O'Connor Tract Co-Operative Water Co.
Minutes of the Annual Meeting of the Members
Held Live Via a Zoom Videoconference Call
7:30pm Thursday January 27, 2022

1. Call to Order

Mr. Jones called the meeting to order at 7:39pm.

2. Introductions

Mr. Jones then introduced the Board of Directors, the Alternates, and the staff.

3. Roll Call

Board Directors:
Present
David Jones
Judy Windt
Todd Rosenthal
Randy Dolenec
Absent
Mike Frank

Staff Absent:
Supervising Water Operator
Rich Pattisson
Assistant to Water Operator
Caleb Hrabal

Board Alternates:
Present
Court Skinner
Kathy Dolenec
Ana Pedros
Absent:
Adela Mazzon
Jane Ratchye
Staff Present:
Secretary/Treasurer
Ana Pedreiro
On-call Water Operator
Manny Nathenson
Water Operator
Chad Plantenberg

Members:
Note: Because the Company is a private company, the names of members participating in this meeting have been removed for privacy reasons from the published Minutes on the Company's website. The minutes do include the names of directors, alternates, staff, and any members who made statements or took actions during the meeting. Any Member, resident in our service area, city or county elected official may obtain a complete copy of the minutes upon written request.

Quorum	Acres	%
Total Company Acreage[1]	80.813	100%
Quorum needed for this meeting[2]	20.20	25%
Proxy Quorum Received	22.02	27%
Meeting In-Person Quorum	5.83	7%
Total Quorum	27.85	34%

[1] Excludes the school acreage since a public entity cannot be a member of a mutual water company (state law).
[2] Annual meeting requires 25% quorum.

4. Approval of the Minutes

The 2021 Minutes were posted on the Company's website and members were asked to read them before attending the meeting.
Ms. Shirley Gillim moved, and Mr. Ron Garcia seconded that the minutes of the Annual Meeting of January 28, 2021 be approved as submitted. Carried.

5. Operations & Planning Reports

a. Highlights of last year's operations
Mr. Jones briefly explained the Company's water operations and business operations, and thanked the staff, volunteer board, and alternates for their service to the Company.

b. Annual Water Quality Report for Information
Mr. Nathenson explained the following:

- The State has not posted the guidelines for the 2022 water quality report. The Company will mail the draft report with the annual bills.
- The Company's water is hard.
- The manganese level is above the secondary standard (50 ppb – parts per billion) and tends to leave black deposits in some plumbing systems. In 2021 well #1 had an average of 56 ppb and well #2 had an average of 140 ppb.
- The Company tests for many other chemicals but does not include them in this report if the chemical is not detected.
- Samples are taken from both wells, but most water used is from well #1 as it has lower levels of manganese.
- Lead and Copper: Sampled and tested in 2019. Several years ago, we did a materials inventory and selected ten Tier 1 sites. Of these 10 sites, only one tested high for lead that year: the house was under construction and samples were taken from the garage faucet. After the remodel, samples taken from the kitchen faucet came back normal.
- Our water system in 2021 violated a drinking water standard for positive coliform. We monitor the system for coliform three times per month. In June one of the samples came back positive for coliform. We resampled and again it came back positive. The standard is that no more than 1 may do so. After chlorine was added to the water system, further testing showed that this total coliform problem was resolved. Total coliform bacteria are generally not harmful themselves. Coliforms are bacteria which are naturally present in the environment and are used as an indicator that other, potentially harmful, bacteria may be present. Whenever we detect coliform bacteria in any sample, we do follow-up testing to see if other bacteria of greater concern, such as E. coli, are present. We did not find any of these bacteria in our subsequent testing, and further testing shows that this problem was resolved.

Q: Should we concerned with the levels of nickel in well #2?
A: The tests for nickel only begin detecting levels at 10 parts per billion (ppb). Nickel was not detected in Well #1 and this year well #2 recorded 11 ppb. The Maximum Contaminant Level (MCL) for Nickel is 100 ppb. We are not concerned at this point because our levels are well below the MCL requirement and these numbers vary from year to year. Well #1 has better water quality, most of our served water comes from Well #1, and we only use water from well #2 two or three times a week.

Q: Which houses will be tested for lead and copper?
A: Samples are taken from 10 homes with copper pipe installed between 1983 and 1988 (lead solder for water pipes was banned in 1988). The lead Action Level (the concentration of a contaminant which, if exceeded, triggers treatment or other requirements which a water system must follow) is 15 ppb, and the copper action level is 1.3 ppm. For tests conducted in 2019, the 90th percentile (ninth highest) value for lead was ND (not detected or below detection limit for reporting purposes) ppb, and for copper was 0.36 ppm. One sample for lead from one home being

remodeled tested at 46 ppb, above the 15 ppb action level. After the remodel, samples were taken and levels were normal.
Over the last two years we inventoried all service lines and we did not find any lead service lines.

Q: Why do I have dark water?
A: The dark water is from manganese. We recommend you flush the hose bibs more often.

c. Report on Manganese Treatment Plant Progress

Mr. Jones presented a brief background:

- The water is safe to drink but does not meet the State's 50 ppb (parts per billion) secondary standard for manganese.
- May have an effect on taste and tends to leave black deposits in some plumbing systems.
- You do not need to use an alternative water supply (e.g. bottled water).
- There is no health risk.
- October 2012 – the California Division of Drinking Water issued a manganese secondary maximum contaminant level violation. Since then, we've been working on a manganese treatment solution. The City of Menlo Park, State, and other Districts involved move very slowly.

2021 Progress

Task	Completed?	Status
Secured Use Permit Amendment from the City of Menlo Park	Yes	• Process took over 15 months from first submission! • Unanimous approved from the Planning Commission June 2021
Selected & Under Contract with Construction Firm	Yes	• Integrated Water Systems was selected via RFP process. • Fixed-price contract signed April 1, 2021
Secure Financing	Yes	• After exhaustive process, selected financing firm and completed $1.25M loan from Boston Private
Lease-to-Buy Agreement for New Back-up Diesel Generator	Yes	• Negotiated and signed a 3-year lease to buy agreement for this necessary new generator • Spreads out cost of generator over 3 years
Obtain City of Menlo Park Building Permit	In Process	• Required before construction can begin • Very long process, but close to finalizing
Construction of Treatment Plant	Not Started	• Can't start without building permit • But long-lead time components have been ordered so they are ready
State Division of Drinking Water Permit Amendment	In Process	• Detailed application filed. Application is on track but can't be finalized until after construction and commissioning of plant

Mr. Jones presented, and Ms. Windt explained pictures of the arrival of key manganese treatment

plant components – the 20,000 gallon backwash tank and the Yardney media filtration system (6 tanks). Pictures provided by Ms. Windt and Mr. Nathenson.

Q: Do we expect noise from the backup diesel generator?
A: The generator only comes on if power goes out. The new generator will be much quieter than the current one, and will meet air quality requirements.
The existing pumps are inside a building and we can only hear them if the doors to the house are open.

Q: Can you recycle the old generator?
A: No. It is old, and it does not meet air quality requirements anymore.

Q: How long will it take for the City to issue the building permit?
A: It can take from 1 to 3 months, or even longer. We have approached the City many times to expedite the process. Both construction company and engineering firm, IWS and SDE, have also contacted the City regarding the permit. One of our members has also worked at the City and contacted their office.

Q: Can we write to the City asking them to expedite the permit?
A: Yes, but as we explained above, we have tried many ways to approach them.

Q: How is the manganese disposed of?
A: The six blue tanks are filled with media (greensand and pebbles). Once a week these tanks are cleaned by flushing water through them. This water then goes to the backwash tank, passes through filters that trap most of the manganese, and the filtered backwash water is then recycled back into through the treatment system along with new raw water from the wells. These filters will be cleaned, and the manganese will be disposed of in the dump. We are not sure how long the filters will last before we need to replace them.
The amount of manganese is in pounds, not a great amount.

Project Schedule:

- The schedule hinges on the City of Menlo Park building permit, which can range from 1 to 3 months, or more.
- Once obtained, the project will take approximately six months to complete: 4 months for construction and installation, and 2 months for startup and water testing.

California State Drought Water Conservation Emergency Regulation

- On January 18, 2022, the emergency regulation became effective. It will remain in effect for one year
- Emergency Regulation Requirements (summary):
    - Turn off decorative water fountains
    - Turn off/pause your irrigation system when it's raining and for two days after rain
    - Use an automatic shutoff nozzle on your water hose
    - Use a broom, not water, to clean sidewalks and driveways
    - Give trees just what they need: avoid overwatering

The Company will notify the membership and post the regulations on the website.

6. Administrative Reports

a. Mr. Jones presented the 2021 Audit Report.
He explained that the audit report presents financial results on an accrual basis and that the annual budget reviewed in the next agenda item is on a cash basis (because it is focused on resource inflows and outflows), so there are slight differences in the revenue and expense line items. In summary, the auditor's opinion is that the financial statements present fairly the financial position of the Company for the year and follow generally accepted accounting principles.

Mr. Dolenec moved, and Ms. Gillim seconded to accept the 2021 Audit Report. Carried.

b. Mr. Jones presented the 2022 Operating and Capital Budget with comparative data from 2020 and 2021 and a four-year projection. Many line items were explained.
There is no need to increase the water rates in 2022.

Q: Has inflation affected the cost?
A: We signed a fixed-price contract with IWS. The items that we were supposed to buy are the big items shown in the pictures, and we have bought all of them already.

Q: Is the loan interest fixed rate?
A: Yes, @ 3.19% for 15 years.

Q: What is the life span of the equipment?
A: We believe the media has to be replaced in roughly 10 years. We believe the plant will last at least 15-20 years – longer than the financing time period. And, we do not expect that the entire plant will need to be replaced at once. We will replace equipment and components as needed when the time comes.

Mr. Ron Garcia moved, and Ms. Ana Pedros seconded to approve the 2022 Operating and Capital Budget as presented. Carried.

7. Election of Board Members

The Board is composed of five volunteer Directors, who have to be members of the Company (own property in the O'Connor Water district).

Members present at the meeting will be voting for up to five candidates by written ballot. Proxies from Members not present were either given to the Company to vote per Board's recommendation or given to another Member in attendance.

The 5 director candidates on the ballot were the 2021 directors who volunteered to be on the Board for 2022. Brief profiles on each director candidate were also provided.

Because Covid-19 required the Company to hold the annual meeting as a virtual videoconference meeting and not in person, the Board decided to utilize an email-based ballot as the written ballot method for the election of Board members. Members voted by replying to the ballot email sent to them once they registered for the meeting.

All 5 current Board members were re-elected with the following results:

Name	Votes	Percentage of Those Voting
Randy Dolenec	92.4	100%
Mike Frank	92.4	100%
David Jones	92.4	100%
Todd Rosenthal	92.4	100%
Judy Windt	92.4	100%

Mr. Jones presented the current Alternates: Kathy Dolenec, Adela Mazzon, Ana Pedros, Court Skinner, and Jane Ratchye, who all agreed to stay on as Alternates for 2022.

After discussion of the importance of Alternates and the opportunity afforded by becoming an Alternate, Mr. Ron Garcia and Mr. Ruggero Castagnetti volunteered to become Alternates for the Board of Directors.

Ms. Windt moved, and Mr. Dolenec seconded that we accept the Alternates to the Board. Carried.

8. Member Presentation and Questions:

Q: Can we tour the facility before and after construction of the plant?
A: Yes, let's wait for the Covid wave to ease and we will schedule a tour for those interested.

There were no other questions, and the meeting was adjourned at approximately 9:15pm. Members congratulated and thanked Mr. Jones and the Board for all the work done.

9. Adjournment

To the Regular Meeting February 10, 2022, by Zoom teleconference.