

QUINCY WATER ASSOCIATION, INC.

Board Meeting Minutes

October 14, 2010

President Mike Roberts called the meeting to order at 6:30 PM at the Quincy Grange. Present were board members Mike Roberts, Jim Malisch, Kim Bunnell, Mike Seely, & Bernie Reinbold. Others present: employee, Sharon Hicks, maintenance contractor, Calven Shulda; shareholders, Cheryl Malisch, Terry Salo, Les Pugh, Martin & Debbie Greely, and John Moore; visitor Eric Griffith also was present.

Minutes:

Minutes for the Sept 9, 2010 Board Meeting were approved after Jim Malisch clarified the statement about the storage charges for the utility trailer made by Les Pugh when he told the board at the September board meeting he had not been charging rent for a couple of years now. Jim said that Les told him the next day that the association was actually still paying for the trailer storage.

Financial & Accounts Payable Reports:

Jim Malisch presented the monthly financial report. He indicated that the uncollected amounts shown on the report were lower than actual because he is only tabulating those amounts that are more than thirty days past due. He stressed the need to stay on top of collections of in light of the recent rate increase, and cautioned that the number of past due accounts will likely increase.

A discussion was held regarding the new project account required by the terms of the SRLF loan. The association is required to maintain a segregated account with a minimum balance of \$30,000 as a project reserve. Jim will move \$30,000 from the general checking account into a new reserve account for this purpose. After presentation of the Accounts Payable report for October, the board voted to pay the bills.

Jim Malisch reported on the progress he has made getting employee withholding taxes properly set up. He has been working with Cynthia Reeves, who operates a tax preparation business in Westport. Cynthia is preparing third quarter statements for the association. The association needs to decide if they want Cynthia to continue preparing the statements for a fee or take over the process. Jim recommends that, at a minimum, we pay her to prepare statements through year-end.

Jim reported that he found out that unknown to the board, the association was scheduled to lose its tax-exempt status on October 15, 2010 unless we filed IRS Form-990 for years 2007, 2008, and 2009. A federal law has been in place since 2006 that requires all non-profit corporations to file Form-990 in order to document their tax-exempt status. Cynthia Reeves recommended a CPA firm in Longview that could help the association file the IRS forms by the deadline. Jim met with Addie Ashby of DeFrancisco, Lampitt & Brado to accomplish the task. Jim collected the financial documents for all three years, took them to Addie, and filed the IRS forms within a week. The cost to the association was \$1,500 for the work and a \$100 filing fee to the IRS. The association must continue to be file this form every year in the future.

Project Business:

Anita Synan, Infrastructure Finance Authority (IFA) is our interface contact for the SRFL loan execution. She has informed the association that our loan contract has been approved within IFA, but informed us that a few additional documents were required. One of the documents is a missing Cross-Connection Report for 2008. Jim contacted Calven Shulda to obtain the missing report and subsequently sent a copy to the IFA. The association also was required to publish a Legal Notice of an Environmental Exclusion Notice from the DHS. Kim Bunnell submitted the notice to the Clatskanie Chief, and it was posted October 13, 2010. A copy of the legal notice was also sent to the IFA. Currently, the association is working with the IFA concerning review of our engineering contact with our Murray, Smith & Associates engineering (MSA).

Maintenance Report:

Calven Shulda reported that some leaks were repaired this month. There was a minor leak from a two-inch line off of Hermo Road, and there was a major leak on the six inch main at the junction of Hermo Road and Quincy-Mayger Road. The leak became major when it was decided to replace and upgrade the three shut-off valves located at this intersection. The association was fortunate to borrow all the necessary parts from the city of Clatskanie for this repair. The board decided that thank-you cards would be sent to those additional people involved in the repair. Calven indicated that minor pavement repair would be required after the ground is compacted.

Calven discussed the need to repair the chlorine injection pump and he has temporarily borrowed a pump from the city of Clatskanie. Mike Seely told Calven that he has a pump that he can loan to the association as well.

Old Business:

The sealed bids for the sale of the association utility trailer opened and tabulated. The successful bid was in the amount of \$1551.99. Jim told the association that the title for the trailer is missing, and the license tag paid for in 2009 is missing as well. He has contacted the DMV and obtained a Lost Title Application. The association may have to pay a replacement title fee.

New Business:

The old treatment tank that MSA indicated must be removed has been offered for sale in the association web page. The association has received one offer thus far. The board decided that removal of this tank should be discussed with MSA again before we proceed, and tabled the discussion until the next board meeting.

Three shareholders requested leak forgiveness for their recent leaks. They are Lila Erickson, Anna Malet, and George McGinnis. The board approved a motion to grant leak forgiveness for the shareholders. Kim Bunnell will work with the billing clerk to calculate the financial details of the leak forgiveness. Bernie Reinbold requested that we calculate a total for all leak forgiveness granted in 2010.

Water quality following the recent major leak was discussed. Several shareholders indicated that they had to run water in their garden hose for a considerable time before the water ran clear. Mike Seely said that it would help if the association installed a blow-off valve at the end of the line near the Poytsky residence. The board asked Calven to proceed on this action.

A motion was made and approved to relocate the associations record storage to the building at the associations Ilmari site. This would save money that the association spends on storage. The Ilmari building is new and the association already pays for heating this building.

Discussion took place about changing the associations meeting place from the grange to another public location. Problems cited with the grange were moldy smell, noisy furnace, and unavailability for access without a member with a key. The board will invite the Grange Master to the next board meeting in order to discuss access to the building and a revision for the grange water rate.

Shareholder Martin Greely submitted a request to be approved as an alternate water tester for the association. He presented documentation that he has taken the required training for water quality testing through the OAWU. His letter to the board also included the request to work with Calven to learn the system. Calven indicated he is not looking for any backup personnel at this time and is not interested. The board will take up the subject in executive session.

The meeting was adjourned at 7:30 and went into an executive session.

Respectfully submitted, October 14, 2010

Jim Malisch, Secretary/Treasurer of the board.
Assistance from Sharon Hicks, and Kim Bunnell.