

**OTEMWC Board of Directors Meeting
Minutes March 3, 2018**

This special meeting of the OTEMWC Board of Directors was held at the home of George and Marian Silva, 3000 Woodstock Road. George Silva called the meeting to order at 9:32AM. Board members present included Carol Robinson, Hank Cook, Nancy Eckhous and Mike Rhodes. David Mexico, the Watermaster also participated.

Special Meeting:

George prepared a special meeting agenda to address two issues: board review of two proposals presented by the Finance Committee and a board decision regarding the implementation of the proposal selected. Review of past meeting minutes (February 2, 2018), the Treasurer and Watermaster's reports are deferred to our next regularly scheduled meeting in April.

Finance Committee Report

Over the past several months the Finance Committee reviewed our budget and, in particular, the recently updated Reserve Study that forecasts expenses over the next several years in detail. The Reserve Study assumes an increase in expense by 3% per year in addition to capital equipment investments over the next 30 years. The two proposals include an adjustment to base rate charges and the addition of a third tier rate for high volume water usage.

Proposal

Increase base rate to \$150 per 2 month billing cycle

Add a third tier rate for water usage that is ¼ of a cent per cu. ft over the 2nd tier (3rd tier rate begins at 20,000 cu. ft)

Current Water Usage Rates

Base Rate \$143 per 2 month billing cycle

Tier 1 \$0.010 per cu. ft for first 10,000 cu. ft.

Tier 2 \$0.015 per cu. ft. after first 10,000 cu. ft.

Proposed Water Usage Rates

Base Rate \$150 per 2 month billing cycle

Tier 1 - \$0.01 per cu. ft. for first 10,000 cu. ft

Tier 2 - \$0.015 per cu. ft. for second 10,000 cu. ft.

Tier 3 - \$0.0175 per cu. ft. after 20,000 cu. ft. used.

There are two ways considered to implement the Proposed Water Usage Rate to account for annual increases to expenses:

Option #1

- 1) Base Rate adjusted to \$150 per 2 month billing cycle
- 2) Increase water usage rates for all tiers by 10%
- 3) No additional increase anticipated for 3 years 2021.

Option #2

- 1) Increase base rate to \$150 per 2 month billing cycle with a 4% increase each year
- 2) Increase water usage rates for all tiers for 2018, 2019 and 2020

The board voted unanimously for Option #2. In addition, the board voted to implement the new rates beginning with the May 1, 2018 billing cycle.

The board will send a Newsletter to shareholders as soon as possible by e-mail and, for those who have indicated their preference, mail by post. The OTE Water company web site will also be updated promptly with our new budget, talking points outlining budget issues considered, the new water rates and the announcement for the Annual Meeting to be held May 19th.

Adjournment

There being no further business to come before the board, the meeting was adjourned at 10:25AM.

Respectfully submitted,

Mike Rhodes, Secretary