

The Minutes of the regular monthly Board Meeting of the L.A. Water Cooperative held February 26, 2026, at the L.A Water Cooperative Office.

Board Members Present: Amber Morgan, Ted Leach, Linda Fountain, Dave McAdams, Mike Grivas, Terry Wymore and Joe Kuran and Joel Mulkey

Staff Present: Jason Bayne, Matt Jackson, Toni Hodgkins and Austin Grothe

Guest Present: Keri Patty, Stephen Claire and Christine Kem

The meeting of the L.A. Water Cooperative was called to order at 6:02 PM by Amber Morgan

- 1. Motion by Dave McAdams to continue the lien on RVS Account No. 639. Furthermore, no fees other than the regular water service fees shall be added to the account. The account holder shall be permitted up to four water shut-off and restoration services, as necessary to accommodate home inspections related to the sale of the property, at no additional charge. Seconded by Joel Mulkey, voted and passed.**

Regular Business

- 1. Secretary's report: The minutes of the October 2025 Board meeting were presented in writing. Motion to approve by Dave McAdams. Seconded by Terry Wymore, voted and passed.**
- 2. Treasurer's report
Motion to approve by Linda Fountain. Seconded by Terry Wymore, voted and passed.**
- 3. Business Manger report
Motion to approve by Dave McAdams. Seconded by Ted Leach, voted and passed.**

Motion to correct July 2025 minutes by Linda Fountain where Mike Grivas was stated as the replacement to Don Wicks and to be corrected to the replacement of Tom Gunn. Seconded by Dave McAdams Voted and passed.

Motion to appoint Stephen Claire to the Board to fill the unexpired term of Don Wicks. Seconded by Linda Fountain, voted and passed.

Joel Mulkey created a motion that all four open positions be listed on the 2026 voters' ballot along with the additional two members running for a position. Of these four positions, three shall be for full three-year terms expiring in 2029, and one shall be to fill the existing vacancy with a term expiring in 2027. Following the election, the four successful candidates shall be assigned their respective terms by a random drawing, with three candidates designated to serve the three-year terms and one candidate designated to serve the remainder of the vacant term expiring in 2027. Seconded by Mike Grivas. Voted and passed.

Toni Hodgkins requested Board approval to hire an Administrative Assistant to replace Joan Gilman who is retiring in June. Joan Gilman to do the training with the new hire as well as training Toni Hodgkins in more detail regarding all the intricacies of Water Certificates. Toni Hodgkins to provide the Board with specifics as to hours, salary, and duties at the March Board meeting. The Board to approve at the March meeting to allow sufficient time to hire and train.

4. Operations Manager report

Motion to approve by Ted Leach. Seconded by Dave McAdams, voted and passed.

Old Business

1. The Board approved motion to proceed with the lien on RVS 639. RVS 52 member was sent a Certified Letter on February 26, 2026 giving member 10 days to respond or a lien will be filed. Toni Hodgkins is to continue to work with our attorney to manage the next steps.
2. Toni Hodgkins is to list the old office printer on Facebook Marketplace for \$500.00 with the condition clearly stated "as is".
3. Updating Jetpay to allow members to enroll in autopayments continues to be an issue, Toni Hodgkins requested Board members currently using Jetpay to enroll in autopay, being watchful that it allows them to select a payment date. Toni Hodgkins is to watch for their payment to process on requested date. If the tests work, the membership will be notified that automatic payment is now an option.
4. Closed RVS accounts with credit balances.
 - a. Five accounts owed money (over \$1.01). Toni Hodgkins was able to reach three of the account holders for updated contact information and checks have been issued.
 - b. One account is being processed into Oregon's Unclaimed Properties.
 - c. RVS 1011 was a renter, and certificate holder cannot recall who his renter was in 2021. The Board approved sending credit balance to the certificate holder.
5. Jason Bayne has followed up on the ongoing claim against PGE regarding the damage to our LaSalle system during the late 2025 windstorm. While awaiting a response from PGE, Jason Bayne contacted our insurance representative at Associated Partners. The representative indicated that filing a claim with them could jeopardize our policy renewal this spring if the damage is determined to be a reoccurring issue. The Board was also informed that the deductible for this claim is \$5,000, and the cost for the new SCADA system needed to replace the damaged one is \$6,000. Board decision was to pay \$6,000 and not risk losing the insurance policy.

New Business

1. New company credit card
Board approved obtaining a second credit card from TIB so there is one for office staff and one for field staff. Toni Hodgkins presented options for replacing the current TIB credit card with a credit card offering rewards such as cash back on purchases. Board said Toni Hodgkins can pursue other credit card companies after ensuring that the rewards did not violate rules for non-profit status..
2. New certificate
Motion by Dave McAdmas to approve the purchase of a second water certificate on Bridgefarmer Rd. Seconded by Ted Leach, voted and passed.
3. Leak Credit RVS 1109
Motion by Linda Fountain to approve the leak credit for \$370.08 , seconded by Dave McAdams. Voted and passed.
4. Treasurers Proposal

Proposal by Dave McAdams to invest proceeds of PNC CD of \$250,000 coming due March 2, 2026, into CD/TB coming due in September/October of 2026. Also close out Umpqua (now Columbia) bank account 6424 and place proceeds into the Heritage checking account 1350. Then transfer \$100,000 from Heritage checking account 1350 into flex insured account at Cetera. Motion to approve by Linda Fountain, seconded by Terry Wymore, voted and passed.

5. Capitalization Policy proposal developed by Mike Grivas. Joel Mulkey asked a question regarding depreciation which Dave McAdams and Mike Grivas stated was appropriate. Motion by Dave McAdams to approve document, seconded by Linda Fountain, voted and passed.

L.A. Water Cooperative

Fixed Asset & Major Maintenance Capitalization Policy

1. Purpose

This policy establishes consistent accounting treatment for:

- Capital assets
- Repairs and maintenance
- Major periodic maintenance
- Infrastructure improvements

The goal is accurate financial reporting, transparency for members, and alignment with GAAP and IRS repair vs. improvement standards.

2. Capitalization Threshold

The Cooperative shall capitalize expenditures that:

1. Have a useful life greater than one (1) year, AND
2. Exceed **\$2,500 per individual asset or project**

Expenditures under \$2,500 shall be expensed unless part of a clearly defined capital project.

3. Definition of Capital Improvements

An expenditure shall be capitalized if it:

- **Betters** the asset (increases capacity, efficiency, or quality), OR
- **Restores** the asset beyond ordinary operating condition, OR
- **Materially extends useful life**, OR
- **Adapts** the asset to a new or expanded use

Water System Examples (Capitalizable)

- New storage tanks or reservoirs
- Tank recoating or epoxy lining replacement
- Structural steel repairs
- Seismic retrofitting
- Pump replacement

- Generator installations
 - Distribution main replacement or extension
 - Meter system upgrades
 - SCADA system installation
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4. Repairs and Maintenance (Expensed)

Routine repairs and maintenance shall be expensed when incurred, regardless of cost.

Maintenance does **not** become capital simply because it:

- Exceeds \$2,500
- Occurs infrequently
- Is required by regulation

Examples (Expensed)

- Routine tank cleaning and sediment removal
 - Disinfection services
 - Valve adjustments
 - Leak repairs
 - Inspection services
 - Minor plumbing or electrical repairs
 - Small tools and supplies
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5. Major Periodic Maintenance (Storage Tank Cleaning)

The Cooperative performs storage tank cleaning approximately every five (5) years as part of regulatory compliance and preventative maintenance.

Accounting Treatment:

- Routine cleaning and sediment removal → **Expense**
- If a project includes both cleaning and capital improvements (e.g., recoating or structural repair), costs shall be allocated as follows:
 - Cleaning portion → Expense
 - Improvement portion → Capitalize

Vendor invoices should be itemized whenever possible to support allocation.

6. Depreciation

Capital assets shall be depreciated using the straight-line method over estimated useful lives:

Asset Type	Estimated Life	Asset Type	Estimated Life
Storage Tanks	40–60 years	Distribution Line	40-75 years
Tank Coating	10–20 years	Pumps	10–20 years

Meters	10-20 years	Vehicles	5-7 years
Equipment & Tools	5-10 years		

7. Invoice Allocation

If an invoice includes both:

- Maintenance and repair work, AND
- Capital improvement work

Management shall reasonably allocate costs based on vendor detail or proportional estimate.

8. Consistency & Oversight

This policy shall be applied consistently year over year to ensure:

- Accurate member rate setting
 - Proper reserve planning
 - Reliable asset tracking
 - Clean audit trail for IRS Form 990 reporting
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9. Review

This policy shall be reviewed every three (3) years or upon significant infrastructure expansion.

Motion by Dave McAdams to approve adapting the Capitalization Policy presented by Mike Grivas as is Seconded by Linda Fountain, voted and passed.

6. Closing of Books for annual meeting

Motion by Dave McAdams to close the membership books for certificate purchases and transfers effective February 26, 2026, at 9:00 PM, until March 25, 2026, at 7:30 AM. Any member who purchases or transfers a certificate during this closed period shall be ineligible to vote at the upcoming annual meeting. Seconded by Linda Fountain, voted and passed.

Executive Session

Motion to adjourn by Joel Mulkey. Seconded by Mike Grivas voted and passed. Meeting adjourned at 9:21 PM

Antonia Hodgkins
Business Manager

Date

Linda Fountain
Board of Directors, Secretary

Date