

OHA Board of Directors Meeting

October 11, 2017

Purpose: To consider the WWSC proposal to acquire our water system

Present: Ron Claybourn, Jens Kruse, Marcia West, Steve Whicher, Brian Ehrmantraut, Stewart Mehlman, Bob Wyatt, Lee Goodwin, Harvey Aldort, David Turnoy

Called to order at 7:04

We have a proposal from Washington Water. Ron told Scott Bailey of WW that the Board would meet tonight and that we would respond. If we want to move forward, Scott advocates having a meeting to tell us how they came up with valuation of our system and to start interacting.

Ron and Lee prepared a quarterly comparison of our current rates as opposed to what we would pay once WW acquires our system. We would move from having our neighborhood mostly covered under their most expensive tier due to being one customer going through a 2-inch pipe to individual billing through a 3/4-inch pipe so that we are billed based on individual consumption rather than the whole neighborhood. Question as to whether the \$40 fee for maintenance is part of our charge or extra on top of the monthly charge. Base rate would go from \$13.33 plus \$19.33[\$32.66 total] per month to \$21.75 for our customers.

Harvey was concerned that fluoride might be added; WW will continue to provide the same water as currently. He also thinks WW should install generators for during a power outage. We can bring this up to WW during our negotiations. Brian said that WW is willing to make capital improvements because they are guaranteed a certain return on investments. WW has generators down at their treatment plant. If we lose power, we have no water other than what is in our water tanks. Marcia says a portable generator can easily be brought in, that there are already some on the island

We moved and seconded to meet with WW to negotiate. It was passed unanimously. We need to request a meeting before Ron and Lee leave (Nov. 15 and 9 respectively). This should be a meeting of board members and committee members with WW. Bob suggested the form of our response: We appreciate your letter, and we would like to have an exploratory conversation. That the purpose of the meeting is to see if there is mutual benefit to proceeding. Also have them explain their numbers. (Scott had expressed willingness to share this.) We are considering the week of Oct. 23 for this meeting, preferably Oct. 24-26. Ron will compose the letter, as he has been the one in contact with them.

Harvey says we need to have good legal representation to study the proposal. Lee says we need a lawyer who understands how the UTC works. Brian asks how much we want to spend on this deal, that this can be very expensive.

What has been the experience of Rosario and Vusario with WW? Their plant's treatment was not up to standard, and they were about to have major problems, but WW came in and took care of the problems. Marcia will ask Sarah Geiser about this, she is the treasurer, she can provide records of how the transition went. Kathy Vierthaler, who used to manage the treatment plant, could also be contacted. Brian says that WW is almost a completely different company now, so not sure how relevant these contacts would be.

Harvey suggested we get a look at the contract early on, and Lee agreed. Brian said we need to establish certain things we want before we worry about contract language. For instance, do we retain ownership of the land on which the tanks sit? Ron says usually this is done by easements. Steve says we shouldn't ask about the contract in our first communication, that we meet with them and establish good relationships first.

Bob asked why WW bought us. Brian posited that WW buys small water systems. Bob says he wants to understand a lot more about the company and the business model and have them state why they want to buy us. If a crisis occurs in their company elsewhere, how will that impact us? For instance, if fires in CA drain their system, what happens? Steve says we should ask their total capital worth.

Question of how Carl will be impacted. He had gotten the letter and held on to it for a few days.

Ron says that we really don't have any alternatives to WW. Bob says we have a responsibility to make sure that we know what we are getting into in order to make sure we can stand up and show our members that we exercised proper due diligence.

Steve says that right now if some major problem happens, we have to take care of it. But if WW buys us, we don't have to worry, they spread it out over their whole customer base. He says we need to know if they might sell us down the road; can we get something in the contract about this?

Harvey says we might want to see if there have been claims against WW, find out how their practice has been.

Lee recommends we all tour the treatment plant with Roy Stanton, takes about an hour and a half. It is a very sophisticated system. There is always someone on call. They can monitor everything much better than we have been able.

David suggested everyone send questions to him, he will assemble them.

Adjourned 8:07.

