

Dear OTEMWC Shareholders,

As we approach the end of another year, the OTEMWC Board is pleased to share with you an update on the progress we have made. We have continued to deliver essential water services to our community while also making significant strides in our sustainability and infrastructure initiatives. We appreciate the support provided by all our members and welcome your involvement.

- 1. **2024 Operating and Reserve Budget** – Attached is the budget approved by the OTEMWC Board on November 29, 2023.
- 2. **Reserve Study** - A new 30 year reserve study was provided to OTEMWC November 2023 by Stone Mountain Corporation. This study was last done 3 years ago keeping OTEMWC in compliance with the requirement to update every 3 years. The purpose of the study is to prove that future cash flows can fund future expenses. OTEMWC bases all budget targets on meeting the projections in the reserve study. Attached is the Executive Summary and a mandatory disclosure document. The full report is available upon request to [nancy.eckhous@gmail.com](mailto:nancy.eckhous@gmail.com).
- 3. **Water Base and Usage Rates Effective January 1, 2024**

Base Rate	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Every 2 mo.	up to 10,000 Cu. Ft.	>10,000 Cu.Ft.	>20,000 Cu.Ft.	>30,000 Cu.Ft.	>40,000 Cu.Ft.
240	0.0165	0.0248	0.0303	0.0358	0.0413

- 4. **Project to Install Solar Panels to meet the electrical needs of OTEMWC.** The location has been leased from a shareholder, the applications have been filed with PG&E securing the NEM2 rate, the solar company, Solarponics, has completed their engineering and financing has been approved. The holdup has been with PG&E shuffling our project between representatives and different departments. As of today, the issues have been escalated to management at PG&E and we are hopeful the application will soon be back on track. It is very difficult to estimate an installation date. Our best guess is implementation will be in 9 to 18 months.
- 5. **Unattended Leaks.** We are very pleased to report that the number of properties with leaks and the amount of water per leak has continued to drop. We all appreciate the efforts that each shareholder makes to conserve.
- 6. **Election Rule Change.** The board has approved a change in Section VIII (C) The Voting Procedure of the Rules Regulations and Policies for Directors to eliminate cumulative voting – where a shareholder can cast all votes for one nominee. Attached is some background and information about why this change is appropriate and beneficial to OTEMWC,

*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 eligible nominees.*