A few questions were raised regarding the solar project, e.g. Where are the panels located? (On shareholder property leased by the company along the service road of Monticelo Rd.) Is the solar power sufficient to power our wells? (Power credits are to be accrued by the panels to pay for power drawn at night to power our pumps.) Where is the cistern? (There are 7 interconnected cisterns at the highest point in OTE off of Fawn Canyon.)

Water Master's Report

Paul Matsukas summarized the water system status. For example he listed the significant reduction in total water provided in 2023 when compared to each of the past 12 years: 39,568,000 gallons in 2023, only 77% of the next

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lowest year (2021) and only 59% of the highest rate in 2018. OTE historical water production is tabulated below
with several more substantial maintenance repairs listed.

| | |
|------|------------|
| 2012 | 59,100,100 |
| 2013 | 61,700,000 |
| 2014 | 55,600,000 |
| 2015 | 53,400,000 |
| 2016 | 55,887,000 |
| 2017 | 62,120,000 |
| 2018 | 67,085,000 |
| 2019 | 57,710,000 |
| 2020 | 60,038,000 |
| 2021 | 51,618,000 |
| 2022 | 54,220,000 |
| 2023 | 39,658,000 |

Significant repairs undertaken since our last shareholders meeting: 2/2023 Lot 39 had a service line leak. The service line was replaced. 4/2023 Long Valley Hydrant and line was replaced. 6/2023 Well 7 was rehabbed. This involved sending a camera down the well to video log the well. The well was then chemically treated to clean it. The 100 hp motor and check valve were also replaced on the well. 8/2023 the hypo chlorinator was replaced at well 7 12/2023 the water meter for well 6 was replaced. 2/2024 there was an 8" mainline leak right by well 4 on Woodstock Road that was repaired. 4/2024 the fencing around the generator at well 7 was completed. 4/2024 The CCR was completed and distributed out the members. 5/2024 there was a leak on a service line at lot 26 that was repaired. 5/2024 All the planting around the wells was completed with a drought tolerant sage.

5/2024 Hexavalent chromium 6 samples were taken on all 4 wells. Three of the wells will be below the new MCL of 10 ppb which takes effect later this year. Well 5 came back at 12 ppb. We resampled well 5 to see if it was an anomaly. If it comes back higher than 10 ppb then we will probably put the well into an inactive status. The well is very old and the lowest producer of all the wells it will not affect anything.

All required well testing and reporting was completed for 2023 and all passed. Dave added that the state's "Lead and Copper Rule" for water company quality compliance has been revised. Essentially, the state has mandated that no lead is allowed for any water system connection to homes. Dave is certain that no lead is used for OTEMWC shareholder home connection. However, the testing requested by the state could, at worst, involve digging up every interconnection to create proof. He believes this can be avoided but it is yet to be resolved.

Election of Board Members

Carol Robinson reported results of the 2024-2025 Board of Director elections. The newly elected board of directors are Nancy Eckhous, Dennis Jorgensen, Greg Kniss, Eric Lane and Jade Stevenson.

Adjournment

The meeting was adjourned at 12:07 PM.

Respectfully submitted,

Mike Rhodes, Secretary