

**QUINCY WATER ASSOCIATION**  
**BOARD MEETING MINUTES**  
August 12, 2010

Mike Roberts called the meeting to order at 6:30 PM at the Quincy Grange. Board members Mike Roberts, Jim Malisch, Kim Bunnell, and Bernie Reinbold were present. Mike Seely did not attend. Shareholders Debbie & Martin Greeley, Cheryl Malisch, Carol Brandt, Terry Salo, David Willey, and Angela Blackford were in attendance. Sharon Hicks, clerical contractor, Calven Shulda, maintenance contractor, and Eric Griffith, a renter of a shareholder property, were also present.

Minutes of the July 8th meeting of the board were approved. The board approved the financial report for the month ending in July as presented by Jim Malisch. Jim then presented the list of August bills to the board. There was considerable discussion about the amount for a share buy-back, and a refund for overcharge. The board voted to table the share issues for a later discussion and pay the other bills.

Maintenance contractor, Calven Schulda reported receiving complaints about dirty water. He explained that turbulence in the main line was caused by the Fire Department filling a tanker from a fire hydrant. Calven also announced that the mainline on Quincy-Mayger Road from Quincy Store to Ilmari Road would be shut down on Wednesday the 25<sup>th</sup> in order to repair a service line to a shareholder. Kim Bunnell agreed to notify households that will be affected. A notice will also be posted on the Associations web site.

Jim Malisch announced that the Association had received final approval of the water rights transfer necessary for the proposed new well at the Stewart Creek well site.

The board introduced Phil Smith of Murray Smith & Associates Engineering (MSA). MSA is the Association's new engineering firm for the well project. The board members held a working session with Phil just prior to the board meeting to review the revised scope of work developed by MSA. The revised scope reduces the previous estimate from \$850,000 to \$617,000. Besides certain items being trimmed from the project, the new estimate is more detailed. It was explained that the cost estimate is a "worst case scenario" estimate. Mike Roberts mentioned that there would need to be an increase in water rates to cover the project costs, and expressed the hope that it would be a surcharge of approximately \$10 per share. It was explained that this increase would need to be in effect before execution of the SRLF loan, which would require a shareholder vote. The reduced estimate will not require the Association to resubmit our application to the State Loan Fund.

Jim Malisch explained that the loan offer from Sterling Savings Bank was disappointing because of the loan requirements, closing costs, and interest terms. The offer also was insufficient to cover the estimated project costs.

The Leak Forgiveness policy was applied to shareholders Blackford and Hendrickson accounts for water leaks reported prior to development of the Leak Forgiveness Policy by the board. There was lengthy discussion about the amount of credit to be applied, and the terms of payment.

The previously tabled share issues were again brought up for discussion. There was considerable discussion about the buy-back of the Hooper share. Specifically in question was reimbursement of \$300 for attorney fees paid by Hooper. A vote to pay both the share amount and attorney fees ended in a tie vote. Shareholders present questioned the circumstances of the situation. The board collectively explained to all that an administrative error in the procedure to increase the share price had occurred. The procedure requires that after the membership votes on the share price increase, the Articles of Incorporation need to be amended with the new price, not just stated in the bylaws. It was explained that our attorney advised that it amounted to an administrative procedure error and did not constitute any illegal practice. He further recommended that at the next annual meeting, the shareholders vote to amend the articles to say that the share price will be stated in the bylaws. When a second motion was made to pay only the \$4,000 for the share buy back, it passed by a vote of three to one.

The board also voted to refund \$500 to Carol Brandt for an over-charge of her share purchase. This is because the price in the bylaws stated \$4,000 for a share and no record of a membership vote to increase the price to \$4,500 could be found.

The board meeting was adjourned, and the board again went into an executive session to discuss the employment contract with Sharon Hicks. Quincy Water Association will continue to pay the amount of \$550 per month voted into place in February 2010. The contract will be reviewed again in February 2011.

Respectfully submitted, September 9, 2010

Jim Malisch, Secretary/Treasurer of the board.