

**ALWA Board of Directors
Meeting Minutes
August 25, 2009**

1.) Call to Order:

Board President Perry Cole called the meeting to order at 7:00 P.M. Present were Board members Michael Bicak, Merlyn Blue, Perry Cole, Mark Freeman, Mike Hickey and Matthew Rodger. Also present were Scott Hemingway, General Manager, John Hastig, engineer with Gray & Osborne, Warren Perkins, engineer with Gray & Osborne, Dick Jonson, counsel, Bob Pancoast, Hydrogeologist with Compass Geographics and Sharon Bakke, Administrative Coordinator. Absent was Board Member David Hoffmann.

2. Changes or Additions to Agenda

Two changes to the agenda –

1. Strike 7a. Tall Chief
2. Add item 11b. Letter from David Gaffney

3. Business from Floor

None

4.) Minutes

Matthew noted an item needing correction in the minutes of the July 28, 2009:

1. In the motion numbered 07-28-09-06, there was no note of who seconded the motion.

Scott noted correction throughout minutes:

2. Member account numbers should not be recorded in minutes.

Sharon revised the minutes as noted. There was a brief discussion of account numbers showing on the front of member mailings.

MOTION 08-25-09-01 – Matthew moved and Merlyn seconded the motion to approve the minutes of the July 28, 2009 Board Meeting as amended. Motion carried unanimously and Board Secretary Michael Bicak signed the minutes.

5.) Action Item Status Reports

Scott said item # 90701 is in process and # 90702 was complete.

6.) Financial Reports and Membership Count

a.) Check List – Perry asked if Merlyn and Mike Hickey had reviewed the check list and signed the checks. They said they had, except for check # 22820 made out to All Purpose Building. Brief discussion ensued about the conditional use permit application with King County for the proposed new office and shop.

MOTION 08-25-09-02 – Merlyn moved and Mark seconded a motion to approve the check list with the exception of check #22820 made out to All Purpose Building. Motion carried unanimously.

b.) Membership List

Perry stated he had reviewed the membership approvals.

MOTION 08-25-09-03 –Matthew moved and Merlyn seconded motion to approve the Membership List. Motion carried unanimously.

c.) Aging Accounts:

Scott reported that all of the over 90 accounts had paid except for one account in which the member had died and the bill is with the estate.

7. Old Business

a.) Tall Chief – item stricken.

b.) Moratorium – Scott discussed the relationship between the proposed changes to the connection charges and the moratorium; specifically, his recommendation that any changes to the connection charges be in place before the moratorium is lifted. The board discussed what was involved in lifting the moratorium, current consumption patterns, commitments to serve, where we are in the agreement with Seattle. Perry suggested the Board may want to have a special meeting after the annual meeting to discuss what would be required to lift the moratorium.

Action Item: Scott prepare proposal on connection charges, comparative rates and parameters for lifting moratorium.

c.) Connection Charges – Perry asked what Ashley was looking for now that he had submitted his report. Scott said he was looking for feedback from the Board regarding his methodology, rationale, suggestions, etc. Discussion ensued.

Action Item – Sharon send Perry a copy of Ashley Emory’s report.

d.) Water System Plan – Nothing new – Scott reported he had rec’d a letter from the King County Utilities Sub-Committee recommending it be approved. It is with the King County Council awaiting approval. Warren said the Source Application for the Vista 2 well has been submitted to the Department of Health and is awaiting approval.

e.) New Office/Shop – Discussion of new office/shop was renewed and more evidence of economic feasibility was requested by the Board.

Action Item: Scott prepare feasibility study with cost-benefit analysis for new office/shop vs. current rental arrangement.

f.) Audit – Scott reported that he had just rec’d the first draft of the audit report from Vine Dahlen and hadn’t had time to review it yet. He said there may be some deficiencies identified and gave examples such as the fact that member account credit adjustments can’t be verified by report in the billing system. He anticipates that problem can be solved by purchasing a new billing system. Other examples he gave were that separation of office duties is difficult in such a small office and an that he expected a risk assessment of internal controls. Scott said some accounting issues may need to be cleared up, and the Board may want to consider hiring accounting consultation independent of Vine Dahlen. Susan has started looking into finding such a consultant. Otherwise, the audit is wrapping up. Scott explained to Perry what the management representation letter was about and he signed it.

g.) Annual Meeting – Scott reiterated that the 40th annual meeting is to be held on October 6, 2009 at the Lake Washington School District No. 414 Resource Center located at Redmond Town Center. Short discussion of annual meeting. Sharon noted we needed to vacate building by 9:30 P.M., which is why the early start at 6:30 P.M.

Action Item: Sharon include a map to the venue in the annual meeting report.

Action Item: Scott mail financial statements to the Board for review prior to their inclusion in the Annual Meeting Report.

8. New Business

a.) Holiday meeting dates – Scott said that the meetings in November and December fall very close to Thanksgiving and Christmas and asked if the Board wanted to change the meeting dates in light of this. The Board agreed to leave the dates as they are.

9. Management Report – Scott said he didn't have much to report regarding the ongoing projects. He said in spite of record breaking dry weather, we have pumped less than in similarly dry summers. A great majority of members consumed less than 7500 gallons during July, 2009. Regarding the intertie, Scott is still working on obtaining the needed easement, saying the property owner has agreed to a price for it but has yet to sign an agreement.

10. Consultant Reports –

John announced this would be his final meeting with the Association, as he plans to fully retire at the end of September. He said Warren has been transitioning into his role and that he had enjoyed working with us.

Bob noted that rainfall has been very low and the weather forecast is for a moderate El Niño year coming up. The implication of this is a more warm and dry winter. During the past two years we've had La Niña winters, which tend to be colder and wetter, meaning more mountain snow pack and more water available for the cities. It is possible there will be less snow pack this coming winter which could bring on drought conditions for Seattle. When this happens, the media, Seattle and the State tend to stress the need for conservation, which reduces consumption and revenue for water utilities.

Dick said he is still working with Mr. Stein.

11.) Member Calls and Letters –

a.) Notes with payments – Sharon said she included them in the board packets because, in a sense, they are member written complaints about the rates.

b.) Letter from member David Gaffney – Mr. Gaffney has presented a written matter for vote at the annual meeting, per the By-Laws, to the Board Secretary along with arguments in its favor before the deadline for inclusion in the Annual Meeting Report. The Board discussed the issue Mr. Gaffney raised, which was regarding the Association's commercial rate schedule.

Action Item: The Board requested a summary from Scott regarding how other utilities handle the matter of defining commercial accounts and setting rates for them. Scott and Dick will compose the Association's position statement for the Annual Meeting Report with email review by the Board.

12.) Business from the Board –

none

13.) Action Item Review – Action items from this meeting were reviewed.

14.) Next meeting – September 22, 2009, 7:00 P.M. at Association Business office.

13.) Meeting Adjourned – 8:35 P.M.

Minutes taken by Sharon Bakke

Approved, Michael Bicak, Board Secretary

Date

This Meeting's Action Items

***	Start Date	Action	Requester	Owner	Due Date	Status/Comments
908-01		Scott prepare proposal on connection charges, comparative rates and parameters for lifting moratorium.	Board	Scott		
908-02		Sharon send Perry a copy of Ashley Emory's report.	Board	Sharon		
908-03		Scott prepare feasibility study with cost-benefit analysis for new office/shop vs. current rental arrangement.	Board	Scott		
908-04		Sharon include a map to the venue in the annual meeting report.	Board	Sharon		
908-05		Scott mail financial statements to the Board for review prior to their inclusion in the Annual Meeting Report.	Board	Scott		
908-06		The Board requested a summary from Scott regarding how other utilities handle the matter of defining commercial accounts and setting rates for them. Scott and Dick will compose the Association's position statement for the Annual Meeting Report with email review by the Board.	Board	Scott		

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