

Oak Trail Estates Mutual Water Company

Annual Shareholders Meeting Minutes, May 20, 2023

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

Board of Directors Attending:

President:	George Silva	Director:	Dennis Jorgensen
Treasurer:	Nancy Eckhous	Watermaster:	David Mexico
Secretary:	Mike Rhodes		

Director Hank Cook could not attend

Introductory Remarks

At 10:05AM 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. He mentioned that our water usage as a community is substantially lower than in the past. For the past year 2022 vs 2023 we've used 7% less water, 30% less when compared to April 2022 vs 2023. Not surprising given our recent rain, but the trend was already well-established in the past year. George then briefly noted the overall health of the company, the arrival of our back-up generator, progress of our solar power project and other topics to be covered. He encouraged shareholders to ask questions when they wish.

Approval of Minutes

Minutes of the May 14, 2022 Annual Shareholder Meeting were read and approved by the shareholders.

Treasurer's Report

Nancy Eckhous alerted attendees to gather information prepared for them. She briefly commented on each document. This included a two page list of Possible Sources of Water Leaks and a Leak Cost Estimator. In addition, the 2022 Statement of Cash Collected and Expenditures Paid, the 2023 Budget, the 2023 Reserve Capital Budget, our Fiscal Year 2023 Assessment of Reserve Funding Disclosure summary, and the Independent Review of our Financial System. Nancy pointed out that our Reserve balances are all positive and in conformance with long term plans. Income and expenditures for year-end December 31, 2022:

Bank Checking	108,968.18	Operating Fund	\$20,000.00
First Bank CD	<u>241,604.22</u>	Reserve Fund	<u>\$330,572.40</u>
Total:	\$350,572.40	Total:	\$350,572.40

Nancy noted that we are ahead of state regulation deadlines for oversight of our water system operations, some of these topics will be covered by the Water Master's Report.

Water Master's Report

Dave Mexico provided a summary of our water system, noting several maintenance activities including pipe failures and their repair with higher quality, more durable, pipe material. He reported that the new generator is now in-place and the state permit process is underway. Several questions from shareholders were answered: the generator can provide sufficient power to drive either Well #7 or Well #6, it can be repositioned easily to drive either well, it is a diesel generator whose fuel is on-board its' trailer, it can run for 24 hours. Without power the capacity of our reservoirs has provided enough water to last 5 days, provided outside water use (e.g. irrigation) is halted. We now report active well standing water level (SWL) and pumping water level (PWL) on a monthly basis per state requirements. Dave also noted that the overall water utilization for our system is improving. In years past we have pumped some 60 million or more gallons/year, in 2021-2022 we pumped 54 million gallons.

Solar Power Project

Nancy summarized our Solar Power initiative. Several topics were covered: once in place, the savings to each shareholder is estimated to be ~\$1000/year, we are optimistic for PG&E approval, the installation will require

18-24 months (due to PG&E backlog), the site for solar panels has been identified on a shareholder lot adjacent to Road C (in the canyon of Little Montecielo Rd). The project budget is approximately \$500,000 including legal fees with expected state solar credits of ~\$150,000. A 25 year lease will be arranged with the shareholder to secure solar panel placement. Legal services for the lease is budgeted but is not underway. We will do so only if the PG&E approval for the system is secured.

Shareholder questions prompted a lively discussion. Our solar system cannot be entirely independent of PG&E, the plan is to have NEM2 rates that generate solar power credit. This credit would cover the cost for most of the power needed to drive our pumps. Our application for solar power was submitted prior to PG&E's April 15, 2023 deadline, when NEM2 rates expire. It is essential that NEM2 rates are 'grandfathered' to us, by virtue of our timely application. In fact, if NEM2 rates are not secured, the solar project is not viable. What about using batteries for our system? A system that would use a bank of batteries is too expensive and introduces footprint requirements in addition to the panels themselves. Access to the panel location was pointed out as difficult (Road 'C' can be at times 'swampy') . This was acknowledged, but frequent access is not anticipated. PG&E engineering must fully approve the site to insure grid access (a power pole and transformer must be placed near the panels). Preliminary financing arrangements have been arranged with Montecito Bank.

Update to OTEMWC By-Laws

Dennis Jorgensen, who led the effort to update our By-Laws, summarized changes. He mentioned that the By-Laws have not been updated, if ever, for decades. Our By-Laws are now compliant to 2012 and 2013 State laws, some paragraphs were changed for clarity and rules related to Board of Director meeting notice to shareholders were added. The re-stated By-Laws were approved by the board at our March 4, 2023 meeting and posted on the OTEMWC website.

Election of Board Members

Carol Robinson reported results of the 2023-2024 Board of Director elections. The newly elected board of directors are Nancy Eckhous, Dennis Jorgensen, Greg Kniss, Eric Lane and Michael Rhodes.

Adjournment

The meeting was adjourned at 11:00AM.

Respectfully submitted,

Mike Rhodes, Secretary