

Orcas Highlands Association Board Meeting June 6, 2013

The following were present: Connie, Ron, Lee, Bea, Denny, Duffy, Stewart, Carl Silvernail, and Carl Capdeville

Judy called the meeting to order at 7:15 and introduced Stewart Melman, and then had those present introduce themselves. Carl Silvernail discussed the relationship between Otter Lair and Orcas Highlands Association with regard to water. Lee mentioned that Gil Geiser saw the potential liability of the water relationship in about 1972.

Judy said that first on the agenda is to discuss water. Carl Capdeville said that he brought the map showing the approximate location of the system and discussed the water lines and valves. He said that the system is generally in Fair condition. Judy mentioned that last winter we had some major leaks, and we are now looking at our options. She also said that we have had a long history of ownership of the water system and in 2008 we had a vote to be independent of Washington Water. She said that in the next couple of months we will take another look at that option. Lee discussed his recent email regarding water usage (the number of gallons lost as opposed to the number of gallons purchased from Washington Water). He said that we can do this by comparing the reading at the pump-house with those of Washington Water. He noted that some of our loss in March was due to overflow. Carl Capdeville apologized for the problem with the valve at the pump-house and the subsequent loss of water. He said that the new valve has now been installed. Lee mentioned that the new additional \$40.00 per quarter charged to members has not been touched. Judy said that we anticipate a 5% loss of water, although we are way above that figure now. Bea said that our loss was closer to 8 or 9%. Carl Capdeville said that he'd like to test the system the first of July. For this he'd need to shut off everyone's water at about midnight. Ron asked Carl how often the pumps run and Carl said 5 to 6 times each day, and if a leak is detected we shut the pumps off. Judy said that Bob Burke offered to be available to give his advice for the water system as he's a civil engineer with experience in water systems. Carl asked if we have a consensus to check the two lines (Lindsay and Highlands) for leaks. Bea and Judy both said for him to go ahead and do this. Judy said that we will soon be having a water committee meeting. Denny asked Carl Capdeville if we are to expect any major maintenance costs in the near future. Carl said that re-lining the upper tank was the next investment he anticipated. He said that we could just install a bladder and that would add no adverse taste to the water. Bea asked if it was important to check Otters'Lair for leaks. Carl said that for the last 2 months he has been reading the meter at the pump-house at Tomihi. Carl Silvernail said that he has 80 lbs pressure at his property and that could lead to problems. Ron asked if the old, unused valves are on the map and Carl Capdeville said yes they are.

Judy said that the next item was to approve the minutes for the last meeting and it was moved, seconded and approved by all.

The Treasurers Report was given by Denny. He passed out the report with actual results versus the budgeted amounts. He said that finance charges are, perhaps, \$1,000 over. He said that the Operations area are pretty steady. Ron asked if we rely on the \$50 per quarter to fund all operations and Denny said yes, that this amount was more than enough. Bea asked if we need to have someone bonded who handles money and accounts. It was mentioned that Ann is covered by our insurance and Denny has a copy of the insurance policy. Denny mentioned that lines 26 through 40 are the water section and show the cost of water from Washington Water as compared to what we charge our users for that water. This shows that we are "looking good on paper". Denny said that line 34 is what we've been talking about with regard to maintenance and improvements to the water system. Bea and Judy said that we should raise that amount from \$1300 to \$5000. Denny then said that we could end up with a little negative at the end. Bea asked if power rates were going up again this year, and Denny said that he didn't know, but that he has verification of our OPALCO bills at \$210 to \$230 per month. Judy asked if we now wanted to accept the budget, and it was agreed that we did, Bea moved and it was seconded by Ron, then passed so Judy and I signed it.

Judy said that the last lien for non-payment had now been removed, and that we are "below the threshold".

Bea then talked about Roads. She mentioned that she has 2 bags of Cold Patch and that she could use some to fill the hole near Lee's driveway. She asked if any checks had been written for Cold Patch and Denny said that he will check. Bea said that she will get some at the Island Hardware 20% sale.

Judy said that from now on the duties of our President and Vice President will be shared between Judy and Lee. She mentioned that Lee is our water expert and he and Ron will look at options to see what we can do in the future. Lee then mentioned that the map that Carl Capdeville brought shows how complicated our system is. Judy then said that she will re-activate the Water Committee. Ron recommended that we put a laminated copy of the water system map in the pump-house.

Judy said that there are a number of small things that we need to discuss. 1. We need a date for the community Boot Sale to be held in the area near the mailboxes. This should be for a Sunday in August, and she suggested the 18th. She said that 2:00 to 5:00 would be a good time for it. 2. Judy said that we are now running our own website. 3. She said that the newcomers wine and cheese party will be held on August 24th and start about 4:00 at her house. 4. She mentioned that our fire-wise day is coming up on the 22nd. She said that after this burn season ends that we need to install a chain so brush is no left unburned. Next year she said that we may change the availability of the burn pile to one weekend each month. 5. She said that Rollie wants to add a discussion of the water system to the agenda. 6. Richard Jordan wants the

board to do something about the RV on Lindsay. It was decided that the board should discuss this and that it wasn't an issue to be brought up at the Association Meeting. 7. Judy said that she talked with OPALCO about broadband in this area, and that they would like to talk to the board members and that this may take place at the OPALCO conference room. 8. The last thing is about Brian Ehrmantrout. He suggests that we have a single person on each of the 3 levels of the Highlands to call in case of emergencies, snow plowing, etc. Brian will be that person at the top, Kevin O'Brien will do it on the mid-level and Connie will do it on the lowest level. Bea reminded Judy about the "phone tree". Judy said that we should think about using it.

Judy said that the last issue to discuss was Transient Rentals and our policy toward them. She said that there is concern about the increase in Transient Rentals in the Highlands and many would like to minimize them. She asked if we should present this as a board position of just as a point of discussion.

Denny moved that we adjourn the meeting, it was seconded and passed.

Submitted by Duffy King, secretary

ORCAS HIGHLANDS ASSOCIATION BUDGET WORKSHEET 2013-2014

Revised 6/2/13

	1	2	3	4	5
	Actual Results 12 Months 7/1/11 - 6/30/12	Actual Results 10 Months 7/1/12 - 4/30/13	Current Budget 12 Mos. 7/1/12 - 6/30/13	Proposed Budget 12 Mos. 7/1/13 - 6/30/14	
1 OPERATIONS					
2 INCOME					
3 Annual Dues -thru 4th qrtr bill	\$ 23,750.00	\$ 24,175.00	\$ 24,200.00	\$ 24,200.00	
4 Finance Charges	(923.99)	478.06	1,000.00	1,000.00	
5 Other Income	1,457.25				
6 TOTAL INCOME	\$ 24,283.26	\$ 24,653.06	\$ 25,200.00	\$ 25,200.00	
7 EXPENSE					
8 Administrative Expense					
9 Bank Charges	\$ 64.40	\$ 42.20	\$ 50.00	\$ 50.00	
10 Dues & Subscriptions	295.40	295.40	200.00	300.00	
11 Insurance	2,068.00	2,150.00	2,200.00	2,400.00	
12 Office Supplies	169.71	132.65	300.00	300.00	
13 Postal Services	343.22	409.63	400.00	400.00	
14 Miscellaneous	10.00	10.00	300.00	300.00	
15 Total Administrative Exp.	\$ 2,950.73	\$ 3,039.88	\$ 3,450.00	\$ 3,750.00	
16 Professional Service					
17 Accounting	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	
18 Bookkeeping	6,262.98	5,299.20	7,000.00	6,500.00	
19 Web Hosting	96.39	103.65	100.00	100.00	
20 Legal, Related Fees	488.00	467.00	1,000.00	500.00	
21 Total Professional Services	\$ 7,047.37	\$ 6,069.85	\$ 8,300.00	\$ 7,300.00	
22 Wildfire Mitigation	2,903.84	2,488.84	3,000.00	3,000.00	
23 Taxes - Federal, WA, R/E	1,801.66	2,073.06	1,900.00	2,100.00	
24 TOTAL EXPENSE	\$ 14,703.60	\$ 13,671.63	\$ 16,650.00	\$ 16,150.00	
25 NET OPERATING INCOME / (EXP.)	\$ 9,579.66	\$ 10,981.43	\$ 8,550.00	\$ 9,050.00	
26 WATER					
27 Washington Water					
28 Members Water Use - OHA bill	\$ 62,333.69	\$ 64,525.34	\$ 65,000.00	\$ 65,000.00	
29 Purchased Water - Paid Monthly	58,866.12	30,065.22	48,000.00	40,000.00	
30 Net Wash. Water Inc. (Exp.)	\$ 3,467.57	\$ 34,460.12	\$ 17,000.00	\$ 25,000.00	
31 Expense					
32 Manager Retainer - Capdeville	4,250.00	4,300.00	4,800.00	4,800.00	
33 Maint. & Improve. - Capdeville	6,545.05	6,784.60	4,000.00	7,500.00	
34 Supplies, Maint. & Improvements	1,071.22	16,689.98	1,200.00	1,300.00	15,407.42
35 Meter Reading & Maintenance	908.50	1,384.00	1,370.00	1,380.00	Earthworks repairs
36 Utilities	2,526.60	2,232.40	2,700.00	2,700.00	
37 Permits WA Dept. of Health	301.00		305.00	301.00	
38 Water Testing	1,095.00	807.00	1,100.00	1,100.00	
39 Total Water Expense	\$ 16,697.37	\$ 32,197.98	\$ 15,475.00	\$ 19,081.00	
40 NET WATER INCOME / (EXPENSE)	\$ (13,229.80)	\$ 2,262.14	\$ 1,525.00	\$ 5,919.00	
41	Begin. Bal. 7/1/2012	Money Collected	Money Disbursed	Ending Bal. 4/30/2013	BANK BALANCE
42 OPERATIONS	\$ 24,961.52	\$ 24,653.06	\$ 13,671.63	\$ 35,942.95	\$ 60,591.91
43 WATER		64,525.34	62,263.20	2,262.14	16,025.98
44 WATER FUND		15,550.00		15,550.00	14,062.13
45 ROAD FUND BALANCE	52,856.05	29,210.00	65,141.12	16,924.93	
46 RESERVE FUND BALANCE	20,000.00			20,000.00	
47 TOTAL FUND BALANCES:	\$ 97,817.57	\$ 133,938.40	\$ 141,075.95	\$ 90,680.02	\$ 90,680.02

**ORCAS HIGHLANDS HOMEOWNERS ASSOCIATION
RESOLUTION**

GARDING: EXCESS INCOME TRANSFERRED TO REPLACEMENT FUNDS

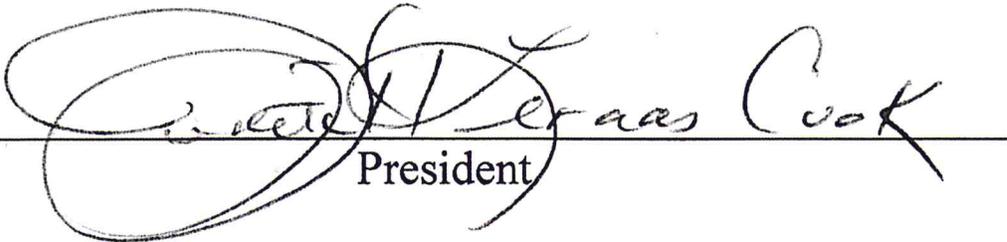
WHEREAS, the Orcas Highlands Homeowners is a Washington corporation duly organized under the laws of the State of Washington

WHEREAS, the members desire that the corporation shall act in full accordance with the laws and regulations of the Internal Revenue Service:

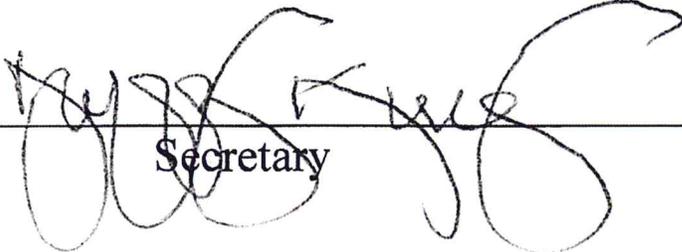
AND, THEREFORE, the members hereby adopt the following resolution by and on behalf of the Orcas Highlands Homeowners Association:

RESOLVED, that the amounts collected or paid to the Association in excess of operating expenses for the year ended June 30, 2014, shall be set aside for future major repairs and replacements and allocated to capital components as provided by the guidelines established by Revenue Ruling 70-604, 75-370 and 75-371. Such amounts shall be deposited into interest bearing accounts. Any amounts so added to replacement funds shall be allocated to the various components at the discretion of the Board of Directors.

This resolution is adopted and made a part of the minutes of the meeting of the Board of Directors on June 5, 2013.



President

TESTED: 

Secretary