

Oak Trail Estates Mutual Water Company

Annual Shareholders Meeting Minutes, May 20, 2017

Location: Saint Mark's In-The-Valley Episcopal Church
2901 Nojoqui Ave
Los Olivos, California 93460

Board of Directors Attending: Director Mark Abramson was unable to attend
President: George Silva
Director: Nancy Eckhous
Treasurer: Carol Robinson Also:
Secretary: Mike Rhodes Water master: David Mexico

Introductory Remarks At 10:15AM President George Silva called the meeting to order. He welcomed the shareholders and introduced the attending Oak Trail Estates Mutual Water Company Board of Directors and Water Master, David Mexico. George thanked the directors for their hours of volunteer work over the past year, including recent directors, Bob Baehner and Jeffery Dunn. He also thanked shareholder Janice Edwards for tallying ballots for this years election of directors.

He then reported that the Board decided to update the Reserve Study this Fall. Once the new well, #7, becomes operational we'll have its final cost. With these data, a more informed Reserve Study can be generated upon which we can assess an update to our water billing rates. With decreasing revenues, ironically due to shareholder diligence in water conservation, an adjustment to our billing rates is prudent.

George reminded shareholders that the Reserve Study is updated every three years and determines funds necessary to meet anticipated maintenance and equipment replacement for the subsequent thirty years. Though the Reserve Study update this Fall is sooner than normal, it provides a sound basis for our billing rate assessment.

Approval of Minutes Minutes from the Annual Meeting May 21, 2016 were summarized by Mike Rhodes. A motion to approve was advanced, seconded by Phil Packard and approved as read.

Treasurer's Report Carol Robinson reported our bank balances as of April 30, 2017

| | | | |
|---------------------|----------------------|---------------------|----------------------|
| Rabo Bank Checking | \$ 119,083.67 | Operating Fund | \$ 20,000.00 |
| First Bank | <u>\$ 179,841.35</u> | Reserve Fund | <u>\$ 278,925.02</u> |
| Total Bank Balances | \$ 298,925.02 | Total Fund Balances | \$ 298,925.02 |

Carol then provided a few other notes of interest:

- Our current reserve fund is expected to meet the balance recommended by our current Reserve Study through 2017.
- The updated Reserve Study this Fall should give us an accurate projection of funds needed going forward.
- Income during the past few years during the drought is below normal. If our water sales continue to be low we will not be able to maintain adequate reserves.
- If any shareholders would prefer paperless billing Carol requested they let her know and confirm their e-mail address.

Water Master's Report Dave Mexico provided a summary of our water system and a few of the more significant activities over the past year.

Significant Maintenance:

05/31/16 Lot 39 – repaired a leak below the angle meter stop. A main line was turned off from 8am – noon that affected nine lots.

10/27/16 Repaired an 8" main line near Well 5. Two lots were off from 1 – 5 pm.

04/27/17 Well 2 hypochlorinator was rebuilt.
Two customers' meters were replaced, one well meter was replaced.
One well pulse register was replaced.
All monthly Bacti tests passed.
All three chlorine tanks at the well sites were replaced.

Chromium 6 – All of our wells tested well below the MCL of 10 ppb.

Technology Improvements:

We will be looking at the cost to replace our 23 older water meters and installing Encoder Registers on all meters. Approximate cost \$40,000
Advantages – leak detection, zero consumption, stores 95 days of 15 minute intervals of data (know the date and time of broken meters or leaks).

Status of our Wells:

Well 5 New 05/02 12' steel, 850' deep
04/16 SWL 394', PWL 567' at 168 gpm
Specific capacity - .97 gallon/foot draw down.
Well 6 New 12/08 10" plastic, 885' deep
04/16 SWL 394', PWL 486' at 235 gpm
Specific capacity – 2.55 gallon/foot draw down.
New Well 7 04/17 12" plastic 1040' deep
04/17 SWL 372', PWL 448' at 310 gpm
Specific capacity – 4.07 gallon/foot draw down.

Well 7:

03/07 Started drilling the test hole.
03/15 E logged test hole and decided to go down an extra 40'
03/28 Started installing 12" casing
03/30 50' concrete sanitary seal installed.
03/31 Air lift develop Well 10 hours
04/03 Pump development started 12 hours
04/06 12 hour test pump ran at 310 gpm. Water sample sent to the lab. Good results.
04/27 Started Zone pump development every 8' at 100 gpm to further clean out the drilling mud. Also took zone water samples for Chrome 6 – ND (none). This well will be our best and most economical to run. Now we are waiting on PGE to put in a bigger transformer and power (approximately 5 months). After the drilling mud dries, we will regrade the areas. We will install a 100 H.P. pump that will produce approximately 400 gpm on a VFD (Variable Frequency Drive) so we can vary our production as needed.

Infrastructure:

3 wells (168, 235, and 400 gpm)
7 – 30,000 gallon underground brick cisterns
Radio Communication System and miles of PVC main lines.

Election of Board Members Before adjourning the meeting for lunch, George asked Janice Edwards to announce the election results. She advised the newly elected board of directors were Hank Cook, Nancy Eckhous, Michael Rhodes, Carol Robinson and George Silva.

Adjournment The meeting was adjourned at 11:04AM.

Respectfully submitted,

Mike Rhodes, Secretary