

Rhododendron Water Association
Annual Meeting of the Membership Minutes
Saturday, May 18, 2013
1:00PM
ZigZag Inn
70162 U.S. Hwy. 26
Welches, Oregon

- **Call Meeting to Order**

Steve Graeper

Welcome and Opening remarks

The President called the Annual Meeting of the Rhododendron Water Association Membership to order at 1:05 PM. He welcomed everyone and expressed his appreciation to ZigZag Inn for offering the facilities. Ten members were present (see attached sign in sheet). Also present were Board members: Steve Graeper, Ralph Pitt, Merv Novinger and Dan Holm, Contractor David Jacob (Water Master), Contractor Marilyn and Eric Peterson, Mountain Quail Business Services, Inc. (Executive Secretary and administrative support) and Guest Speaker Deputy Chief John Ingrao, Hoodland Fire District 74. Board members Nancy Dougherty, Curt Thompson and John Young were excused with notice.

- **Guest Speaker**

Deputy Hoodland Fire Chief John Ingrao

Deputy Chief Ingrao introduced attendees to Clackamas County's Emergency Notification System. He recommended that people register with the County for this service. Registration can be accomplished on line by contacting the county web site at: <http://www.clackamas.us/emergency/ccens.html>. It's free, secure and the county does not sell the list. In cases of emergency, such as flooding, a wildfire or a bad accident that closes Highway 26, Hoodland Fire can have Clackamas County selectively call property owners who live in the affected areas. The system can also be implemented in cases where there is a dangerous animal sighted or a manhunt is being conducted. This system can also be useful for people who have cabins in the area, but live elsewhere. When you register, you can have up to five contact numbers registered in the system (including emails, cell phones, etc.) so even if you do not live on the mountain, you can register an alternate contact number. The information transmitted through this system will be purposeful, focused and only used for high emergencies that affect many in an area.

Graeper was concerned that when Ingrao asked how many had registered with the system, no one raised his or her hand. Ingrao responded that Hoodland Fire has increased its public education in this regard. Graeper asked if it was on the Fire District web site or Facebook page and Ingrao indicated that if it were not, it would be. Deputy Ingrao will take the suggestions to use as many avenues as possible to educate the public regarding the Reverse 911 system back to Chief Mic Eby.

Deputy Ingrao also spoke about the need for disaster preparedness in cases of larger scale incidents, i.e., incidents like an earthquake that would have more far-reaching affects than just the local area. This region would need to be as self-sufficient as possible, with the Hoodland Fire District being a local information resource. Self-sufficiency should be sustainable for 5-14 days. Hoodland Fire District also helps facilitate training and/or education in this regard. Contact the fire department web site at: <http://www.hoodlandfire.org/> for more information.

Ingrao offered several handouts and encouraged people to take a copy of the CD on protecting one's home during fire season. He recommended that it be shared with neighbors. He emphasized that the District is committed to keeping the community informed and supported, adding that the District's Facebook site is updated about every half hour. He concluded his presentation by saying that the District welcomes calls with any questions, comments or concerns.

Rhododendron Water Association

Annual Meeting Minutes

May 18, 2013

Graeper followed Ingrao's presentation with a statement of appreciation to the District for their availability and commitment of support to all the water systems on the mountain in cases of emergency.

- **Secretary's Report**

Nancy Dougherty

In Secretary Dougherty's absence, Graeper called on Executive Secretary Peterson for the reading of the minutes of the last Annual Meeting held on Saturday, May 19, 2012, indicating that they had been distributed in the notification mailing prior to the Annual Meeting. Kathy Kaiser moved and Linny Adamson seconded **a motion to dispense with the reading of the minutes**. No discussion, **motion carried**. The President called for any changes or corrections of the minutes as distributed. One correction was pointed out: the drawing at last year's Annual Meeting was won by Kathy Olds, not Kathy Kaiser. Dan Holm moved and Michelle Lamoreaux seconded **a motion accept the Minutes as corrected**. There was no discussion. The **motion passed**.

- **Executive Secretary's Report**

Mtn. Quail Business Services

Marilyn Peterson, Mountain Quail Business Services, Inc., briefed attendees on administrative changes implemented by the Board in 2012 and 2013 to date. One change included the development of a Part-Time Water Use application form that was sent out mid-November 2012. Previous Part-Time members, who returned their application, had their annual billing modified from Full-Time to Part-Time rates prior to the January 2013 mailing of statements. This application process will occur on an annual basis to insure that changes in use for a property will be recorded and billed according to their water use status at the beginning of each year. She also touched on new payment plan options: monthly or quarterly plans are now available for Commercial, Full-Time and Part-Time users. Those who choose to pay over time are charged a billing fee to cover the costs of additional billings. At this time, 28 of 405 members (less than 7%) elected a payment plan. Peterson concluded her report recommending that members periodically check the RWA website at: <http://rwa.mthood.info/> for news and updates.

- **Treasurer's Report**

Curt Thompson

Treasurer Curt Thompson was not present so Marilyn Peterson retained the floor and gave the Treasurer's report for Year-End 2012 and Year-to-Date 2013. She presented the Balance sheet that compared Year-End 2011 to Year-End 2012. While RWA improved its cash accounts since 2011, the bigger picture reveals that its biggest asset gain was in the investment contribution to Ameriprise late fall 2012. Overall, the \$42,500 investment contribution into several municipal bond funds substantially increased RWA's asset position when compared to year-end 2012.

She then presented the 2012 Profit and Loss report, which revealed revenue came in \$3,500 over budget (due mostly to membership transfer fees, late fees, etc.) and \$29,450 under budget in expenses (due mostly to a mid-year shift in maintenance/capital project costs and to a 2012 project being delayed in finish up until 2013).

Moving to the 2013 January through April (first trimester) financials, Peterson focused first on the Balance Sheet with its year-to-date figures compared to year-end 2012. Assets are up overall 33%, due mostly to RWA's billing cycle being the first quarter of the year. On the liability side, accounts payable were up due to one significant bill on a capital improvement project that was held over past the report date for clarification. The real strength of the Association's financial position lies in its \$165,575 liquid assets (40.8% of the assets are cash) and in its strong equity position (RWA owns just under 99% of its assets without any diminished by debt liabilities).

Rhododendron Water Association

Annual Meeting Minutes

May 18, 2013

Peterson concluded her report stating that RWA has shown significant growth in financial strength over the last three years and is currently positioning the Association to self-fund all capital improvements planned over the next ten years, which will hopefully eliminate any need to borrow funds to complete necessary Capital Improvements.

- **Water Master Report**

David Jacob

Water Master David Jacob reported that there has been good progress made on routine projects such as, leak detection and repairs, service meter installations (160 to go) and various other routine maintenance projects. The meter project is designed to install 30 or more meters per year over the next few years. However, meter installations are now becoming more difficult due to the fact that non-metallic water lines are hard to locate if they do not have tracer wires. He emphasized that the metering (both branch line and individual services) is for leak detection. The metering done thus far has yielded exceptional results. Prior to implementing the metering program, the system lost about 85GPM (top production capacity is 130GPM). System leaks are now down to 30GPM with a 10GMP (or less) goal. Graeper emphasized that the service meter installation project was for leak detection purposes rather than to start billing by meter readings.

Capital Improvement projects include the installation of the recent Board approved, "Supervised Control And Data Acquisition" (SCADA) system, that is ramping up for completion by July 1. The other significant Capital Improvement project for 2013 is repairing the diversion structure, which is scheduled for completion by September 15. President Graeper will go into more detail on these projects in his report.

A member questioned when "Tracer Wires" would be installed. Jacob said that it has been his, and the Associations, policy to install tracer wires on all waterlines installed, replaced or repaired. He has been doing this since he came on as Water Master in 1999. However, there are large sections of the system (such as in the Woodlands) that were installed with Black Poly pipe in the 1960's that do not have tracer wire.

Graeper thanked David for his great work and referred members to the Consumer Confidence Report for 2012 (which is also posted on the RWA website.)

- **Presidents Report**

Steve Graeper

Graeper started his report by thanking the Board for their commitment of time and energy to the management of the water system. Without their input and guidance the water system (both financially and structurally) would not be in anywhere near the great condition we are currently. He talked about two of the more important improvements approved by the Board: Leak Detection and Repairs through the metering program and the significantly improved planning process for Capital projects. He offered the Board's draft of a Mission Statement for RWA to the membership: ***Providing tomorrow's water quality and reliability... Today.*** He assured the membership that should they move to adopt the mission statement, all Board decisions from here on would be based on fulfilling the mission statement.

He also praised the Board for their management and stewardship of the Association funds intended for self-funding Capital Improvement projects. He presented a spreadsheet listing several Capital Projects totaling \$842,000 to be completed over the next ten years. He emphasized that the RWA Board wants to meet these

Rhododendron Water Association

Annual Meeting Minutes

May 18, 2013

financial needs, not by borrowing, but by Self-Funding, with on-going biennial minor dues increases and diligent management of Capitol Improvement funds. Dues, the fruit of which pays for current operations, as well as funding Capital Improvement Projects, are slated for increase by 3% every two years (or 1.5% Annually). He alerted the membership that as a part of this plan, the next 3% dues increase (about \$10/member) would be implemented in 2014. However, he pointed out that industry recommendations call for rate increases of 2.6% annually, just to keep up with inflation. Graeper believes that with proper management of funds from dues, the Capital Improvement program the Board has slated can be accomplished with no special assessments, borrowed funds or substantial rate increases.

For example, he touched on the current SCADA project. While costing approximately \$10,000 now, the Association will realize a full return on this investment within five years, due to an expected decrease in the Water Master's fees of \$2,000 per year. This fee decrease is a direct result of the SCADA system's ability to increase the scope of data acquisition and efficiency in which it is generated, resulting in fewer trips to the filtration plant by the Water Master. Graeper believes this is an illustration of the Board's conservative approach to managing the assets of the system. However, in the spirit of transparency, Graeper also told the Membership that the Board has moved to pay him an annual \$500 Consulting Fee for the development and management of the ten year Capital Improvement Project plan. He went through the details presented on the spreadsheet, project by project, explaining each in perspective with regard to the integrity of the water system and its operations.

Then, as another example of the Boards prudent management, he offered that they elected to move some of the Associations Reserve Funds into an Ameriprise Municipal Bond Investment portfolio. The Board's goal is to gain at least a 3% return on its reserve funds. Graeper introduced Vice President Ralph Pitt, who touched on the Board's conservative planning for the long-term health of the system and the organization. Pitt gave the Membership a briefing on the Board's approach to making the decision to invest in a municipal bond portfolio. 70% of the holdings in the fund are rated AA or AAA. They are diversified, not overlapping types. RWA has access to the funds at any time. As of May 9, 2013, the fund had experienced a \$382.95 unrealized loss, mostly due to some "Front-end loads" and the fact the bond market did not perform as well as expected the first four months of the year. However, the bond market started turning in April, with a projected break-even as early as July. At the end of the first year, Pitt anticipates about a 1.5% return. Pitt spoke about the investment counselors with Ameriprise and his monitoring of the money. One of the advantages of the investment plan, in his view, is that when change comes, there is sufficient time to move money as needed. Graeper added that this strategy is as much about avoiding capital assessments as anything. It is equally important that there is fiscal responsibility. Pitt added a slightly different take on capital projects funding. Where Graeper talks about "wanting" to self-fund, Pitt believes that it is almost imperative that RWA self-fund due to the costs of borrowing. Graeper affirmed that the capital project fund accumulation is planned to cover the full \$842,000 in planned capital projects.

Graeper concluded his comments by saying that the listing was the focus for the Board's work on stewardship of the funds for development and protection of the system's assets.

Rhododendron Water Association

Annual Meeting Minutes

May 18, 2013

- **Results of Balloting**

Mt. Quail Business Services

Election Clerk, Eric Peterson, Mountain Quail Business Services, Inc., announced the election results: Merv Novinger 27 votes, Nancy Dougherty 25 votes. There were no additional write-ins. This was based on 18 proxy ballots received prior to the meeting and an additional nine ballots cast at the meeting. Both candidates were declared elected.

- **New Business**

The President called for a Membership show of hands in favor of adopting the Board's drafted Mission Statement: *Providing tomorrow's water quality and reliability... Today.* The Mission Statement was adopted.

- **Member Questions/Suggestions**

Member Linnny Adamson asked about the Diversion Structure project. Graeper briefed the membership on the project, which will be completed in August/September 2013. The project costs are anticipated to come in on budget of \$50,000.

Ann Kinne asked if RWA was accepting any new water connections by application and fee. Graeper affirmed that RWA no longer has a moratorium on new connections and would consider applications on an individual basis. The system has the capacity for new connections, but there may be some improvements to the infrastructure that need to be completed depending on where the new connection is.

Dan Holm told the Membership that RWA could also be part of the Clackamas County Reverse 911 system, in case of an Emergency Boil notice. By having everyone sign up with numbers/emails, etc., Clackamas County can do a call out in emergency for a very small fee. Graeper noted that this notification method could replace the door hanger notification, which is currently the requirement in emergency. Signing up for the Clackamas County Emergency Notification System is easy as Deputy Chief Ingrao indicated and a link to the sign-up page can be found on the RWA web site: <http://rwa.mthood.info>

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- **Adjournment**

Dick McAbery moved and Michelle Lamoreaux seconded **a motion to adjourn the meeting at 2:40 PM.** There was no further discussion. The **motion passed** unanimously.

Respectfully submitted,

Marilyn Peterson

Mountain Quail Business Services, Inc.

Attached:

Member sign in sheets

Agenda

Minutes of the Saturday, May 19, 2013 Annual Meeting of the Membership

Treasurer's Reports for Year-end 2012 and Year-to-date 2013

2012 Consumer Confidence Report

Proposed Capital Improvement Projects for 2013-2022

Election Clerk's Report, Board Member Election Results