

Technical Advisory Team Meeting Notes – April 25, 2016

Krystall's Restaurant - Leavenworth, WA

PRESENT

Dan Wilkinson – President, Tim Walsh, Norm Stoddard, Jackie Camp, Doug Gann, Brad Summers

Greg McLaughlin – Support, and Dave Rice, Support

NOT PRESENT – Marc Dilley, Ardie Gordon, Mike Barich, Mary Scheibler, Dan Davies,

Notes

DAN WILKINSON – His goal for today is finalize wording on a proposal that we all could live with if a set of conditions and/or contingencies are met.

Action Step – Finalize a proposed motion to present at the May 4th Shareholders meeting. Review and amend following consultation with COIC board and COIC legal counsel – Joe Rehberger.

DOUG GANN

- Presented Cost Estimate spreadsheet he had worked up for the project in conjunction with annual costs provided by DAN WILKINSON at the 4-14-16 meeting.
- His summary is that a \$1.5 Million water payment would cover the replacement cost fund assuming a 6% return annual return on investment – including a 3% rate of inflation and a 3% net return.
- He strongly encouraged any project not increase annual operation costs for COIC, as based on his model each \$10,000 increase in operating costs would lead to an additional \$300,000 in up front funding to ensure the rates would not go up.
- Analysis will be added to shared documents on website.

PROPOSED MOTION AND CONTINGENCIES – Approved by Technical Advisory Team.

Proposed upgrade to system to include:

- Moving intake/diversion point downstream of the Leavenworth National Fish Hatchery
- Build pressurized system to replace existing ditch and all lateral water lines
- Accommodate 8 of the 11.9 cfs owned by COIC

The above proposal is subject to 100% of the following contingencies being met:

1. Water will be delivered to the current turnout according to the same quantity as stated in (assessment document)
2. Water pressure to be the same as or better than current system
3. Any change in the water system will not impact COIC's ability under water rights to deliver the same quantities of water historically delivered to COIC customers, according to review by COIC legal counsel; COIC will retain all access to their historic water.
4. Design and construction costs will be covered 100% by external funding outside of COIC. (The expected cost is \$2.75 – \$3.11 million.)
5. In addition to #4, external funding of a long term maintenance and replacement endowment fund in the amount of \$_____ which is expected to cover long term maintenance and future replacement costs.
6. The projected operating costs of the system are not expected to increase the shareholders' annual fee beyond the rolling inflation rate.
7. Design to address the following concerns: groundwater, domestic well depletion/supply, riparian areas which have developed along the ditch.
8. Final configuration and placement of the pumping station is subject to additional approval of COIC shareholders.
9. Identifying and securing rights, easements, and regulatory approvals concerning all aspects of the system.
10. Design to include wildland fire suppression fittings.