

**ALWA Board of Directors
Meeting Minutes
October 28, 2008**

1.) Call to Order:

President Perry Cole called the meeting to order at 7:30 P.M. Present were Board members Merlyn Blue, Michael Bicak, Perry Cole, Mark Freeman, Mike Hickey and David Hoffman. Board Member Matthew Rodger called in and participated via speakerphone for the entire meeting. Also present were John Hastig, engineer with Gray & Osborne, Dick Jonson, counsel, Bob Pancoast, Hydrogeologist with Compass Geographics and Sharon Bakke, Administrative Coordinator. Scott Hemingway, General Manager, was excused.

2. Changes or Additions to Agenda

None

3. Business From the Floor

None

4. Minutes

Matthew had advised there was an error in the minutes of September 23rd and clarified the times that he had attended via phone. Sharon revised the minutes to reflect the correct times.

MOTION 10-28-08-01: Matthew moved and Mark seconded motion to approve the minutes of September 23, 2008 as amended. Motion carried unanimously.

5. Action Item Status Reports

Discussion of Action items.

Items completed:

71206, Report to board on questions re: moratorium is complete.

80702, Options for obtaining more water

923081, comments on question list

923082, Annual meeting notice to members

923083, Report on utility truck

6. Financial Reports and Membership Count

a.) **Check List** postponed until later in the meeting.

b.) **Membership** Approval

MOTION: 10-28-08-02: Mike Hickey moved and Merlyn seconded motion to approve membership list. Motion carried unanimously.

c.) **Aging Accounts** – Sharon reported that delinquent accounts are being carefully worked and referred the board to the written report in their packets. There was a short discussion of collection leverage and property liens.

7. Old Business

a.) **Annual Meeting** – Sharon stated the venue was reserved and we were set to proceed with the annual meeting on December 5th.

b.) Audit, FYE 08 – The draft financial report was rec'd from Vine Dahlen and included in board packets. Board discussed report and Matthew noted the opinion letter had not been included. He also made note that there was no comment on the unrealized loss on investment on page 3. Matthew noted the financial statements made no mention of our internal controls and further suggested the Board consider paying off the notes on our long term debt to get them off our books

Perry asked if anyone else had comments on the Financial Reports. Sharon stated that Scott had noticed an error on page 7 where the report reads "...memberships were repurchased at their original cost to member." In fact, the memberships were repurchased at the price of membership reflected in the current fee schedule. Sharon also mentioned that Scott would like board members to get any further comments to him so we could present all proposed changes to Vine Dahlen at once.

Action Item: Sharon call Vine Dahlen to ask about the opinion letter, invite them to attend the November board meeting to give their report and confirm their plan to attend the annual meeting on December 5th.

6.a.) Check List Approval –

MOTION: 09-23-08-03 – Merlyn moved and Mike Hickey seconded motion to approve the check list. Motion carried unanimously.

c.) By-Laws – Proposed revised version of By-Laws was included in board packet. The board discussed how the proposed changes should best be presented to the members. It was suggested a summary of changes be written to include in the annual meeting notice and posted on the website. The board debated how best to make the "redline" version of the minutes available if requested by members reviewing the changes.

Action item: Sharon prepare a .pdf file of the redlined version showing proposed changes to the By-Laws and forward it to Matthew via email.

Sharon suggested that the term "Annual Meeting Report" in section 3b of the By-Laws was very easy to confuse with the "Annual Meeting Second Report" in section 3c, asking if these terms could be changed for clarity. The board suggested "Annual Meeting Report" be changed to "President's Report and Annual Meeting Notice" and under section 3c the word "second" be removed.

Action item: Sharon make above suggested changes to the By-Laws before they're published in the Annual Meeting Notice.

MOTION 09-23-08-04 - Merlyn moved and David seconded motion to submit to the members for approval the By-Laws as amended and to approve their publication in the Annual Meeting Notice. Motion carried unanimously.

d.) Water System Plan Status – John reported that he had met with Scott to work out the financial plan and the capital improvement plan in light of expected changes to revenue. He said he needed to meet with Scott one more time before he could present a draft to the Board for their review. Perry stated he wanted the Water System Plan finished and an advance copy sent to the Board. John said he will set up a meeting with Scott as soon as possible.

- e.) **Tall Chief** – Bob reported that he has spoken with the people at Tall Chief and described the status of the water rights transfer process. He said Tall Chief inquired as to the status of the proposed agreement with Seattle and whether an interim agreement might be possible if the long term agreement will take 18 to 24 months. He said he had met with representatives from Cascade Water Alliance and explained to the board the composition of the Cascade Water Alliance. He said he would like to meet with all the players to discuss the option to purchase water from Seattle, suggesting Scott, John Hastig and perhaps a board member be included, along with representatives from Seattle, Cascade and Sammamish Plateau Sewer and Water. We don't know what effect our plan to purchase water from Seattle would have on Cascade and what the wheeling charges might be. John mentioned that another option to purchase water from Seattle might be to install a pipeline and hook up directly to their Tolt pipeline.
- f.) **Moratorium** – Board discussed need to renew and extend moratorium. All agreed that the conditions constituting an emergency based on the Association's legal and physical constraints on its water supply still existed.

MOTION 10-28-08-05 – Merlyn moved and Michael Bicak seconded motion to retroactively reinstate to August 28, 2008, the emergency moratorium on issuance of new memberships by the Association and to renew the emergency moratorium and extend its expiration date to six months from this date. Motion carried unanimously.

8.) New Business

- a.) **Identity Theft Policy** – Scott had prepared a new identity theft policy, which was included in the board member's packets. Dick said that the new FTC directive with the November 1, 2008 deadline had caught many utilities with insufficient time to respond, so they had extended the deadline. The board discussed the proposed policy.

MOTION 10-28-08-06 – Michael Bicak moved and Merlyn seconded a motion to approve the new Identity Theft Policy. Motion carried unanimously.

- b.) **Schwab and Liquidity** – Matthew discussed losses in our Schwab account and said he felt that current conditions in the market might pose a liquidity problem for the Association if we should need to pull the money out of our account quickly in an emergency. Board discussed options. Michael Bicak noted that the account shed the vast bulk of its recent losses during March and April of this year and it had been relatively stable since then. He also reminded the board that recently some money had been used from that account to fund operations, which might make it appear we had lost more than we actually have.

MOTION 10-28-08-07 – Mike Hickey moved and Matthew seconded motion to create a financial subcommittee to investigate the loss of value in our investments with Schwab, report back to the board on the condition of those investments and recommend a course of action to the Board. Motion carried unanimously.

Volunteers for the financial subcommittee were Matthew, Michael Bicak and David.

- c.) **Information Systems Plan** – Matthew opened the discussion by noting that we don't currently have an information systems plan, our machines are old, we don't have a server for accounting backups and the backups we are doing have not been tested for how quickly they can be restored. He suggested we look at the age of equipment, put

together a plan to upgrade over the course of the next three years and start making improvements. Sharon stated that she, Scott and Susan had met with John Hastig and Hep Mai of Gray & Osborne and developed a rough plan, though it may be out of date.

Action Item: Scott work with G & O to develop an information systems plan with timeline for implementing improvements and present to Board.

9.) Management Report – The board referred to Scott’s written report, discussing the service truck and closing out the open loan with RD.

10.) Consultant Reports – covered above, nothing new.

11. Member Calls & Letters –

a.) # 324 Ed Wright – the board reviewed the letter rec’d from the Attorney General

b.) # 1099 Kert Zavar – the Board discussed the fact that the Association, being a cooperative organization, is not subject to the statutes cited.

c.) # 912 Burton – The Board considered Mr. Burton’s request for an additional reduction of his bill, and in light of the fact that all members must be treated the same and that Mr. Burton had already received a reduction in his bill according to Association policy, he was deemed ineligible for further reduction.

MOTION 10-28-08-08 – Merlyn moved and Mike Hickey seconded a motion to write to Mr. Zavar and decline his request to have his bill adjusted back to the July 2007 rate schedule. Motion carried unanimously.

Action Item: Scott to respond to Mr. Wright and Mr. Burton in writing as needed.

Board Member Comments:

Perry discussed his plan for his presentation at the upcoming annual meeting. He spoke about the slides he planned to show and the Board went over ideas with him. Bob volunteered to help with creating the PowerPoint aspect of the presentation.

Action item: Perry will send slide information to Bob to begin working with PowerPoint.

Michael Bicak brought up the meeting time, suggesting they might prefer to start at 7:00 P.M. instead of 7:30. The Board agreed to have the next two meetings at 7:00 P.M. and re-address the issue after that.

12.) Review of New Action Items – not addressed.

13.) Next Meeting: November 18, 2008, 7:00 P.M., Association business office.

14.) Adjourned at 9:45 P.M.

Minutes taken by Sharon Bakke

Summary of Action Items in these minutes

#**	Action	Requester	Owner	Due Date
081028-1	Call Vine Dahlen re: opinion letter and attending meetings.	Board	Sharon	11/18
081028-2	Prepare a .pdf file of the redlined version of the proposed by-law changes, send to Matthew	Board	Sharon	11/18
081028-3	Make suggested changes to by-laws section 3b and 3c	Board	Sharon	11/18
081028-4	Develop Information Systems Plan	Board	Scott	11/18
081028-5	Respond in writing to member letters as needed.	Board	Scott	11/18
081028-6	Send annual meeting presentation slide information to Bob		Perry	11/18

** First digit indicates year, second & third digits indicate month, third & fourth digits indicate number of action item in that month.