

**ALWA Board of Directors
Meeting Minutes
December 28, 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, Mark Freeman, David Hoffmann, Matthew Rodger and Mike Hickey. Also present were Bob Pancoast, Hydrogeologist with Compass Geographics; Dick Jonson, Counsel; Warren Perkins, Engineer with Gray & Osborne, Scott Hemingway, General Manager; and Susan Stevens, Office Administrator.

2. Changes or Additions to Agenda

Add Charles Ulrich to 11.a. – Member Calls and Letters

3. Business from Floor

None

4. Minutes

Motion 12-28-10-01 – Merlyn Blue moved and Matthew Rodger seconded a motion to approve the minutes of the November 30, 2010 Board meeting as written. Motion carried unanimously.

5. Action Item Status Reports

Scott reviewed the status of the of the action items.

6. Financial Reports and Membership Count

a. Check List – postponed

b. Membership List –

Motion 12-28-10-02 – Matthew Rodger moved and Merlyn Blue seconded a motion to approve the Membership List. Motion carried unanimously.

c. Aging Accounts – Scott reported on the status of overdue accounts.

d. Water Loss Billing Adjustments – Scott reported that there were 3 limited adjustments given in November and 4 for plumbing related issues.

6. a. Check List –

Motion 12-28-10-03 - Mark Freeman moved and Merlyn Blue seconded a motion to approve the check list. Motion carried unanimously.

7. Old Business

a. Wholesale Water

Motion 12-28-10-04 - Michael Bicak moved and Matthew Rodger seconded a motion to move into executive session for the purpose of discussing the wholesale water purchase contract negotiations. Motion carried unanimously. Board went into executive session at 7:11 pm.

Motion 12-28-10-05 – Merlyn Blue moved and Michael Bicak seconded a motion to come out of executive session. Motion carried unanimously. Board returned to open session at 8:10 pm.

b. Charles Schwab Account

Counsel Dick Jonson presented options for responding to the class action suit against Charles Schwab. He reviewed proposed engagement terms with Miller & Milove and Jonson & Jonson, P.S., and costs of the filing fee and experts. Risks and possible outcomes of the arbitration were discussed.

Motion 12-28-10-06 – Mark Freeman moved and Michael Bicak seconded a motion to opt out of the Charles Schwab settlement offer. Motion carried unanimously.

Motion 12-28-10-07 – Michael Bicak moved and David Hoffmann seconded a motion to enter a retainer agreement with Miller & Milove, with Jonson & Jonson as supporting local counsel, for the purpose of entering arbitration with Charles Schwab regarding losses incurred while funds were invested in the Schwab Yield Plus fund. Motion carried unanimously.

Motion 12-28-10-08 – Merlyn Blue moved and Mike Hickey seconded a motion to authorize General Manager, Scott Hemingway, to sign, on behalf of the Association, a letter opting out of the Schwab Yield Plus class action litigation and the retainer agreement with Miller & Milove. Motion carried unanimously.

8. New Business

a. Policy Regarding Putting Projects to Bid

Scott presented a proposal for a policy for soliciting bids and awarding contracts for materials and construction of projects.

Motion 12-28-10-09 – Michael Bicak moved and David Hoffmann seconded a motion to adopt the “Small Works Construction and Equipment, Supplies and Materials Acquisition Procedures” as proposed, to be effective April 1, 2011. Motion carried unanimously.

9. Management Report

Scott reported that preparatory work is complete for the PRV to be installed on Ames Lake Road. The project will be completed on delivery of the pressure reducing valve.

Scott also reported that the request for permits for the Vista project have been submitted to King County. Target completion date for the project is July 2011.

Scott outlined the process and timing for applying for a new US Dept. of Agriculture Rural Development Administration (RDA) loan to fund improvement projects. He also mentioned RDA requirement to ask for head-of-household ethnicity.

10. Consultant Reports

Warren Perkins reviewed the status of the permits and of engineering.

Bob Pancoast – nothing new to report.

Dick Jonson – nothing to report

11. Member Calls and Letters

Scott summarized Mr. Ulrich’s proposal for settlement of outstanding balance. Board consensus was to maintain the previous counter-offer.

12. Business from the Board - None

13. Action Item Review

Mr. Hemingway and Dick Jonson will take steps necessary to opt out of the Charles Schwab settlement and prepare for arbitration.

14. Next meeting – January 25, 2011 at 7:00 pm

Perry Cole thanked the employees and said that the Board has approved a \$250 bonus for the 4 employees who work out of the ALWA office, to be paid on the next payroll run.

15. Meeting Adjourned – 8:58 pm.

Minutes taken by Susan Stevens