

O'Connor Tract Co-Operative Water Co.

P.O. Box 1375
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Dear Members,

December 28, 2018

Our annual membership meeting is **Thursday, January 31, 2019 at 7:30pm** in the Library at the Laurel Upper Campus School at 275 Elliott Drive. Please participate in our member-owned co-op water company by joining in person for this meeting, or by giving your proxy to the Company or another member so that we may conduct necessary business.

Treatment for Manganese

The Company is making excellent progress with the planning and upcoming approvals of the manganese treatment facility. We anticipate that during the second half of 2019, we will be ready to secure construction financing. Any loan or financing secured by Company assets or property requires at least 55% membership approval. The Board will present an update with details at January's annual membership meeting and will be seeking membership approval.¹ **This year – more than ever – we need you to return your proxy** if you are unable to attend.

If we do not receive enough proxies from members and cannot obtain the required level of membership approval for a construction loan, then the Company would most likely have to charge a one-time special assessment – a few thousand dollars for a member with a single-family residence, for example – in addition to the annual water fees. The Board of Directors believes that most members would like to avoid a large, one-time special assessment and would prefer to spread out the cost of paying for the manganese treatment facility over time via a construction loan. Note that the current water rates were set to be about enough to make payments on a construction loan. Rates might have to be adjusted once the final costs are known, but increases, if any, should not be large. **The Company can only spread out the cost of paying for the manganese treatment facility with a construction loan if we have sufficient membership approval.**

If you cannot attend, it is essential that you complete and return your proxy to the Company or to a member who will be attending. It only takes a few minutes to complete your proxy. You can mail it in, drop it off at the Company drop box at 211 Oak Court, scan and email it back, or give it to Ana Pedreiro (Secretary of the Company) or any of the directors listed at the bottom of this letter.

The **Agenda** for this annual meeting is:

- Review Audited Financial Statements for the year ended December 31, 2018
- Review Activities of 2018
- Review Annual Water Quality Report
- Report on Manganese Treatment Facility – Progress and Plans
- Present Proposed 2019 Budget for Approval
- Elect Board of Directors

As we are preparing the proposed 2019 budget, no water rate increase is required for 2019 – water rates will remain the same. But we still need you to return your proxy if you cannot attend the meeting for the important reason cited above.

The five directors on the board will be elected by ballot at this meeting. All five current directors have volunteered again to serve on the board for 2019. It is Company tradition that members interested in serving on the board serve first as an alternate to learn about the Company's operations. If you are interested in volunteering as an alternate or becoming a director, please contact David Jones, president of the board of directors, at davidlawjones@gmail.com by Friday, January 18th, as ballots for voting will need to be printed in advance.

The minutes from last year's meeting are on the Company's website under the Members area at www.oconnorwater.org. A printed copy is available upon request.

The Board and staff look forward to seeing you **Thursday, January 31, 2019 at 7:30pm** in the Library at the Laurel School Upper Campus at 275 Elliott Drive.

Board of Directors: David Jones, President
Judy Windt, Vice President
Mike Frank, Board Member
Randy Dolenec, Board Member
Todd Rosenthal, Board Member

¹ Note that we approved a loan in January 2017 as part of the 2017 budget approval process for a \$120,000 loan to cover costs related to the planning phase – not the construction phase – of the manganese treatment facility. The good news is that we were able to pay for all planning costs to date out of our existing funds, so the Company abandoned its planning loan application with the State and the Company is debt-free. The construction phase of this project will cost much more than we can cover out of existing reserves, hence the need to approve a construction loan.

Additional Important Information

Please call the office at 650-321-2723 if you see water leaks, need a water shut-off or have other concerns. **The company is required to maintain up-to-date contact information in case of an emergency.** Please complete the enclosed contact form and either mail it back with your proxy or bring it to the annual meeting.

The Company also has **an email distribution list to notify consumers of scheduled and emergency water shut-offs and other important information.** If you wish to be added to this distribution list, please send an email to oconnorwater@gmail.com with the word "subscribe" in the subject line.

For new members and anyone wanting to know more about your Water Company, please review the information available on the website, www.oconnorwater.org.

Before digging for construction, homeowners or their contractors should call **Underground Service Alert (1-800-227-2600)** so the area may be marked by utilities, including your water company. This is to prevent breaking any lines while excavating. Also, homeowners must be sure not to cover their water shut-off valve with concrete or asphalt.