

**ALWA Board of Directors
Meeting Minutes
November 24, 2009**

1. Call to Order:

Board President Perry Cole 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 Warren Perkins, engineer with Gray & Osborne, Dick Jonson, counsel, Bob Pancoast, Hydrogeologist with Compass Geographics, Sharon Bakke, Administrative Coordinator and Susan Stevens, Office Administrator. Absent was General Manager Scott Hemingway

2. Changes or Additions to Agenda

None

3. Business from Floor

Sharon Bakke announced her retirement, effective 12/9/09. The Board thanked her for her years of service.

4. Minutes

MOTION 11-24-09-01 – Matthew moved and Merlyn seconded the motion to approve the minutes of the October 27, 2009 board meeting as written. Motion carried unanimously. Mark signed the minutes.

5. Action Item Status Reports

Perry reviewed the action items, saying all the new items were complete and all the older ones were still in process. Matthew noted he has not yet completed paperwork necessary to add him as a signer on bank accounts but plans to complete that project shortly.

6. Financial Reports and Membership Count

As shown on the Manager's written report, income for October was higher than expected, possibly a reflection of the dryer than normal summer and that people are catching up on high summer usage bills. He recommended opening an additional account with either BECU or Bank of America to hold funds for future projects and to keep balances in other accounts under the FDIC insured maximum.

MOTION 11-24-09-2 - Following discussion, motion was made by Matthew and seconded by David to establish a new account at BECU and to move \$200,000 from SnoFalls and \$45,000 from ING into the new account. Motion carried unanimously.

Action Item – Sharon: forward minutes to Matthew as soon as they are ready

Action Item – Matthew: work with another officer of the Board to set up the new account with BECU.

a. Check List – Merlyn said he and Perry had signed the checks. Perry asked about item number 5020 on the Profit & Loss in the Financial Reports, "Administrative Contracted Services". Susan explained that was the charge from SOS Data Services for the Annual Meeting Notice, which was a large document mailing.

MOTION 11-24-09-03 – Merlyn moved and Mark seconded the motion to approve the check list. Motion carried unanimously.

b. Membership List -

MOTION 11-24-09-04 – Matthew moved and Merlyn seconded motion to approve the Membership List. Motion carried unanimously.

c. Aging Accounts - As shown on report in packet, no outstanding issues.

7. Old Business

a. Moratorium – postponed until later in meeting

b. Connection Charges – postponed

c. Water System Plan – Mr. Perkins reported that he was expecting approval by King County in December or January.

d. New Office – Perry said he had prepared a brief cost/benefit analysis about the cost of building our own office & shop vs. continuing to rent. He said he had sent the analysis to Scott and had been working with him on it, but that there was a clear financial benefit to building our own structure using a 40 year planning horizon, especially in light of the fact that the Association owns the Vista property outright. It was asked if purchasing an existing building, such as a house, would be more cost effective, but thought not since zoning would likely be an issue. Discussion ensued, including how much to expect the building to cost, how much of a loan could be secured and whether the Board meeting room could be rented out.

Discussion ensued regarding options for financing – cash reserves or new loan. It is estimated that the out of pocket cost will be \$100,000 the first year for start-up and launch, and then \$50,000 per year thereafter. Per report from the field, the conditional use permit is ready to be submitted.

8. New Business

Holiday gathering at Roadhouse for Board, Staff & Consultants on Tuesday, 12/22/09 at 5:30 p.m., immediately preceding the Board meeting.

9. Management Report

Scott's written report was reviewed - water production in October was down from September.

Intertie: waiting for plan approval from Sammamish Plateau

SCADA: main computer installed. Communication testing between sites will follow and, if deemed successful, SCADA system will be tested.

228th Booster: Exploring the possibility of above-ground facilities.

Cascade Water: meeting scheduled for Dec 4th to discuss CWA's involvement in ALWA getting water from Seattle.

Generators: have entered into a 2-year contract for maintenance

Leak Detection: Have engaged a leak detection company to survey the oldest portion of our system.

Field: Continuing improvements

10. Consultant Reports

Nothing to report.

11. Member Calls and Letters

None.

12. Business from the Board

None.

7-a. Moratorium

Warren referred the Board to the draft of his Capacity Study distributed in their packets, saying we are committed to serve the 71 members who have not requested service and that consumption is down. The conservation could be due to the increased rates, but we don't know how long that trend may last, since trends often rebound somewhat as people get used to the rates. Discussion followed. Warren answered questions and explained his assumptions regarding average day demand, peak day demand and current system capacity. He said he thought we have some capacity beyond demand using this set of assumptions and any Board decision about lifting the moratorium would be based upon their assessment of risk. He expects the SCADA system will provide better data going forward. Discussion ensued regarding how the ability of the Association to lift moratorium will be affected by how many of the existing non-using members will ever request active service and, if so, how far into the future that will happen. Based on current conservative use, Warren believes we have adequate capacity to serve the existing 71 members not connected to the system. The Board requested specific information they need to decide how many memberships they can release and when:

Suggestions:

- Conduct a survey of current non-using and non participating members to determine future plans for property.
- Buy back memberships from those who are willing to sell.
- Use outside watering restrictions to assure staying within limits of water rights.

Action Item – Scott: Develop and mail survey of intended use to members not currently connected to system and offer to buy back the membership.

Perry summarized the discussion and proposed the following 5 steps:

1. Solicit buy-back of unused memberships by letter – Action Item - Scott
2. Board: determine new membership and connection fees – Action Item - Scott
3. Board: decide how many memberships can be released – Action Item – Scott
4. Board: decide how to allocate the available memberships
5. Offer out the memberships via letters to those on the waiting list and public notices in various local publications.

Perry stated that a member who attended the annual meeting had made some suggestions regarding the procedure for allocating available memberships when the moratorium is lifted and he shared those suggestions with the rest of the Board.

Dick suggested that, if the Board is considering a policy about new memberships and the member's intent to build, a proposed rule be drafted.

13. Action Item Review

91101 – Send ideas to Scott regarding new membership and connection charges and suggestions for allocation of memberships that are opened up - Board & Consultants

91102 – Formalize proposal for new membership and connection charges for Board approval - Scott

91103 – Write draft of solicitation letter to non-users requesting future plans for the property and w/buy-back offer; forward to all consultants and Board members for review – Scott

91104 – Mail solicitation letters on approval of Board – Scott

91105 – Forward completed meeting minutes to Matthew for purpose of opening new bank account - Sharon

91106 – Two Board officers to open an account at BECU on Sammamish Plateau for additional savings account – Matthew

91107 – Formalize proposal for allocation of memberships that open up - Scott

14. Next meeting – December 22, 2009, 7:00 pm at Association Business office.

15. Meeting Adjourned – 9:10 pm.

Minutes taken by Susan Stevens