Lake Entiat Lodge Associated

Meeting of the Board of Directors
January 24, 2001

Time and Place

The Directors of Lake Entiat Lodge Associated met on Wednesday, January 24, 2001. The meeting was held at Denny's in Canyon Park, Bothell, Washington. President Dan Russell called the meeting to order at 11:35AM.

Present

The following Directors were present for the meeting: Dan Russell, Marcia Kindig, Dana Bowman, Nick Nelson, Jack Divine, Tammy Doherty and Lynn Rehn. Also present at the meeting were Jay Anderson, the Association's Treasurer; Alex Osenbach, representing the Association's management company and Association member, Pat Knowles. Pat Spurgin, the Association's water attorney, was also in attendance. Mr. Russell acted as chairman and Mr. Osenbach acted as secretary for the meeting.

Approval of Minutes

The minutes of the November 8, 2000 meeting of the Directors were reviewed. After review and a motion duly made and seconded, (motion by Doherty second by Divine) the minutes of the November 8, 2000 meeting of the Directors were approved as submitted.

Marcia Kindig arrived at 11:40 AM.

Financial Review

The Board reviewed the preliminary draft of the December 31, 2000 Financial Statements. Before the Statements can be finalized there will need several adjustments to 1) depreciation, 2) prepaid water connections, 3) transfers to the water fund. Cash balances at 12/31 were Operating Account $88,047; Capital Improvements $106,680; and the Water Fund has a deficit balance of $14,943. The Board reviewed the analysis schedules of the funds. Following a motion duly made and seconded, the following resolution was unanimously adopted (motion by Nelson second by Doherty).

Resolved that: $20,000 shall be transferred from the Capital Improvement fund to the water fund.

The operating statement reflects a surplus of $24, 765 prior to depreciation as compared to a breakeven budget and a surplus in 1999 of $20,057. Depreciation for 2000 was $53,400. Expense areas below budget were Grounds payroll, Power and Building Maintenance.

Mr. Spurgin arrived at 12:05 PM.

Water Update

Mr. Spurgin reported on the dismissal by the PCHB to our appeal action. He stated that the PCHB declined to hear the issue as the DOE's letter was not an order of the DOE and the PCHB

did not have jurisdiction. This was the predicted out come however; we were required to proceed in order to exhaust any administrative process prior to filing a lawsuit. Mr. Spurgin then discussed the possibility of utilizing the Douglas County Conservancy Board to move along the pending changes that have been filed with the DOE. The Douglas County Conservancy Board is a relatively new entity that may be able to deal with two of our pending applications 1) place of use application to add the 1st addition as a place of use 2) change the point of withdrawal of the irrigation water right to the #3 well location. We anticipate receiving the necessary forms and filling them with the Conservancy Board prior to their next meeting. The Conservancy Board's next meeting is on February 6th and we would like to be on the agenda with our completed applications at that meeting. The Douglas County Conservancy Board will not be able to help with the larger issue: that of the 160 gallon per minute limitation and the 256 acre feet limitation. The Association's position, one of a constitutional nature, pertains to the DOE's failure to properly provide notice to all property owners when they placed the 256-acre feet limitation in 1977.

Dana Bowman arrived at 12:10 PM.

Mr. Spurgin then discussed the Superior Court proceeding and how we would approach a declaratory judgement. In addition, Mr. Barwin of the DOE is suggesting that we look at purchasing water rights from others. Discussion followed with a question and answer period between the Board members and Mr. Spurgin.

Following a motion duly made and seconded the following resolution was unanimously adopted (motion by Kindig second by Divine).

Resolved that: The President is authorized to spend up to $5,000 to pursue the purchase of up to 174 acre feet of water rights, provided such purchase will allow the transfer of the water rights to Lake Entiat Estates.

Following further discussion and a motion duly made and seconded the following resolution was unanimously adopted (motion by Divine second by Kindig).

Resolved that: The Association authorizes Mr. Spurgin to pursue through the Douglas County Conservancy Board the change application currently filed with DOE to 1) add the 1st addition as a place of use, 2) change the place of withdrawal of the irrigation water rights to well #3.

Following further discussion and a motion duly made and seconded the following resolution was unanimously adopted (motion by Kindig second by Doherty).

Resolved that: The President and Mr. Spurgin are authorized to pursue the constitutional issues and the filing of a lawsuit against the DOE to obtain the Association's right to the 550 gallon per minute water right as originally applied for in 1968 and subsequently modified by the DOE.

Mr. Spurgin agreed to prepare a disclosure plan outlining the steps that would be taken and estimated cost in pursuing the lawsuit.

Mr. Spurgin left the meeting at 1:30 PM.

State Revolving Fund Loan

There has been $113, 966 in expenses paid to date for the replacement of the Association water lines which can be reimbursed by submitting the first draw request. No draw request has been submitted yet. The Board previously agreed to wait until the bids were received from the contractor to be certain that the work could be accomplished within the loan limit of 2 million dollars. The Board discussed the timing of submitting the first draw request. Following discussion and a motion duly made and seconded the following resolution was unanimously adopted (motion by Divine second by Nelson).

Resolved that: The first draw request would be submitted to the state Department of Public Works following the signing of the contract with Pipkin Construction.

Update on "DDI" Bid

Mr. Russell reported on the status of the contract with DDI of Tacoma. Mr. Russell stated that the contract was awarded to DDI, the low bidder for the water line replacement, on January 2, 2001, and on January 8th the Association received notification from DDI that they were withdrawing their bid. DDI's bid was $1,187,915 plus tax. The second bid, Olalla Hills Construction from Olalla, Washington was $1,212,354 plus tax and Pipkin from East Wenatchee was $1,228,000 plus tax. With the DDI withdrawal, the Water Committee decided to go with Pipkin as the dollar difference was minor and that Pipkin being a local contractor the Association would receive a better response to warranty calls. In addition, there were a number of concerns raised regarding Olalla Hills following reference calls that were made to verify their ability to do the work. The Association awarded the bid to Pipkin on January 22, 2001. Work is expected to begin in mid-February.

Additionally, with DDI withdrawing their bid, the Association submitted a claim under DDI's bid bond. The bid bond submitted by DDI was for 5% of the contract amount or $59.395. As the claim has just been filed, we have had no response from the Travelers Insurance Company. It should be noted that while the bid amount came in under the state loan, engineering costs are not part of the bid amount. It is still anticipated that there will be a reduction in each member's annual loan repayment fees when the project is completed.

Jay Anderson left the meeting at 2:00 PM.

Bargmann Contract

Mr. Divine reported on his search to locate an individual to act as the Association's representative to protect the Associations interests during the construction period. Two individuals were located who would be able to perform in this capacity; Richard Green and Bert Bargmann. The fee would be $60 per hour. The Board discussed the advantages of utilizing either of these individuals and looked at the issue as a matter of insurance to be sure the project was successful and that additional dollars were not spent needlessly. Following a motion dully made and seconded the following resolution was unanimously adopted (motion by Divine seconded by Rehn).

Resolved that: Mr. Bargmann be hired as the Association's Representative of the water line replacement contract.

Caretaker

It was reported that Lee and Lani Gerrish have moved into the Association's house and have assumed the caretaker's responsibilities. Nate Cummings and his wife have left the Association. Before Lee and Lani moved in there were some repairs and updating that were made to the house including the replacement of the kitchen appliances.

Lynn Rehn left the meeting at 2:30 PM

Lot Line Abandonment

The Board reviewed and discussed the County requirements for abandoning a property line including a review of the County form "*DECLARATION RE: CONSOLIDATION OF PARCELS AND CERTIFICATION OF LEGAL DESCRIPTIONS" (Declaration).* Currently, in order for a homeowner to remove the Association's assessment from a lot with an adjoining property line, this form must be completed, filed and recorded with the County. The owner will supply the Association with a copy of the recorded document after the County has completed the process. Upon receipt of a recorded copy of the "Declaration" the Association will remove the assessments from one lot effective at the beginning of the following year. This continues the policy established by the Association in 1991, which may be altered by county requirements or changes to their policies.

Annual Meeting Date

The Board established April 7, 2001 as the date of the next annual meeting.

Next Board Meeting

The next Board meeting will be at 11:30 AM on March 14, 2001.

Adjournment

There being no other items requiring action by the Board the meeting was adjourned at 2:55PM.

Submitted By:

Alex Osenbach
Acting Secretary