

ROOSEVELT WATER ASSOCIATION, INC.

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2010 ANNUAL MEETING MINUTES

February 18, 2010

The annual meeting of Roosevelt Water Association, Inc. (RWA) was called to order at 8:06 pm by President Glen Allen. The meeting was held at the French Creek Manor in Snohomish.

A quorum was present and consisted of President Glen Allen, Vice President Doug Campbell, Peter Moon, and John Claybrook. Also present was Secretary/ Manager Jesse Rowe, Manager in Training Janelle MacDicken, and Rose Fowler.

President Glen Allen asked the Board of Trustees and guests to introduce themselves. Members present: John Olsen, Clint Meadway, Judy Hall, Vickie Goetz, and Nathan O'Neill

Minutes from the February 19, 2009 annual meeting were read and approved.

President Glen Allen expressed his gratitude to Cindy Sherwood for the use of the French Creek Manor facility as well as providing refreshments.

Treasurer's Report: the 2009 Financial Statements and Accountant's Review Report was presented by Jesse Rowe. Items of note include the substantial increase in accounts receivable, which represents the Dec. 31, 2009 billing, and is mainly due to the base rate increase for water services. There was a loss for calendar years 2008 and 2009, which prompted the Board of Trustees to implement the rate increase effective September 1, 2009. The City of Everett, whom RWA purchases water from, has decided to impose annual rate increases on the cost of water. These increases have contributed to the losses suffered by the Association. Water usage was up in 2009 mainly due to the hottest, driest summer on record; the July/August usage increased over 33% from the prior year.

Another major factor in the Association's bottom line is the loss of revenue from developer extensions within the Association. 2009 was the first year on record that the Association did not have any new services (meters). There are 70 lots which have been permitted within the Association, but the lots are not selling due to the economic climate. When they do sell, the Association anticipates the meter fees of \$9,000 per lot to be available for capital improvements, namely the construction of a new water storage tank which is mandated by the State. These funds could substantially decrease the amount the Association would need to borrow to construct the tank; construction costs of tanks run approximately \$1/gallon of storage capacity. Therefore, if a million gallon tank is needed, the costs would be approximately \$1 million.

The size of the proposed tank is still in question as the City of Monroe is proposing annexation of 75 acres adjacent to Roosevelt Ridge. This acreage is currently within the Association boundaries, but if annexed into the City of Monroe, the future growth within the Association would be severely diminished which would likely result in reduced capacity needed for water

storage. The City of Monroe would be required to compensate the Association for the loss of existing homes/meters the annexation would cause, which would likely be minimal. Jesse used the boundary map of the Association to show the area in question.

Note 2 of the Financial Statement states that there are 1044 voting members and 1049 active services. The Association By-Laws mandate that each member is entitled to one vote regardless of the number of meters owned.

Operating Expenses – Telephone expense is due in part because of the various phones necessary for the pump stations and tanks to communicate with the computer system. Water testing are fees for various tests performed by different facilities depending on test necessary to comply with state mandates.

A question was heard from the floor regarding the education line item; Janelle MacDicken responded that the expense is for continuing education to maintain required certification of the Managers.

A question was heard from the floor regarding rate increases in 2010. Jesse stated that the Association seems to be recovering nicely with the current billing rate in place and does not anticipate a need to increase the rates again in 2010.

The 2009 Manager's Report was presented by Jesse Rowe and is part of the minutes. Items of note: The Automatic Meter Reading (AMR) system is working extremely well with currently 400+ meters installed. These meters also make it much easier to spot leaks or broken meters, and take only half the time to read as well as greatly improve safety of meter readers. They also eliminate misread meters as the reading is electronically transmitted to the computer. Water leaks have been kept to a level of less than 6% of purchased water which is below average for an Association of RWA's size. This said, there have already been three water leaks in 2010 after having only one in 2009.

When homes are left vacant, as in the case of foreclosures, new owners of the property must bring any outstanding bill for that property current to have water service restored. The City of Everett is the Association's water provider. In 2009 the supply line to the Association was shut down for repairs which, thankfully, did not have any adverse effect on the system. This shut down highlighted the need for an additional tank as there is not enough capacity currently for a 3 – 5 day supply of water to the Association members.

The developer of the Golf Course Estates has delayed completion of the development to 2012 or later due to the current economic climate.

Elections: The Trustee terms of Mike Carlson and Gary McLean have come to an end. Gary McLean has moved outside the Association boundaries and is ineligible to serve on the Board of Trustees. Thus the Nominating Committee of Doug Campbell and John Claybrook nominate Mike Carlson and John Olsen for Trustee. Nominations from the floor were requested three times, none were heard.

Hearing only two nominations for the two vacant Trustee positions, President Glen Allen declared a vote to be held on the nominees. The vote was unanimous.

Old Business: none

New business: Member Judy Hall voiced concerns about the recent rate increases. She stated the large increase was tough to take in the current climate and is worried about those on fixed incomes within the Association. The Trustees explained that the need for an increase was based on more than the cost of water purchases. The Association's expenses continue to increase and revenues have decreased to the lack of developments/new customers due to the current economic situation also. The Trustees pointed out that prior to September 2009 rates had not been increased since 2004 and every effort is made to keep costs low for members while also ensuring that the Association and its facilities are kept in good working order. The guests present indicated that smaller, annual increases would be preferable to a large increase every five years. Ms. Hall also stated that the full explanation she received at the meeting tonight would have been helpful at the time of the rate increase notice to understand the necessity for the increase. Clint Meadway offered to write future informational notices to be mailed and/or included on the Association website. Thank you Clint!

Hearing no additional new business, President Glen Allen heard a motion to adjourn the 45th annual meeting. Motion carried and meeting adjourned at 9:25 pm.

Respectfully submitted,
Rose Fowler
Recording Secretary