



**White House
Water System**
1120 WHITE HOUSE ROAD EXT
BAY MINETTE, AL 35607

TELEPHONE (251) 937-2430
www.whwsystem.com

March 27, 2024

Dear Member,

As Board President of the White House Water System (WHWS), I have worked diligently for you to act on things that I heard the membership asking for. As I entered this position, I knew that our main priorities this year needed to be:

- 1) Stabilizing our delivery systems and reducing water loss;
- 2) Creating accountability;
- 3) Lowering rates; and
- 4) Providing you the opportunity to vote on a transfer of White House Water System to North Baldwin Utilities.

As your Board President, I am happy to announce we were successful with the first three and the fourth will be voted on at this year's annual meeting. Included on the ballot, you will vote to fill 2 board seats as well as whether we will merge with NBU. **Please read this letter along with all enclosures carefully.** They will outline our plan to carry out the election in accordance with our Declaration of Incorporation and Bylaws (as amended). We have also included a copy of a Resolution adopted by the WHWS Board of Directors on March 25, 2024, that outlines (with exhibits) the offer that has been presented to the White House Water System by NBU.

Our system is in a better position now than we have been in a very, very long time. That is due to the board working together and keeping your interests at heart. Ensuring accountability, as well as the decision to have NBU run our outside operations (while we manage our office staff) has proved to be beneficial for WHWS. This resulted in instant and measurable improvements in service, processes, and stability. It also allowed WHWS to leverage the economies of scale in working with NBU resulting in a reduction in rates for our customers. While the price of everything seems to be going up, we were able to manage the system to reduce costs and provide a much better service.

This board supports the attached resolution as we believe this is a fair offer and outcome for all. However, to be clear, if a majority choose to remain a separate entity, economies of scale would no longer apply. If WHWS members vote to remain independent, we cannot guarantee your low rates will continue nor can we promise we wouldn't have to raise rates to accommodate the repairs and maintenance items needed that are in addition to the repairs covered in the grant we received. We will respect the decisions of the 66% majority required to trigger such a change. All election timelines and processes have been discussed with our legal counsel and they comply with our Declaration of Incorporation as well as our Bylaws, as amended.

There are three (3) ways for you to vote:

1) REQUEST A PROXY BALLOT: If you would like to vote before the annual meeting, you will need to request that a proxy ballot be mailed to you. You may do so by calling the office or emailing the office through the website. Your proxy ballot must be signed and returned to the office no later than 4:00PM on Saturday, April 20, 2024.

2) IN PERSON PROXY VOTING: WHWS will hold in-person proxy voting on Saturday, April 20 from 10:AM to 4:00PM at the WHWS office. If you did not previously request that a proxy ballot be mailed to you, you will be able to receive one in person on April 20.

Any proxy ballots not RECEIVED at the office by 4:00PM Saturday, April 20, 2024 will be set aside, (sealed) and the office staff will make every effort to notify the remaining members that their vote cannot be counted UNLESS they vote in person at the annual meeting.

The unopened proxy ballots will be marked received on our roster, then placed in a lockbox. The only key to that lockbox will be kept by the Baldwin County Sheriff's office. On April 20, 2024, at 4:00PM, the onsite deputy will seal the top of the box with tape and take it to the Sheriff's office for safekeeping.

Proxy Ballots received at the office AFTER April 20 and up until the day of the annual meeting will be recorded as late, marked on our roster as such, and deposited in another locked box. The office staff will make every effort to reach out to you, the member, to allow you to "cure" your ballot by voting in person at the annual meeting.

3) ANNUAL MEETING: Members that did not timely submit a proxy ballot may vote in person at the Annual Meeting on Tuesday, April 30, 2024. Doors will open at 6:00PM. Upon arrival you can request a ballot to vote in person during the annual meeting.

Note: All ballots and envelopes are unique to each member as they will contain your member number. Only one ballot per account. The person signing the ballot MUST be the person named on the account.

At 3:00PM on the day of the annual meeting, a voting committee of 4 members, plus a sheriff's deputy, and our CPA will open the lock box and begin counting all properly submitted proxy ballots. Two members will verify and open, and two will tabulate the votes and ensure they are recorded correctly. Only our CPA, the sheriff's deputy, WHWS's voting committee, and our legal counsel will be allowed in that room. No other members will be allowed to watch in person. We will, however, livestream the process on YouTube, and we will provide the link to members upon request.

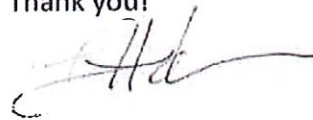
At 6:00PM, doors will open for the annual meeting. If you have not previously voted via proxy, you can pick up a ballot in person at the meeting. **NOTE:** you MUST stay during the meeting and will be called up to return your ballot and present proper identification. The meeting will pause to allow all votes to be tabulated and the CPA will declare the result.

We have two board seats open, and their bios are attached. Proxy ballots and ballots will also include a spot for write-in candidates should you prefer to choose your own. The margin required for Board Member election is 50% of all votes plus one.

The margin to approve the proposition to merge with NBU will require a 66% majority of all members voting (either by proxy or at the annual meeting) to trigger any change.

Because it is so important, we are going to give every member who votes a \$10 (Ten dollar) bill credit. Should the merger be affirmed, every member, regardless of whether or not they voted, will receive an additional \$100 (One Hundred dollar) bill credit. If you have any questions, please direct them to our counsel via email at: Patrick.Dungan@arlaw.com

Thank you!



Lloyd Heard
Whitehouse Water System, Board President

**Biographies of Candidates for 2024 Board of Directors
(in alphabetical order)**

| | |
|-------------------------------------|--|
| <p><u>Mark Frenette</u></p> | <p>Married for the past 28 years to Dawn Frenette with two children, Kade and Kamble. Lived in Baldwin County since 1985. Currently reside in Spanish Fort where we've been Whitehouse Water customers for the past 9 years. Baldwin County High School class of 1989. Graduated from Troy University with an Accounting degree in 1994. Worked for the Baldwin County Commission for 10 years as Chief Accountant and Administrative Services Manager for the Baldwin County Solid Waste Department. Current Owner/Broker of Delta Realty which opened in 2009. Served for four years on the Baldwin County Association of Realtors Board of Directors. Served for three years on the North Baldwin Chamber of Commerce Board of Directors.</p> |
| <p><u>Dewayne Holley</u></p> | <p>Dewayne Holley is currently a White House Water System board member seeking reelection. I am a retired Electrical Engineer who has worked in industry for 40 years. My industry experience includes the management and regulation of potable water systems for manufacturing facilities. My wife, Fran, and I attend Durant Chapel Baptist Church in the Crossroads community having moved back to the community in 2002.</p> |

Enclosures: NBU significant elements, service fee comparison, cost of staying, resolution.

Adopted
3/28/24
[Signature]

**WHITE HOUSE WATER SYSTEM, INC.
BOARD OF DIRECTORS
RESOLUTION 2024-01**

A RESOLUTION RECOMMENDING THE DISPOSITION OF ALL ASSETS OF THE CORPORATION TO NORTH BALDWIN UTILITIES, A PUBLIC NONPROFIT CORPORATION

WHEREAS, White House Water System, Inc. (the “Corporation”) was organized in 1971 as a nonprofit special purpose entity for mutual benefit through the application of cooperation to provide a water distribution system to the rural areas known as the White House Fork community, at a time when no other municipal or other public water service provider was capable of providing such services to the area; and

WHEREAS, over the course of the past 50+ years, the Corporation has constructed, maintained, and operated a water delivery system to a membership base that has grown to over 2,000 members (“Members”); and

WHEREAS, advances in water systems technology and increased costs associated with operating and sufficiently maintaining a rural water system have resulted in the Corporation’s system being at a disadvantage to larger public systems, which are able to create economies of scale to increase efficiency and provide lower rates for consumers of water services; and

WHEREAS, the Declaration of Incorporation of the Corporation authorizes the sale, lease, exchange, mortgage, pledge, or other disposition of all or substantially all of the property and assets of the Corporation upon the recommendation of the Board of Directors of the Corporation (the “Board”) and approval by the Members; and

WHEREAS, North Baldwin Utilities, a public nonprofit corporation organized in 1945 pursuant to Alabama law for the purpose of providing water, sewer, and gas service to residents of the City of Bay Minette and surrounding unincorporated areas (“NBU”) has offered to acquire the assets of the Corporation and take over the operation and maintenance of the Corporation’s water delivery system; and

WHEREAS, details regarding NBU’s proposal are set forth on Exhibit A hereto and incorporated herein; and

WHEREAS, the board of directors of the Corporation deems it to be in the best interests of the Corporation and its Members to enter into an Asset Transfer Agreement (the “Asset Transfer

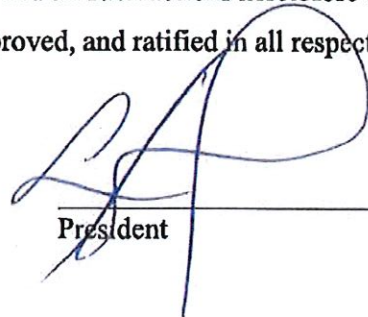
Agreement”) by and between the Corporation and NBU, pursuant to which the Corporation will transfer all or substantially all of its assets and liabilities to NBU.

NOW, THEREFORE, BE IT RESOLVED by the BOARD OF DIRECTORS of WHITE HOUSE WATER SYSTEM, INC., as follows:

1. The Board of Directors hereby recommends that the Members approve the disposition of all of the assets of the Corporation and authorize the Board of Directors to fix the terms and conditions of the Asset Transfer Agreement. Pursuant to the Declaration of Incorporation and Bylaws of the Corporation, such authorization shall require the affirmative vote of at least two-thirds of the Members voting, whether in person or by proxy, at the annual meeting to be held on April 30, 2024.

2. The Officers of the Corporation are hereby authorized and empowered to take all such further actions, including the execution and delivery of all such further agreements, certificates, instruments, and documents, in the name and on behalf of the Corporation, and the payment of any expenses, as they or any of them shall deem necessary, desirable, advisable, or appropriate to consummate, effectuate, carry out, or further the transactions contemplated by and the intent and purposes of this Resolution; and that any and all such actions heretofore or hereafter taken by the Officers hereby are adopted, affirmed, approved, and ratified in all respects as the act and deed of the Corporation.

ADOPTED this 25th day of March, 2024.



President

ATTEST:



Secretary-Treasurer

SIGNIFICANT ELEMENTS

APRIL 2024

NBU OFFER TO ACQUIRE WHITE HOUSE WATER SYSTEM, INC.

- 1 By choosing to remain a WHWS customer rather than switching to NBU, you will be spending up to 48% more each month with a minimum usage of 3000 gallons. NBU's lower rates stem from economies of scale and the elimination of operational redundancies. We are ready to implement our reduced rates immediately, providing immediate benefits to you as our customers.
- 2 Monthly water service charges within the current White House service area will not be increased thereafter for a period of three (3) years from transaction date.
- 3 After the initial three-year period, monthly water service charges within the current White House service area could be subject to adjustment only to the extent and magnitudes as for all comparable customers within the NBU system.
- 4 New customer connection charges and service policies will be the same as for a comparable new customer within the NBU system.
- 5 All WHWS debts and assets will be transferred to NBU. Any cash balances remaining in WHWS accounts after payment of all WHWS debts will be dedicated to funding water system infrastructure improvements (e.g., replacement of current under-sized 6" water lines) within the current WHWS service area.
- 6 Some of the six-inch water line upgrades include the following areas at a cost of **\$667,963**:
 - 3000 feet along Durant Road; installation of 3 new fire hydrants;
 - 3700 feet along Willie Buck Earl Road; installation of 3 new fire hydrants;
 - 9000 feet along White Road & Tanner Lane; installation of 4 new fire hydrants;
 - 5000 feet along County Road 138 from Tall Pines to County Road 40; installation of 3 new fire hydrants.
- 7 With the support of ADEM, NBU will use the \$1.648 million grant funds to promptly initiate distribution system upgrades including: County Road 39 from County Road 40 to Highway 138 and County Road 40 from White Road to County Road 39 totaling an estimated cost of \$2.4 million.
- 8 NBU will maintain fully staffed two- and three-person crews for distribution needs within the WHWS territory.
- 9 NBU will continue its and WHWS's tradition of closely cooperating with local volunteer fire departments, community organizations and churches within the communities.
- 10 NBU will initiate activities to enhance the reliability and effectiveness of water service within the service area (e.g., extension of D'Olive Road to Highway 225).
- 11 NBU will maintain the current WHWS business office which will be fully staffed. The current office staff will be offered continued employment through NBU.
- 12 NBU will maintain the Whitehouse name on the current water tower.
- 13 Every WHWS customer that votes will receive a \$10 billing credit with all active customers also receiving a \$100 billing credit if the transfer is successful.



NORTH BALDWIN UTILITIES
WATER | WASTEWATER | NATURAL GAS

SERVICES FEE COMPARISON

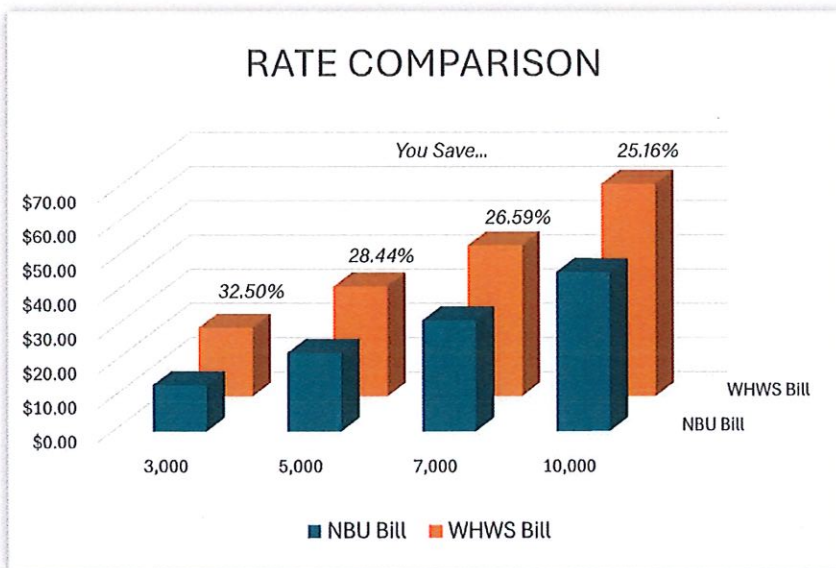
North Baldwin Utilities / Whitehouse Water System

| BILLING FACTORS | NBU | WHWS 10/2023 | WHWS Current |
|--|--------|-----------------|-----------------|
| Minimum Monthly Usage Allowance (Gallons) | 3,000 | 2,000 | 2,000 |
| Usage Charge Above Minimum (\$/1000 gallons) | \$4.70 | \$9.00 | \$6.00 |

BILLING COMPARISON

APRIL 2024

| Monthly Usage (Gallons) | NBU Bill | WHWS Bill as of 10/2023 | WHWS Bill Current | MONTHLY SAVINGS ⁺ | |
|----------------------------|----------|----------------------------|----------------------|------------------------------|---------|
| | | | | Dollars | Percent |
| 3,000 (Minimum Bill)* | \$13.50 | \$25.00 | \$20.00 | \$6.50 | 32.50% |
| 5,000 | \$22.90 | \$43.00 | \$32.00 | \$9.10 | 28.44% |
| 7,000 | \$32.30 | \$61.00 | \$44.00 | \$11.70 | 26.59% |
| 10,000 | \$46.40 | \$88.00 | \$62.00 | \$15.60 | 25.16% |



*For comparison purposes, WHWS minimum monthly bill of \$14.00 for 2,000 gallons usage adjusted for additional 1,000 gallons usage at the WHWS unit rate of \$6.00 per thousand gallons. (\$14.00 + \$6.00 = \$20.00)

⁺MONTHLY SAVINGS = NBU current rates compared to WHWS current rates.

THE COST OF STAYING WITH WHWS

MONTHLY USAGE (GALLONS)

| Billing Month | Usage (Gallons) | What your bill will look like with NBU. | What you will continue to pay with WHWS. | <i>The additional cost of continuing with WHWS.</i> | |
|---------------------|-----------------|---|--|---|-------------------------------|
| 24-May | 5,700 | \$26.19 | \$36.20 | \$10.01 | 38.22% |
| 24-Jun | 19,200 | \$89.64 | \$117.20 | \$27.56 | 30.75% |
| 24-Jul | 22,800 | \$106.56 | \$138.80 | \$32.24 | 30.26% |
| 24-Aug | 8,500 | \$39.35 | \$53.00 | \$13.65 | 34.69% |
| 24-Sep | 5,400 | \$24.78 | \$34.40 | \$9.62 | 38.82% |
| 24-Oct | 7,800 | \$36.06 | \$48.80 | \$12.74 | 35.33% |
| 24-Nov | 4,600 | \$21.02 | \$29.60 | \$8.58 | 40.82% |
| 24-Dec | 12,400 | \$57.68 | \$76.40 | \$18.72 | 32.45% |
| 25-Jan | 17,900 | \$83.53 | \$109.40 | \$25.87 | 30.97% |
| 1-Feb | 11,800 | \$54.86 | \$72.80 | \$17.94 | 32.70% |
| 24-Mar | 21,500 | \$100.45 | \$131.00 | \$30.55 | 30.41% |
| 24-Apr | 12,600 | \$58.62 | \$77.60 | \$18.98 | 32.38% |
| Annual Total | | \$698.74 | \$925.20* | \$226.46 | An average of 32% MORE |

*Based on current WHWS rates. If NBU acquisition does not occur, WHWS's costs (and rates) will definitely increase.