

Edelweiss Board of Directors Meeting

October 13, 2011

Date: *October 13, 2011*

Present: Tom Lasater, Kelli Rotstan, John Kirner, Don Fitzpatrick, Jr., Coventry Jankowski, Lisa Tabbut

Absent: Larry Halford, Bruce Firestone, Leonard Yerkes

Staff Present: Craig Hook and Dick Volckmann

Guests: None

Chair: John Kirner

Minutes Recorder: Don Fitzpatrick, Jr.

The meeting was held at President, John Kirner's home. He opened the meeting at 6:15 PM.

1. Minutes	ACTION
<p>The reading of minutes from the 7-21-11 meeting, were dispensed with because they had been emailed to everyone.</p> <p>Minor corrections were made to the previous minutes (July 21, 2011) and the minutes will be reprinted and reposted. The corrections were changes to make the minutes read more clearly. No material changes were made.</p> <p>Approval of the minutes, as corrected, was unanimous.</p>	<p>Motion Passed</p>
2. Treasurer's Report	ACTION
<p>Coventry Jankowski passed out current Balance Sheet and P&L. Kelli Rotstan asked several questions about various accounts shown in the manager's report, all of which were answered by Coventry Jankowski or Dick Volckmann. Dick forecast that we are very close to budget and expect to be in good shape at the end of the year.</p> <p>Coventry Jankowski then explained the progress on solidifying and formalizing our collection policies. She and Dick Volckmann are trying to develop policy that is simple, expeditious, and legal. She said that it is important that whatever we do, we should be very consistent.</p> <p>Note: Following the board meeting, Tom Lasater had the following question: I apologize for this late question but I see one item on the financials that I would like to have explanation for prior to doing budgeting. I noticed that the 85% water use fees is 101.5% of budget and the water usage 15% category is only at 75.02%. 15% of the total of both categories is \$6000 versus the \$4615 that is listed.</p> <p>The answer was: It looks like no transfers of the 15% of water usage fees have been made into the ING account since the end of February when \$4614.96 was transferred. Total of the 15% transfers should be \$6243.92 (based on actual amount received for water usage).</p>	

Thus the ING account is owed \$1628.96 from operating funds. The reason the amount received is more than the amount budgeted is that some of the water money came from property owners who still owed from 2010. We should not have that discrepancy in the coming year. Coventry Jankowski was asked to have the money transferred to correct this.

Accounting correction to be made by Coventry

3. Manager's Report

Dick Volckmann's manager's report, provided prior to the board meeting, was reviewed. (See attached report.) The Lignin application was discussed, including where we would apply it, how much would be applied, the possible benefits of magnesium, and the limits of our budget. The result was Dick Volckmann being assigned to get a competitive bid, both with and without magnesium.

Dick will get a competitive bid.

Don Fitzpatrick commented on the D & O Insurance. Based on current threatened litigation he is involved in, his opinion is that D&O insurance is not very protective. He noted there are more lines of exclusions and exceptions than lines of protection. He said he was not proposing any changes, but would limit his own board participation (on any board) in the future. Following general discussion, Dick Volckmann said he would ask an attorney who could advise us on this matter and report back.

Dick will seek a legal recommendation.

4. Old Business

Snow Plowing

The unanimous vote of the board, done by email earlier this month, agreeing to Dick Volckmann's request to use Palm as our snowplow contractor for 2011-12, was confirmed.

Motion passed

Medicine Wheel communications.

The Board discussed the current different options for a web site user for emailing to Board and Management. Tom Lasater moved we have only one link that goes to the Board and Managers. Second by Don Fitzpatrick. The vote was unanimous in favor. The board felt that Management would typically have the correct answer and would be the proper source to

Motion Passed

answer emails. However, by everyone receiving the email, the entire Board would be kept in the loop on any issues, and be able to offer comment to Management, if they felt it was important. If Management feels that the issue could better be addressed by the President or a different Board member, they could coordinate the response as required. This solution seemed to be the best way to give our members full access to the Board, but allow timely and consistent responses.

Dick Volckmann will continue to post minutes and financial reports on the web site.

Sewer Hook Up Charges

Current charges are \$4400 for a sewer hook-up. The “Transfer of Edelweiss Sewer Agreement” indicates that we could charge \$6050, but gives the Board the right to adjust fees based on actual expenses and projected needs. Since the Board did not feel we have enough current information or expertise to make this decision, Dick will contact the County to determine if they feel our current charges are adequate. We will then address the question further. In the meantime, charges will remain as posted, at \$4400 for a two bedroom home.

It was noted that our lift stations for the sewer are going to need replacement, including some piping. Management has been in contact with the County. The County has the responsibility for these repairs.

Water System

Tom Lasater reported on the meeting of the Long Range Planning Committee, which addressed our water system. They discussed our low and high water pressure problems, and what we can do to balance the system. The Long Range Planning committee recommended that we seek professional help with a qualified engineer. They further discussed our long term capital needs for a system that will serve the community when it is completely built out. The solutions involved in this issue also require professional help.

Following the meeting, Tom Lasater and Dick Volckmann met with Mel Hartwig, who has been responsible for our water system engineering in the past. He runs a computer program that analyzes our system and develops a model, so he can determine what we should do and write a report with his recommendations. This program was used to develop many of the upgrades and changes we have made since 1996. He ran the program once more in 2006, but did not have updated information. To be effective he needs updated information from the field, which includes elevations at many places, actual pressures at many places, and current information on the placement and type of pressure reducing valves (PRV) and pipe size and length. Mel Hartwig recommended that we update our information and allow him to run a current analysis and then he can make recommendations on both issues. He reminded us that the comprehensive plan he helped us develop before indicated about \$1.5 million would be required in capital improvements to make our system suitable for full build out. (One Board member noted that our system, at full build out, would be larger than the city of Winthrop.)

The Board and Management felt that we could provide most of the field information ourselves with a good altimeter and a measuring wheel. Management will start gathering this information.

Decision

The Board felt that we should make plans to utilize the expertise of Mel Hartwig to help us address current balance problems, and develop current priorities for capital improvements.

These discussions made it clear to the Board that we have an important need to determine how we will provide the financial resources for the necessary capital improvements. Several possible alternatives were discussed, including using assessments to build our capital improvement fund; putting year end surpluses (if any) into our water capital improvement fund; providing more funds from our regular dues budgeting for water. The Board acknowledged the need to develop the capital improvement fund in a way that treated all member groups fairly. These include, campsite lot owners, lot owners currently paying water fees, and lot owners not currently paying for water fees. Any changes can affect all groups. The Long Range Planning Committee recommended that we review our rates at budget time. The Board agreed. Dick Volckmann will talk to the Evergreen Rural Water Association of Washington, prior to our budget work, to see if they can give us any useful information on rate structures.

Dick to contact Evergreen Water Assc.

5. New Business

None

6. Executive Session

None

7. Misc. Notes

A budget planning meeting was tentatively set for Tuesday, the 15th of November.

The next Board Meeting was tentatively set for Wednesday, December 14th, at 6:30 PM at Coventry Jankowski's home.

The newsletter will be coming out soon. Dick Volckmann asked Board members to let him know about any items of important that they thought should be included.

The meeting was adjourned at 9:30 PM.

General Manager's Report:

1- Lignin – There has been some discussion about the quality of the lignin application this past summer, particularly along Homestead Road. I agree that the first application on Homestead was lighter than it had been in 2010. This was exacerbated by the fact that because of weather restrictions the application was made immediately before the 4th of July holiday weekend. Very heavy (and fast) traffic at this time tended to wear off the surface before it had a chance to ‘wear in’. At my request, Cascade Concrete made a second pass of lignin on Homestead at their cost. The result was that we ended up paying no more for lignin than we had budgeted. Unless there is general disagreement, I propose that next summer we wait until after the 4th of July holiday to apply the lignin. This should extend its life through the summer months.

We had a good result by extending the lignin application to the upper part of Highland Road. But this was done at the expense of the first section of Highland Road along which there are no homes. The result was that this section became extremely ‘wash-boarded’ as the summer progressed. For next summer I propose that, in addition to the upper part of Highland Road, we budget for enough lignin to cover the stretch that was left out this year.

2- Cows – There weren’t any. At least not in Edelweiss. Prior to the cattle being let into their range, Craig and I walked and repaired the entire length of the fence between Edelweiss and the National Forest. The result was two-fold. 1- we didn’t have to pay anyone to repair the fence, and 2- the cows stayed where they belonged on the other side of the fence.

3- Bears – Very few. There were occasional sightings (including one big brown one walking up my driveway a few months ago), but mostly they stayed out of sight and out of trouble. Perhaps folks are getting more diligent about bringing in bird feeders, securing garbage etc.

4- Insurance – We have a new commercial liability insurance provider for the Edelweiss Community. It is Philadelphia Insurance Company (which as a BBB rating of AAA). This change from American Family Insurance saves about \$365 and assures us of an insurance agent who will be personally responsive to our needs. The agent is Paul Pukas owner of Mosaic Insurance of Lynnwood, WA. Paul was the agent who we dealt with until he left American Family last year. Since then we have never been contacted by the new AmFam agent, which is not indicative of good service, especially if we ever have a claim. If that occurs, I have full confidence in Paul’s reliability and integrity.

5 – Snowplowing – I have informed Jerry Palm of the Board’s decision to contract with him for snowplowing for the 2011-2012 season. He has agreed to the same rate as last year - \$36,000.00 plus tax. He will be using a large loader-mounted snow blower to supplement the normal snowplows. It is expected that this will result in a cleaner and wider road surface.

6- Water Issues – 1- The repair of the leak in the pipe from the Cassal well to the booster pump (as reported at the last Board meeting) proved to be the solution to the lack of water delivered from the well which caused the water outage in July. All is pumping well at this time.

2- The main meter at the booster pumps failed and has been replaced. Replacement was necessary because parts are no longer available for the old meter. The cost of the new (digital) meter was \$1317.87. There will be some additional expense due to fact that some increased length of pipe had to be welded to the existing system in the booster pump house in order to adapt the new meter to the system.

6 – Late Paying Property Owners – Our receivables have decreased considerably to about \$1140.00 representing 3 property owners. I have firm promises to pay from each of them. The owner of a lot on

which a lien had been placed over two years ago has paid his balance owed. The lien has been released. This leaves only one lien outstanding. The owner has promised me personally that his account (including lien fees) will be cleared before month's end.

Future collection procedures will be discussed at the meeting.

7- Accounts – As of 09/30/2011, our ING Accounts were as follows:

General Savings	\$ 85,256.28
Water	\$ 13,411.17
Sewer	\$199,805.68
Farmers checking as of 09/30/2011 . . .	\$ 41,481.76
(as of 10/05/2011) . .	\$ 32,751.46

(Not yet posted to the accounts is an owner's check which has yet to be posted, representing \$3540 for the water account, \$3000 for the building road fund (ordinary income), and \$518.20 (ordinary income) for a coiled water meter setter.