

**ALWA Board of Directors
Meeting Minutes
August 24, 2010**

1. Call to Order

Board President Perry Cole called the meeting to order at 7:00 pm. Present were Board members Merlyn Blue, Michael Bicak, Mike Hickey, David Hoffmann, and Mark Freeman. Matthew Rodger joined by teleconference. Also present were Warren Perkins, Engineer with Gray & Osborne; Bob Pancoast, Hydrogeologist with Compass Geographics; Dick Jonson, Counsel; Kim Fyfe, CPA with Vine Dahlen; Scott Hemingway, General Manager; and Susan Stevens, Office Administrator.

2. Changes or Additions to Agenda

Scott Hemingway requested that the order of the agenda be changed to allow Kim Fyfe to do her presentation first.

7. a. Audit – Vine Dahlen

Kim Fyfe presented the findings from the audit. She explained that the responsibility of the Auditors is to review the finances of the organization to provide reasonable, but not absolute, assurance that the financial statements are correct. She pointed out that there are estimates involved, for example, the value of developer contributed real assets from past years. They found no discrepancies. One area of material weakness is internal controls, inherent in the size of the organization, as the ability to segregate duties is limited by the size of the staff. They also understand that the risk assessment and documentation of policies & procedures is on-going. They also recommend that the policies for capitalizing be finalized so the appropriate journal entries are made prior to sending financials for audit.

Kim also addressed the question of what is required to change from cash basis accounting to accrual based. From her perspective, there is no compelling reason to change from cash basis.

6. a. Check List

Motion 08-24-10-01 - Merlyn Blue moved and Mike Hickey seconded a motion to approve the check list. Motion carried unanimously

Kim Fyfe departed at 7:25.

3. Business from Floor

None

4. Minutes

Motion 08-24-10-02 – Matthew Rodger moved and Merlyn Blue seconded a motion to approve the minutes of the July 27, 2010 Board meeting as written. Motion carried unanimously. Mark signed the minutes.

5. Action Item Status Reports

Scott Hemingway reported on the status of the Action Items.

2010-08-01: Findings on pressure zones to be presented later in this meeting

2010-05-02: List of vendors almost complete

2010-03-03: Change in billing system will be mentioned at the annual meeting. Notification will be mailed prior to first billing run on new forms.

2010-03-02: Landlords prefer to maintain status quo.

Motion 08-24-10-03 – Matthew Rodger moved and Michael Bicak seconded a motion to approve the office lease one year extension as presented. Motion carried unanimously.

*****Action Item 2010-08-1** – Scott to make lease documents available for signature by Perry Cole.

2010-02-09: No recent progress on options for preparation of the IRS Form 990

2009-12-03: Scott's recommendation is to go with Key Bank. Proposed launch is after implementation of new billing software. Extent of use of ACH for payments will be addressed in the proposed delegation of authority. May require change in By-Laws to modify for updated payment options.

2009-03-02: Scott continuing to work on proposed delegation.

2009-02-03: Assessment of penalties and interest is tied directly to delegation of authority and ACH payments.

2009-01-05: Conditional use permit for new building is on hold until further notice.

2008-05-06: Bob still working on vulnerability assessment.

6. Financial Reports and Membership Count

a. **Check List** – previously addressed

b. **Membership List** –

Motion 08-24-10-4 – Matthew Rodger moved and Mike Hickey seconded a motion to approve the Membership List. Motion carried unanimously.

c. **Aging Accounts** - Scott briefly reviewed the Aging Accounts report as shown in the Board packet. He also asked the Board if they wish to continue seeing this detail report or if a condensed version of special issues only would be sufficient. Board prefers to continue seeing the detailed report..

d. **Water Loss Billing Adjustments** – Scott stated that there was one limited (irrigation) adjustment made in July, in the amount of \$4,137.60.

7. Old Business

a. **Audit** – presentation as noted above.

b. **Annual Meeting** – On target for the Sept. 14th meeting date.

c. **Intertie Bill of Sale** – By signing the Bill of Sale for the emergency intertie, we convey ownership to Sammamish Plateau pursuant to the terms of the developer extension agreement.

Motion 08-24-10-5 – Matthew Rodger moved and David Hoffmann seconded a motion to authorize Scott Hemingway to sign the Bill of Sale on behalf of the Association. Motion carried unanimously.

Update of Wholesale Rate – recent meeting with FCS Group, Sammamish Plateau's financial consultant, was primarily information gathering. Preliminary estimate of Cascade's buy-in cost is \$1,141,000 based on their calculation of 190 ERUs. Scott stated that the correct number may be 90 ERUs.

d. **Pressure Zones** – Scott gave a presentation on the recommended changes in pressure zones to improve flow and pressure, per the Gray & Osborne proposal. The amendments to the Water System Plan have been presented to DOH and King County – expect +/- 90 days for approval. G&O is starting the pre-design report.

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8. New Business

None

9. Management Report

Scott reported that the SCADA system installation is down to the last few items on the punch list. One of the items still being addressed is the solar power issue at the Carnation tank.

*****Action Item 2010-08-02** – Scott to review original contract with Systems Interface to determine commitment for power.

10. Consultant Reports

Warren Perkins – pressure zones previously discussed.

Bob Pancoast reported that, in addition to the proposed increase in fees by the DOH, the Dept of Ecology is suffering from decreased revenue and is looking for other avenues to generate funds.

Dick Jonson – nothing to report

11. Member Calls and Letters

None.

12. Business from the Board

Michael Bicak proposed that we explore changing the Association's logo. There was also a brief discussion about options for a vehicle suited to meter reading, in order to avoid using the big truck.

13. Action Item Review

There was a brief review of the new action items.

14. Next meeting – **September 28th at 7:00 pm.**

15. Meeting Adjourned – 9:58 pm.

Minutes taken by Susan Stevens