

QUINCY WATER ASSOCIATION

Board Meeting Minutes

July 10, 2013

President of the board, Linda Hooper called the board meeting to order at 10:00 AM at Fultano's Restaurant. Other board members present were Jim Malisch and Debbie Greeley. Tom Williams was late to join the meeting. Mike Seely did not attend. Others present at the meeting were shareholders Cheryl Malisch and Eric Griffith.

Minutes:

Board members previously received a draft of the June 12, 2013 board meeting minutes by email. The board members present approved the meeting minutes as written.

Maintenance Report:

There was discussion about the recent water main line break and repair by Hiland Water. Tom Williams joined the meeting during the discussion. The consensus of the board was that the constant truck traffic hauling gravel to the new PGE power plant site contributed to splitting the water main. Linda asked the board members if they felt that she should proceed with requesting PGE to pay a portion of the repair costs as they had offered. The board agreed that it would be appropriate for PGE to help and that half of the \$3,874.10 repair costs seemed appropriate.

The board members agreed that the Hiland Water emergency response and subsequent repair was excellent. The only problem noted was the comments of several shareholders saying that they were unable to reach a person at Hiland during the outage or that they did not receive a call back. The board agreed to discuss that issue with Hiland Water and determine if Hiland could place a recorded message on their answering equipment to inform subsequent callers that the problem had already been reported and that the responders were on their way.

Jim gave a report about flushing the system water lines on July 9, 2013. Jim accompanied Mel Olson of Hiland Water during the flushing activity. He reported that a lot of orange brown water caused by the iron and manganese sludge was flushed from the lines. He said that the line break the previous week had helped to flush most of the mainline from the water reservoir to the fire station. Jim reported that they used 33,750 gallons of water in total for the flushing. Jim pointed out that the line flushing showed that the association must always filter the metals out of the water, because chlorination oxidizes the iron and manganese and the filter removes the metals instead of sending them down the water lines.

Jim reported that during the process, Mel Olson took pressure readings at every fire hydrant, and also checked each of the three pressure regulating vaults. Jim said that the only pressure regulator that was working properly was the one controlling pressure for Hermo Road and the dike land. He told the board that the pressure in the main line is too high. They measured the pressure at the bottom of Ilmari Road at 125 PSI. It should be closer to 80 PSI. He also said that the pressure at the top of the line on Ilmari Road was only 33 PSI. He said this fact would create a problem at the top if we reduced the pressure at the bottom. Mel Olson told Jim that all of the hydrants are in need of servicing, mostly lubrication of the main stem. Jim discussed the line size for Hermo Road, saying that the flushing indicated that there was low usage from the current six-inch line, and that he certainly would not recommend upgrading the water line to eight inches as the Port of St. Helens plan calls for. Mel Olson will prepare a prioritized list for repair of pressure regulators and hydrants in order to budget the repair work.

Financial Report:

Jim Malisch presented the financial report for the month of June 2013. Jim noted that due to the transition to Hiland Water billing services, the amount deposited for water sales during the month of June was low. Jim reported that he deposited \$4,150 from the proceeds of the property sale to the Monastery. Jim reported that the association made its first quarterly payment to IFA for the project loan. The \$12,196.47 payment included interest incurred since the first disbursement of funds in 2010. The next quarterly payment is due October 1, 2013 in the amount of \$6,354.18. The board approved the financial report as presented.

Old Business:

Linda Hooper reported that she had not written a letter to Mr. Ty Birdwell concerning signing the waivers of remonstrance yet. She said she wanted to understand the issue a little better before she writes the letter.

The board discussed status of the boards offer to buy back the share on Hermo Road owned by Mr. & Mrs. Reinbold. Jim said that he received no response to his letter to Mr. & Mrs. Reinbold offering to buy back the share. Jim committed to contacting Bernie Reinbold regarding the share status.

Linda reported that she had received a ballpark cost estimate of \$1,000 from Hiland Water for a new service connection. The board then discussed installation costs for a new service connection resulting from the occurrence of a member selling a share to a new owner. After considerable discussion, Debbie Greeley made a motion that the board shall set the price for a meter removal and a new service connection resulting from transfer of a share at the time when the board grants approval of the new owner. Tom Williams seconded the motion, and the board unanimously approved the motion.

Linda reported that she had contacted the Zen Monastery regarding the sale of the Ilmari property and well site. She also told the board that she had done some market research but suggested that we contact a local real estate broker to confirm the value. The board agreed that Linda should proceed with contacting a real estate agent. The board discussed the sale of the property for a considerable period of time.

Linda reported that Hiland Water was now the registered contact for locate services of the association water lines. Jim pointed out that there would be a cost for them to drive out and mark the water line locations. The board discussed possible procedures to put into place for approving their travel in advance. Jim said that emergency locate requests may not allow for advanced approval by the board.

New Business:

Linda said that the water rights issue had been placed on the agenda because Mike Seely wanted to pursue changing the current joint water rights to separate water rights for each well. Mike was not present at the meeting. Linda said she would ask Mike to present details of the change procedure and an estimate of the cost.

Linda asked about the status of the remote monitoring equipment. Jim told the board that he and Micah Olson had already agreed on the telephone equipment and he confirmed that he had previously agreed to work with Micah regarding the installation of remote monitoring devices at the treatment building.

Linda asked Tom Williams about their discussion to have Tom coordinate painting of the association fire hydrants. Jim pointed out that painting should be coordinated with Hiland because servicing should take place first.

Linda questioned if all of the end of month reports provided by Hiland Water were necessary. Jim said that he was still in the process of evaluating the usefulness of the reports and would be working with Silas Olson to finalize what he felt was necessary. The board discussed several of the reports in detail. Jim said that in addition to the RVS reports, he would like to see a written maintenance report from Hiland Water each month that the board could review at the monthly meeting.

Debbie spoke about the association obtaining a credit card in order to pay for the web page hosting services. She said she had discussed the issue with John Moore at Sterling Bank and he suggested opening a special checking account with a debit card. Jim committed to contacting John for more details.

Linda spoke about the association telephone number being forwarded to Hiland Water. Jim expressed concern about new people to the community being able to contact the association. The board agreed to forward the local phone line for thirty days and then cancel the phone service.

Debbie spoke about the association policy regarding shareholders who were not residing on the property that the share was serving. She stated that this was in regards to commercial accounts. Debbie asked that the topic be tabled until the next meeting. Debbie raised the issue of the special water rate for the Quincy Grange. The topic was discussed at length. Debbie advocated changing the billing policy for the Grange stating that the Grange was in violation of the bylaws. Jim pointed out that a previous board that he was a part of had voted to continue giving the special water rate to the grange.

Jim pointed out that Hiland Water needed to provide Quincy Water Association proof that the association is listed as additionally insured on their liability policy.

Linda wanted to review the call log that she received from Hiland Water but first asked Eric Griffith if he had anything to say. Eric was not happy with Hiland's lack of response to his phone calls and emails during the line break and repair and felt that when he finally did talk to a person, they were disrespectful to him. He suggested that Hiland post a message on the web site blog regarding the emergency. Linda commented on several comments recorded in the call log, that she received that morning, but not everyone was able to review the log prior to the meeting. Jim did comment on the fact that Hiland had granted leak forgiveness to Dennie Wilmoth without a vote of the board, and Hiland was supposed to follow the board policies.

Linda asked for discussion regarding a complaint received from Mike Seely about Mel Olson of Hiland Water collecting a water sample at Mike's residence. Mike was not present to offer his opinion, and Debbie committed to contacting Mike to ask for clarification.

Linda asked for coordination of board members communications with Hiland Water. She said that Debbie and her were driving to Newberg next week to meet with Silas and invited Jim to go along.

At 11:55 AM, the board adjourned to an executive session in order to discuss employee issues.

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