

**ALWA Board of Directors
Meeting Minutes
October 27, 2009**

1.) Call to Order:

Board Vice President Merlyn Blue called the meeting to order at 7:00 pm. Present were Board members Michael Bicak, Merlyn Blue, Mark Freeman, Mike Hickey, David Hoffmann and Matthew Rodger. Also present were Scott Hemingway, General Manager, Warren Perkins, engineer with Gray & Osborne, Josef Dalaeli, engineer with Gray & Osborne, Dick Jonson, counsel, Bob Pancoast, Hydrogeologist with Compass Geographics, Sharon Bakke, Administrative Coordinator and guest member Drake Hutchins.

Absent was Board President Perry Cole.

2. Changes or Additions to Agenda

Organizational Meeting

In lieu of holding a separate annual organizational meeting of the Board, upon motion duly made and seconded, the Board amended the meeting agenda to hold it as part of this meeting. Upon motion duly made and seconded, a slate of officers was nominated and unanimously voted in as follows, to serve commencing immediately until the next election of officers: President, Perry Cole, Vice President, David Hoffmann, Treasurer, Matthew Rodger and Secretary Mark Freeman.

3. Business from Floor

Board Vice President David Hoffmann invited Mr. Hutchins to make his presentation to the Board. Mr. Hutchins asked if the board members were familiar with the “PBRs Program” [Public Benefit Rating System]. He explained it was a government sponsored program under which landowners could elect to leave land in its natural state for conservation and have their property taxes reduced. He suggested members of the Association could benefit from this, especially if they were to apply as a group. Apparently, there is increased benefit when neighboring properties set land aside for conservation together. He said he wasn’t suggesting the Association manage a group application but that it consider sending out a postcard to all the members with information about the opportunity and suggestion of applying as a group with a website address for members to look into the idea. He said he wouldn’t be able to coordinate the project himself, but perhaps Ms. Bakke could do so in some way. Mr. Hutchins finished his presentation at 7:18PM and the Board thanked him for his suggestion.

4.) Minutes

Several corrections were noted. Sharon made corrections as noted, printed the revised document and gave it to Secretary Mark Freeman.

MOTION 10-27-09-01 – Matthew moved and Michael Bicak seconded the motion to approve the minutes of the September 22, 2009 board meeting as revised. Motion carried unanimously. Mark signed the minutes.

5.) Action Item Status Reports

Scott reviewed action items saying he would like to clarify the purpose of Item 90905. He said he had done some research on customer service training and it appeared that a problem with an abusive person on the phone was more of a customer service training issue than a policy issue and that he wasn't sure the purpose of creating a policy about it. Discussion ensued. Scott will work up a rough draft and the issue can be taken up again when Perry is present, as he was the one who brought up the idea.

Regarding item # 90901, Scott said he anticipates we'll need about \$500,000.00 for operations for the rest of this year and money available for the intertie and booster pump on 288th. He said he can't be sure what funds will be needed as long as negotiations for the intertie are underway and would like to have funds available until we have a better idea how much will be needed for that project. Generally, he would like to move up some of the projects outlined in the Water System Plan, specifically, design of the chlorination facilities, which will need to be completed regardless of how water supply negotiations resolve. He said he would like to begin work on the meter replacement project, explaining his plan to go to radio read meters – Itron units – beginning in the most dangerous areas for meter readers first. Traffic is a hazard during meter reading, especially along Ames Lake-Carnation Road and Tolt Hill road. Second priority would likely be older meters. He said he plans to go out to bid on this project, as it should be around \$200,000.00 for the entire project, spread over 3 to 4 years. In response to Board questions, he said the batteries on these meters will usually last for around seven to ten years, and the meters will continue to register water use if batteries for the radio read fail. Batteries can be changed and he also hopes to get longer lasting meters if he can. He plans to use re-setters to avoid plumbing problems.

On the intertie, Scott reported he attended the CWA (Cascade Water Alliance) Board meeting. He said he has emphasized we are interested in a wheeling agreement, not a wholesale agreement with CWA. If CWA were to charge us the new connection rate they charge their members, our cost would be in the neighborhood of \$6,000.00 per ERU (Equivalent Residential Unit), whereas Seattle charges around \$700.00 per ERU. Bob said we really don't know what will happen at this point, but a meeting is set up for next week and there may be other pathways. Scott said he expects that Sammamish Plateau will be willing to sell us water on an emergency basis, regardless, so the emergency intertie can move forward. The Board requested Scott continue to work toward presenting them with a cash management proposal.

6.) Financial Reports and Membership Count

Scott presented the Financial Reports, saying item 5310 on page 4, under Professional Services, Audit, may seem higher than the proposal Vine Dahlen made, but that the extra charges were for other accounting services outside the audit contract. He noted the B&O taxes seemed high for this quarter, largely due to increased sales.

a.) Check List – Merlyn said he and Mike Hickey had signed the checks.

MOTION 10-27-09-02 – Merlyn moved and Mike Hickey seconded the motion to approve the check list. Motion carried unanimously.

b.) Membership List -

MOTION 10-27-09-03 –Merlyn moved and Matthew seconded motion to approve the Membership List. Motion carried unanimously.

c.) Aging Accounts:

Scott reviewed the aging accounts report, saying there were eleven accounts new to the over-90 list and ten had paid, the eleventh being a rental and the member of record (the owner) was expected to pay. He explained that on rental properties, the account stays in the name of the owner, who is the member of record, though some owners elect to have the renter pay the bill.

7. Old Business

a.) Annual Meeting Recap – a couple minor corrections to the Annual Meeting Minutes were noted and Sharon will correct. David said he felt the meeting went well overall and that everyone did a good job. He said people seemed to especially appreciate Bob’s presentation. Matthew said he liked the facility, as did David, but he felt it would be best if the Board was seated up front and that a microphone be available next time.

b.) Moratorium – Michael Bicak asked if summer consumption was going down and if so, would the Association be able to grant a few memberships. Discussion ensued and Josef presented graphs he had prepared showing use patterns over time with relation to Association water rights. We are well under the limit of our water rights for total annual production, but for maximum day demand (MDD), we are much closer to the limit during the summer. In response to the question about releasing a few memberships, Warren said some of the factors to consider, in order of their priority, were that we would have to be able to stay within our water rights and our sources would have to be able to produce MDD with all of them running. He listed further criteria to consider and said it would be a policy decision considering how much risk the Board was willing to take and how much reliability redundancy was in place. The Board asked Warren to prepare all the information the Board would need to evaluate the risk and make a decision for the next meeting. Discussion continued about individual wells, production and etc.

c.) Connection Charges – Scott said the board will need to consider connection charges for new memberships, how much would need to be paid in advance and how those memberships would be allocated

d.) Water System Plan – Waiting on approval by King County.

e.) New Office – Scott said Perry had helped him with a cost/benefit analysis and he will email it to the Board when it is complete. Meantime, work on the conditional use permit is moving forward.

8. New Business

a.) Sanitary Survey – Scott referred the Board to their copies of the Sanitary Survey. He noted the report is addressed to the Board and contains recommendations made by the Department of Health Inspector. He recommended the Board take the recommendations seriously and authorize him to respond to them by letter. He said the inspector recognized the Association has made many improvements in the last few

years and would like to see us continue the improvements. Scott said he planned to follow up on the recommendations and explained in more detail a plan for arsenic removal at the Marshall Well and system chlorination. The Board directed Scott to respond to the Department of Health by letter regarding the Sanitary Survey.

b.) Wholesale Water – Discussed earlier.

12.) Business from the Board –

Merlyn asked about the Bucknell's problem with their pH and Scott explained the extensive work he has done to try to help them. He doesn't know the cause of the problem at their house but noted the water was in a neutral pH range where it enters the house and the problem is within the house itself. He plans to continue consulting with them.

Merlyn asked about new irrigation wells he had seen going in at the south end of Tolt Hill.

9.) Management Report – Scott said pumping was higher in September than it had been in August, which was unusual, but we had an unusually hot and dry September. He covered the intertie earlier in the meeting. He said Jeremy had accomplished quite a few projects during the month and read off a list of completed projects, which included replacing the Tolt Booster Pump, installing and wiring the new Mag Meter at Vista 1A, replacing the door handle on the truck (so he could get in and out), repairing a fire hydrant on SE 8th, installing new AirVac Assemblies along a couple roads, painting the well houses at Vista and installing 2 fire hydrants up on NE 64th Way, which members there had paid for.

Michael Bicak asked about the condition of the service truck and if it was safe. Scott said they had recently replaced the tires and brakes, had the doors fixed and that the exhaust and steering system had been inspected and were fine. He said it was burning more oil than it had been and had over 150,000 miles of hard driving with lots of starts and stops on it. He has budgeted for a new truck next year.

10.) Consultant Reports

Bob reported on a new Department of Ecology policy on rainwater collection from residential rooftops. He plans to send a link to the Ecology website for posting on the ALWA website regarding the policy. He then reported on a new opinion from the State Attorney General on exempt wells.

Warren said he had nothing further and will prepare the reports discussed earlier.

Dick said we may be close to a settlement with Stein.

11.) Member Calls and Letters –

None.

12.) Business from the Board –

MOTION 10-27-09-04 - Matthew moved and Merlyn seconded a motion to transfer \$25,000.00 from the SnoFalls savings account to Key Bank Money Market account and \$5,000.00 from the SnoFalls savings account to the ING Direct Account in order to keep all balances under the NCUA and FDIC insured limits. Discussion. Motion carried unanimously.

Discussion of Mr. Hutchin's proposal earlier in the meeting. The Board asked Scott to forward Mr. Hutchin's emails to them and directed Scott to respond to Mr. Hutchin's proposal by recommending he post the idea to the area newsgroup because it was outside the purview of the water utility. Scott will provide Mr. Hutchins with the contact for joining the newsgroup.

13.) Action Item Review –

- 91001 – Update bank signature authorities – Sharon
- 91002 – Revise Annual Meeting Minutes – Sharon
- 91003 – Prepare information Board needs re: Moratorium – Warren, Scott
- 91004 – Email cost/benefit analysis re: new office to Board – Scott
- 91005 – Respond by letter to DOH re: Sanitary Survey – Scott
- 91006 – Send link to Scott re: DOE rainwater collection policy – Bob
- 91007 – Arrange to transfer funds per Motion 10-27-09-04 – Scott
- 91008 – Forward Mr. Hutchin's emails to board and respond via letter to him – Scott

14.) Next meeting – November 24, 2009, 7:00 pm at Association Business office.

13.) Meeting Adjourned – 9:20 pm.

Minutes taken by Sharon Bakke