

Lake Entiat Lodge Associated
Meeting of the Board of Directors
October 18, 2000

Time and Place

The Directors of Lake Entiat Lodge Associated met on Wednesday, October 18, 2000. The Meeting was held at the Denny's in Canyon Park, Bothell, Washington. President Dan Russell called the meeting to order at 11:37AM.

Present

The following Directors were present for the meeting: Dan Russell, Marcia Kindig, Tammy Doherty, Dana Bowman, John Divine, Nick Nelson and Lynn Rehn. Jay Anderson the Association Treasurer was also present. Also present at the meeting representing the Association management company was Alex Osenbach. Mr. Russell acted as chairman and Mr. Osenbach acted as secretary for the meeting.

Approval of Minutes

The minutes of the August 12, 2000 meeting of the Directors were reviewed. After review and a motion duly made and seconded, (motion by Divine second by Nelson) the minutes of the August 12, 2000 meeting of the Directors were approved as submitted.

Financial Statement Review

The Board reviewed the September 30, 2000 financial statements. It was noted that the cash balance of \$189,122 was comprised of \$103,732 in the Reserve for Capital Improvements, \$5,466 in the Water System Improvement Reserve and \$79,824 in the Operating Account. Actual expenses for the nine months ending September 30 were \$165,550 compared to last year for the same period of \$165,098 and budget of \$189,887. Expenses below budget were Grounds Labor, Building Maintenance, Pool Supplies and Repairs and Water System Repairs. Income was above budget mainly due to fourth quarter payments received prior to September 30.

Both the analysis of the Capital Improvement Reserve and the Water System Improvement Reserve were reviewed. Key items noted were \$20,000 was transferred from the Capital Improvement Reserve to the Water System Improvement Reserve to cover the first payment to Hammond Collier of \$89,069. Additional funds will need to be transferred when the bill is received for the balance of the contract. It was also noted the \$18,697 has been expended this year for legal costs associated obtaining adequate water rights for all Association members.

The Board also reviewed and discussed the listing of delinquent owners, and the monthly detail listing of the building maintenance expense category.

Water Update

Mr. Russell reported on the past several weeks of activity related to the legal efforts to obtain adequate water rights for the Association. Mr. Russell, Ms. Rehn and Mr. Osenbach met with Pat Spurgin in Yakima on September 18th and participated in the preliminary hearing with the Pollution control Hearing Board (PCHB) and the Attorney General (AG) regarding setting dates

for the hearing and any pre-hearing motions. The hearing is set for April 12, 2001. It is expected that the AG will submit a motion for dismissal on November 1, 2000. The grounds for the dismissal are that the AG believes that the PCHB does not have any jurisdiction in this matter as no ruling has been issued by the Department of Ecology. Following the meeting with Spurgin on the 18th Russell, Rehn and Osenbach met with Mary Hunt, Douglas County Commissioner, on the 19th to discuss the Association's problem. Following that meeting the 12th District Representative Linda Evans Parlette was contacted. Mary Hunt, since that meeting, has written to Tom Fitzsimmons the head of the Department of Ecology regarding the problem and Mr. Russell has had discussions and follow-up correspondence with representatives from Linda Evans Parlette's office. Linda Evans office will be contacting the office of Clyde Ballard's forwarding to them all correspondence. At this time it is unknown if these efforts will provide any benefit. In addition Mr. Spurgin will be contacting the John's Real Estate Company regarding the water rights problems and the John's Company involvement.

Following this update the Board reviewed the water usage data collected over the past three years. This data reflects a continual increase in water consumption. Increasing each month this year with the exception of September over the same month of previous years.

Utility Rate Structure

Ms. Doherty and J. Anderson presented their recommendations for the Association water/utility billing structure as we move forward in meeting the requirements of the State Revolving Fund loan. Water systems costs, expenses and revenues to operate the water system need to be isolated from the other costs of the Association. In this regard, Ms. Doherty and Mr. Anderson presented two options. Following discussion and a motion duly made and seconded the following resolution was unanimously adopted. Motion by Kindig second by Doherty.

Resolved that: All members will pay equally for the basic cost of the water system operation regardless of whether they are connected or not.

Example of the year 2001 annual billing assessment

	<u>Association Operations</u>	<u>Water/Utility System Operations</u>	
Current Fee	710		
Loan Payment	388		
Reduction of 50% of the Water Improvement fee	<u>(50)</u>		
2001 Assessment (all members)	\$ 1,048		
Transfers (from operations/capital to the water/utility system operations)			
Loan Payment	(388)	388	
Water Improvement Fee	(50)	50	
Operating Costs	<u>(133)</u>	<u>133</u>	
Net Fee Allocation	477	571	total (\$1,048)

Also discussed at this time was the number of gallons to be allocated under the basic cost allocation in the 2001 annual assessment. After discussion and a motion duly made and seconded the following resolution was unanimously adopted. Motion by Divine second by Rehn.

Resolved that: The base gallons to be utilized for billing of excess water consumption will be set at 10,000 gallons per calendar month.

The 10,000 gallon number was utilized as it was a comparable with other water systems within the immediate area of Sun Cove.

Additionally, the Board discussed the water usage rate to be used for consumption of water on a monthly bases in excess of 10,000 gallons. After a motion duly made and seconded the following resolution was adopted. Motion by Kindig second by Nelson. Kindig, Nelson, Rehn, Divine and Bowman in favor, Doherty and Russell opposed.

Resolved that the fee of \$1.00 is established for each 1,000 gallons of water consumed above 10,000 on a monthly basis.

Water Rate Billing Software

The Board discussed the need for purchasing billing software for the purpose of converting the meter reading from the Schlumberger-J meter which will be installed to measure water usage to each lot and producing a monthly/quarterly billing. The estimates obtained from software providers range from \$2,300 to over \$6,000. The software recommended by the Association's engineering firm is in the \$4,000 range. Following discussion and a motion duly made and seconded the following resolution was unanimously adopted. Motion by Divine second by Kindig.

Resolved that: an amount not to exceed \$5,000 is authorized to purchase billing software to accommodate the collection of meter readings and convert the data to an end product billing.

2001 Budget

The 2001 budget was distributed to the Board. Discussion followed with Mr. Osenbach pointing out the change over the 2000 budget. The assumptions were also pointed out. The preliminary budget reflects an annual increase of \$338 per lot. This increase is the result of the agreed \$388 loan repayment amount and a reduction of \$50 in the Water Improvement Fund.

Operations	\$ 510
Capital Improvement	100
Water Improvement	50
Loan Repayment	388
Total	1,048

The Board agreed to take time between now and November 8th and review the details of the 2001 budget and be prepared to take action on adoption of the budget at the next meeting.

Olstad Correspondence

The Board reviewed the letter received from a particular property holder regarding the abandonment of the adjoining lot line. The owners had previously abandoned the property line. They received the benefit of only paying one fee for six quarters. They recently reversed the abandonment and paid the back six quarters fees along with a prepaid water connection fee. They now again wish to abandon the same property line and are requesting a refund of the six quarters fee they paid along with the prepaid water connection fee. Following discussion and a motion duly made and seconded the following resolution was unanimously adopted. Motion by Divine second by Russell.

Resolved that: the prepaid water fee only be refunded.

Next Meeting

The next Board meeting is scheduled for Wednesday, November 8, 2000, at 11:30 AM.

Adjournment

There being no other items requiring action by the Board the meeting was adjourned at 2:00PM.

Submitted By:



Alex Osenbach
Acting Secretary