

QUINCY WATER ASSOCIATION

Board Meeting Minutes

June 12, 2013

President Linda Hooper called the board meeting to order at 10:00 AM at Fultano's Restaurant. Other board members present were Jim Malisch, Debbie Greeley, Mike Seely and Tom Williams. There were no other shareholders present at the meeting.

New Business:

Mike Seely had previously requested that the vote on the Hiland maintenance contract be moved to the top of the agenda, and Linda accommodated the request. There was brief discussion prior a motion by Debbie Greeley to remove the cancellation clause from the contract and approve it without the clause. Mike Seely seconded the motion. Linda called for a vote and Jim Malisch asked to make a statement for the record prior to casting his vote. Jim expressed his opinion that removing the cancellation clause was a bad idea. Tom Williams stated that he agreed with Jim. Linda again called for a vote, and the motion was approved unanimously.

Minutes:

There were three sets of minutes for two meetings and one telephone conference to be approved. The board members received copies by email prior to this board meeting. First, the board approved minutes from the board meeting held May 8, 2013 as written. Second, Debbie Greeley proposed that minutes of the board working session held May 27, 2013 be modified to include her request to keep the details of the Hiland service contract confidential until Sharon Hicks was notified. The board approved the amended minutes from the working session. The board then approved minutes for the May 31, 2013 telephone conference as written.

Maintenance Report:

Jim Malisch reported that the fire department had caused the dirty water experienced by the members recently. The hydrant at the Quincy fire station was opened as a test required by an insurance examiner. Although Jim had prior knowledge of the potential hydrant test, the fire department failed to include him in the test. He and several board members received phone calls concerning the water quality. Jim explained that he was not able to reach the fire chief until the next day to confirm that the hydrant test was indeed the cause of the dirty water. Jim told the board that he had committed to providing the fire department with water line and hydrant location information prepared by a previous engineering firm.

Jim also reported that he had responded to an emergency line locate for the Clatskanie PUD. He was able to help the PUD using system drawings he had in his possession. He expressed concern that Hiland Water may not be able to provide such emergency line locate service because of the distance they have to travel and the time limit set for the locate service to be done. Jim will provide system drawings to Hiland Water. Jim gave Linda a contact change form for Hiland to complete and return to the Locate Authority.

Financial Report:

Jim Malisch presented the financial report for the month of May 2013. There was discussion about the number of past due accounts that the association regularly experiences. Jim reported that the final payment will be made this month to the engineering firm for the project. There was discussion regarding the need to maintain the project bank accounts. Jim committed to transferring the monies into the general accounts and closing the project accounts.

Jim presented a project financial report showing the total project costs and the final IFA loan amount. The state funded project to upgrade the association's water system officially ended May 17, 2013, and the loan closed in the amount of \$367,739.00. On a positive note, the interest rate was down to 3.4% at loan closing. The loan is to be repaid in quarterly payments over a 20-year period in the amount of \$6,354.18 each quarter. The first payment, due July 1, 2013, will be \$12,196.47. This payment includes all of the interest, which has been accruing since the first project disbursement in 2010

Old Business:

Linda asked for an update on the status of water rights for the new well. Jim stated that there has been no update from the state, and that they estimated 120 days to complete after paying the expedite fee. There was a lot of discussion about the water rights issue. Mike Seely stated that he disagreed with the decisions to proceed with a combined water right and paying the expedite fee. Linda suggested that the water rights issue be placed under new business for future board discussion.

Linda Hooper reported that the waivers of remonstrance documents were ready for Ty Birdwell to sign, but Mr. Birdwell was requesting a hold on the signing while he is working on a pending sale. Jim said that the documents need to be completed before any sale in order that the buyer of the property understands the limitations of water delivery. He stated that the association cannot deliver water at the elevations of home sites on the hill. In the discussion that followed, it was pointed out that the conditions that Mr. Birdwell agreed that for the board to approve of the transfer of Pete Johnson shares to him, the waivers must be signed, and recorded by the county. The board decided that Linda would draft a letter to Mr. Birdwell stating that the waivers must be signed before any transfer of the water shares.

Linda reported that the sale of association property adjacent to the Monastery had closed and the funds were deposited into the associations account. In discussion that followed about that property and the Ilmari property, Linda agreed that she would write a letter to the Monastery giving notice regarding possible sale of the Ilmari property.

Linda asked about the status of the Reinbold share that the board discussed at the May board meeting. Jim read the letter that he wrote to Mr. Reinbold on May 9, 2013 that outlined the selling procedure cited in the bylaws. Jim's letter also included the board offer to purchase the share for the price that Mr. Reinbold paid. Jim reported that there had been no response to his letter.

Debbie Greeley discussed her revision of the water users agreement. After considerable discussion, the board voted to accept the revised water users agreement as modified. Mike Seely said he wanted to think about it and did not vote.

Debbie Greeley reported on the hardship policy said that there currently was nobody currently approved for hardship. She made a motion that the association discontinues the hardship policy. The board voted unanimously to discontinue the hardship policy.

The board discussed the topic of a connection fee for a new service. The discussion digressed to other topics such as shutoff fees and backflow devices. Debbie made a motion to change the shutoff fees from \$25 to \$35 to match Hiland Water policy. The board voted unanimously to increase the fee to \$35.

New Business:

Jim presented a letter from Lower Columbia Tree Farm that he received May 17, 2013 requesting leak forgiveness on account 122 for excessive water use during March 2013. The excessive water use was from a hose left running. After considerable discussion the board determined that leaving a hose running did not qualify for leak forgiveness. The board voted to deny the request for leak forgiveness.

Jim Malisch told the board that he was in the process of updating QWA information on Calven's water quality report for 2012. The completed report is called the Consumer Confidence Report (CCR). The deadline for members to receive the report is July 1, 2013.

The IFA Project Completion Report was signed by Jim Malisch and Linda Hooper.

The board meeting adjourned at 11:30 AM

Respectfully submitted by Jim Malisch, Secretary-Treasurer of the board.