

**ALWA Board of Directors
Meeting Minutes
August 14, 2007**

1.) Call to Order:

President Stuart Cohen called the meeting to order at 7:30 P.M. Present were board members Michael Bicak, Stuart Cohen, Perry Cole, Jeff Cook, Matthew Rodger and Glenn Wallace. Excused was board member Merlyn Blue. Also present were John Hastig, P.E., and Josef Dalaeli, E.I.T, of Gray & Osborne, Bob Pancoast, Hydrogeologist with Compass Geographics, Richard Jonson, attorney with Jonson & Jonson, Scott Hemingway, Operations Manager, Sharon Bakke, business office and member Bob Carter.

2.) Business From the Floor

Bob Carter brought documents regarding the Association's easement across parcel #0203101148, which is membership #1123, located near the Marshall Well in the 3600 block of 290th Way NE. The property belongs to Gary Carroll, who is building a house there, and he has restricted public access across his property, we assume to reduce the flow of recreational traffic across it to the Port Blakely Tree Farm. Some board members and Mr. Carter have been concerned that ALWA retains its easement across this property and exercise it periodically to be sure it remains active. Scott confirmed that we have an easement across the property, we have the easement documents on file, that he has spoken with Mr. Carroll about it and Mr. Carroll knows we have an easement there. Mr. Carter presented some documentation on the easement which was placed in the record.

Bob Carter left the meeting.

3.) Minutes from July 10, 2007 meeting were reviewed.

MOTION 08-14-07-01: Motion by Perry, seconded by Matthew to approve minutes of July 10, 2007. Motion carried unanimously.

4.) Action Items:

The Board briefly reviewed the Action Item List. Deadlines were all shifted to next month's board meeting unless noted below:

6-6 Develop Annual Review Process for Staff – Stuart reported that he had prepared a rough draft, which he plans to email to the other board members for their feedback. He requested they get back to him within about a week so he can proceed.

7-4 Transfer Funds from Schwab to SnoFalls Checking – Perry noted that this process did not run smoothly last month.

Action Item 8-1: Update signature authority on the Schwab Account

Action Item 8-2: Scott please provide Michael with a copy of the Draft first three chapters of the Water System Plan.

Michael asked for an explanation of the Board's action last month on the Water Loss Policy. Discussion ensued. Are people who had a leak adjustment under the 3 year rule entitled to another leak adjustment under the rule that was in effect at the time of their

adjustment? How will this be handled? No motion taken. The issue was whether people who rec'd a leak adjustment under the three year policy would be entitled to their next adjustment under that policy before moving under the once every seven year policy.

Action Item 8-3: Add to agenda for annual meeting a short recap of what rules have changed in the past year.

5.) Financial Reports:

The Board reviewed the Financial Reports. Perry asked if this was the final payment to Fury for the loop project. Scott explained that the holdback was in place for 45 days from the project acceptance.

a.) Check list

MOTION 08-14-07-02: Michael moved and Jeff seconded motion to approve the check list. Motion carried unanimously.

b.) Membership List:

MOTION 08-14-07-03: Michael moved and Matthew seconded motion to approve membership list. Motion carried unanimously.

c.) Aging Accounts: Scott reported that one of the members on a payment plan paid their bill off. We sent out six delinquent notices, shut 2 accounts off, all paid.

- 481 Countrywide – No payment, we're not sure who owns the property, Countrywide was last known owner, no one has taken responsibility for ownership or the bill.
- Mullins – property vacant, water shut off. He was making payments but is now slipping. His late fees are on.
- DeGroot – property vacant, water shut off, he has been in contact, plans to pay.

Action Item 8-4: Board requested written aging accounts report in their packets every month.

6.) Old Business:

a.) Water System Plan Status and review of System Capability: John presented a report to the board regarding the water system's capability to serve current and future connections. He and his firm have analyzed various data, including monthly consumption by account, from which they calculated the current Average Day Demand (ADD) and Maximum Day Demand (MDD) on the system. They also analyzed how many unserved parcels exist within the franchise area and how many commitments we currently have on the books. Their conclusion was to recommend the Association's Board adopt an emergency temporary six month moratorium on accepting new memberships so they and the board will have time to carefully evaluate how many more connections we will be able to serve with our current configuration and assess whether we will be able to obtain water from another source. Discussion ensued.

Action Item 8-5: Stuart requested John prepare a histogram showing historical use per member.

The Board tabled the discussion until the end of the meeting.

b.) Tall Chiefs: Bob said if we were to receive extra water rights from Tall Chiefs, they would not be sufficient to solve the current shortage of water. Tall Chiefs also will be unlikely to bring pipes significantly closer to a possible intertie with another water purveyor. Bob showed a map of adjacent water purveyors and discussed the issues surrounding potential interties with each of them. None of them appear to provide an easy solution. He will talk with them.

Next, Bob passed out a sheet describing the Association's new Water Use Efficiency (WUE) Program, which is part of our Water System Plan. The State considers water a public resource, and is looking for water utilities to be more transparent about their use of the resource. He described requirements we need to meet under the new municipal water law, which include holding a public forum to provide the public with an opportunity to comment on proposed specific conservation goals. The Board must then set conservation goals and publish the information. This needs to be completed by January 22, 2008. Bob is working on this and suggested we plan the public meeting for late September or early October this year. We will have to go through this process every six years as part of our Water System Plan.

c.) Reconsider change to Water Loss Policy Section 3.6 – Scott stated that leaks generally occur over two billing cycles, and suggested the Board consider allowing bill adjustments for leaks to spread over two billing cycles instead of only one. Discussion ensued.

MOTION: 08-14-07-04: Glenn moved and Perry seconded motion to modify Leak Adjustment Policy under Section 3.6 to allow for leaks that fall under section 3.1, commonly referred to as service line and in-home leaks, an adjustment to their bills for up to two consecutive billing cycles. For leaks that fall under Section 3.2, commonly known as “irrigation leaks” or “unexplained/unintended water loss”, bill adjustments are limited to one billing cycle. Motion carried unanimously.

Action Item 8-6: Sharon will revise Leak Adjustment Policy

7.) New Business

a.) Accept 290th Ave. SE & NE 16th St. Project Completion

MOTION: 08-14-07-05: It was moved and seconded to:

- a. Authorize Change Order No. 1 to the Project,
 - b. Authorize Payment No. 2,
 - c. Accept the NE 16th Street and 290th Ave. SE Water System Improvements Project as complete, and
 - d. Authorize the release of retained amounts upon passage of 45 days from the date of acceptance of the Project subject to receiving no notices of liens against the Association or the Contractor in regards to performance on this Project.
- Motion carried unanimously.

b.) Auditor Proposals: The board discussed audit proposals rec'd from various auditors.

MOTION: 08-14-07-06: Perry moved and Matthew seconded motion to engage Vine Dahlen, PLLC, to perform the audit for FYE 4/30/07, per their written proposal of July 23, 2007. Motion carried unanimously. Stuart signed the engagement letter.

c.) Increasing Membership Charges – Tabled until next month's meeting.

d.) Accepting Credit Cards: Tabled until next month's meeting.

8. Management Reports:

Scott presented the field report, listing projects completed and water production amounts.

Stuart reported that he and Scott had met earlier in the day to talk about the SCADA project. They had identified some specific steps to take to set up one or two sites, outlined some of the questions to be answered and estimated some costs.

Scott presented his cost/benefit analysis for hiring a second field person. He said he plans to do some further work on it to more specifically quantify some items. The topic was tabled until the Board has a chance to conduct staff evaluations.

9. Hydrogeologist:

Covered above.

The board returned to item **6.a., Water System Plan Status & Review of System Capability**, and continued discussing system capability.

MOTION: 08-14-07-07: Matthew moved and Michael seconded the following motion: An emergency, interim moratorium is hereby adopted on the issuance of new memberships for a period of 6 months, effective immediately, based upon the August 9, 2007 Memorandum of Gray & Osborne, Inc.; provided that applicants for membership that have partially completed the application process and have submitted partial payment of membership and related fees to the Association shall be given until September 1, 2007 to complete the application process and pay the remainder of all fees due in order to secure their memberships.

The Board agreed that the moratorium is not intended to apply to existing members that have not yet connected (non-users and non-participators) and to applicants for membership that can provide sufficient water rights and if necessary, wells, that are capable of serving the proposed use.

Motion carried unanimously.

Action Item 8-7: Prepare public notice of moratorium, plan public meeting and inform the Association membership.

Action Item 8-8: Per Dick's suggestion, add to next month's agenda an item to form a committee to review Association By-Laws.

9.) Member Calls and Letters - none

11.) Next meeting: September 11, 2007, Association Business Office, 7:30 P.M..

12.) Meeting Adjourned - 9:50 P.M.

Minutes taken by Sharon Bakke, Business Office.

Action Items
August 14, 2007

#	Start Date	Action	Owner	Due Date	Status/Comments
8-1	8/14	Update signature authority on Schwab account	Perry & Board	9/11	
8-2	8/14	Provide Michael with a copy of the draft first three chapters of Water System Plan	Sharon or Scott	9/11	
8-3	8/14	Add to agenda for Annual Meeting a short recap of what rules have changed in the past year.	Sharon	9/11	
8-4	8/14	Provide written aging accounts report in board packets every month.	Susan	9/11	
8-5	8/14	Prepare a histogram showing historical use per member.	John	9/11	
8-6	8/14	Revise Leak Adjustment Policy per board motion	Sharon	9/11	
8-7	8/14	Prepare public notice of moratorium, plan public meeting and inform the Association membership	Dick, Stuart & Sharon	8/15	
8-8	8/14	Add to next month's agenda an item to form a committee to review Association By-Laws	Sharon	9/11	