

**QUINCY WATER ASSOCIATION**  
**Annual Meeting Minutes**  
**March 4, 2014**

President of the board, Linda Hooper called the Annual Members meeting to order at 7:00 pm at the Zen Monastery cafeteria. Other board members attending were Debbie Greeley, Mike Seely, and Jim Malisch. Tom Williams did not attend. Members attending were Carol Brandt, Kim Bunnell, Larry Haatia, Jack Hendrickson, Gary Leinonen, Braden Lever, Cheryl Malisch, Evelyn Pugh, and Greg and Deborah Smiley. Visitors attending were Randy Leach, Aaron Olson, Silas Olson, Hogan Bays, and Soten Linch.

Linda introduced Hogan Bays and thanked him for hosting this meeting at his facility. Hogan spoke a few words of welcome to the membership.

**Proof of Quorum:**

Linda asked if we had proof of Quorum. It was determined that there were 12 voting members in attendance.

**Proof of Notice:**

Jim Malisch reported that all members of record had been sent a meeting notice in the mail on February 17, 2014. In addition, the Clatskanie Chief published a meeting notice in the February 20, 2014 edition.

**Minutes:**

Copies of the minutes for the 2013 annual members meeting were distributed among the members in attendance. A motion to approve the meeting minutes was made and seconded. The motion passed without opposition.

**Financial Report:**

Jim Malisch presented the review completed by Le's Income Tax Service of the association's finances for the 2013 fiscal year. Copies of the review were distributed among the members. Jim also distributed copies of the 2014 budget. The amount is set at \$94,000. There was general discussion about the expense of line breaks and amounts budgeted for repairs and improvements in 2014.

**Old Business:**

Jim Malisch gave an overview of the well and filter improvement project. Jim told the members that the IFA loan from the state closed in June of 2013 with a loan amount of \$367,739. Jim said that the one thing that remained was to refurbish the old well. Currently the old well did not have the capability to deliver sufficient water flow to backwash the new filters. He said that the task may be as simple as cleaning the well and installing a bigger pump, or as complex as drilling a new shaft next to the old shaft.

He told the members that the plan to refurbish the old well, (2A), was put on hold during the 2<sup>nd</sup> phase of the project, but now the association had sufficient money in savings to complete the task with association funds. Jim said that the new well has a third of the iron as the old well and that the old well requires a second chemical to oxidize the iron.

When asked if the old well could be used as a backup Jim told the shareholders that it could be used only a few days before the filter plugged because backwash would have to be disabled. Jim explained that it would not be a good idea to bypass the filter because that would put iron oxide into the reservoir tank again causing the orange slime.

Jim reported that Hiland Water had flushed the water lines by opening every hydrant on the system in July of 2013. This action flushed out the orange slime from the water lines. Jim said that Hiland Water would be doing it again soon.

Mike Seely expressed the opinion that he did not agree that the old well should be refurbished, but all options be examined before beginning refurbishing.

Debbie Greeley spoke briefly about the transition to Hiland Water as our contractor for system maintenance and billing services. She told the shareholders that they are a family based business out of Newberg Oregon. She said that if you have called Hiland about your bill, you have talked to Marilyn who is the mom. Debbie then introduced Silas Olson as the General Manager, and Aaron Olson as the Crew Leader for maintenance.

Silas spoke to the shareholders, telling them that they assumed maintenance responsibility in June, just a couple of weeks before the water line break on Mayger Road. He described the routine maintenance duties, working with the board and emergency response. Silas described remote monitoring equipment and the ability to monitor key parameters from Newberg. Silas described how Hiland resolved an issue with the pressure regulation valves located on Hermo Road.

When Silas asked for questions, Larry Haatia brought up the issue of the non-pollution resolution that he presented at the 2013 annual meeting. He felt that Hiland Water needed to be aware of the resolution and expressed concern that the resolution was not placed into the bylaws as shareholders voted at the 2013 meeting. Considerable discussion took place as to whether the resolution belonged in the bylaws or the articles of association. Debbie Greeley made a motion to place the resolution into the articles rather than the bylaws, but after more discussion withdrew her motion. After more discussion, Linda Hooper told the shareholders that Mike Seely was on record stating that the board would take up the issue and will have it ready by May in order to bring it back to shareholders no later than July.

When Linda asked if there were any other questions for Hiland Water, Evelyn Pugh asked Jim for clarification about the amount budgeted for maintenance in respect to Hiland Water. Jim answered that the amount budgeted for maintenance was for the Hiland contract and it included system maintenance and billing services. Jack Hendrickson asked if the association supplied the material such as pipe. Jim answered that if there was a pipe break, the association paid for the pipe. He pointed out that there was \$15,000 budgeted for repairs, and \$10,000 budgeted for improvements.

Linda asked Evelyn if that answered her question. Evelyn then asked if the amount budgeted for printing and postage was for Hiland's operation. Linda responded that it was not, and the amount was for notices mailed to the membership by the board and postage to pay the bills. She further explained that postage for billing was built into the contract with Hiland Water. Aaron and Silas left the meeting at that point.

**New Business:**

Linda Hooper presented two proposed changes to the association bylaws suggested by the board of directors after copies of the proposed changes were distributed to the members.

The first change was a modification of Article VII, Section 1 that added the city of Clatskanie to the locations for the annual members meeting. Jack Hendrickson made a motion that the association makes the proposed change. Larry Haatia seconded the motion. The motion passed without opposition.

The second change was a modification to Article XI, Section 1 that included wording that the board shall set the price for a service connection that is the result of a share transfer from a current member rather than from the association through the board of directors. There was discussion among the membership about the cost of a installing a meter service. Debbie Greeley made a motion that the association makes the proposed change. The motion was seconded and passed without opposition.

Linda asked if any other member would like to propose any bylaw change or had any other business to discuss. There was no response.

**Election of Board Members:**

Linda announced that there were two board positions open for election, the position held by Mike Seely and the position held by Jim Malisch. She called for nominations. Jack Hendrickson proposed the association retain the existing board. Larry Haatia seconded the motion. Linda asked if there were any other nominations, Carol Brandt nominated Kim Bunnell. Cheryl Malisch nominated Greg Smiley. Linda asked Greg if he would accept the nomination and described the duties of a director. Greg declined the nomination. Evelyn Pugh nominated Braden Lever. Braden said he would accept the nomination. Jack Hendrickson motioned that nominations be closed. Larry Haatia seconded the motion.

As paper ballots were being distributed, Linda listed the names of the four nominees and instructed the members to vote for two nominees. The vote count determined that Kim Bunnell was elected to the board having received a majority of the votes, but that there was a tie between Mike Seely and Jim Malisch for the second board position. A second ballot was distributed to shareholders for a run-off election. The second vote resulted in another tie. A coin toss was proposed and Jim Malisch won the toss. The 2014 board of directors are Linda Hooper, Tom Williams, Debbie Greeley, Kim Bunnell, and Jim Malisch.

The meeting adjourned at 8:15 PM

Respectfully submitted, March 17, 2014

Jim Malisch, Secretary-Treasurer of the Board

Approved by shareholders, March 3, 2015