

Agenda

2 May 2017 6-8 PM PST

Location - Orcas Library Meeting Room

BOARD OF DIRECTORS MEETING ORCAS HIGHLANDS ASSOCIATION

MEETING CALL-IN INSTRUCTIONS:

Dial: (641) 715-3287

Enter Access Code: 420471#

PURPOSE: To conduct a regular session of business of the Association.

I. Roll Call: David Turnoy, Marcia West, Harvey Aldort, Dennie Carter, Ron Claybourn, Lee Goodwin, Chris Graham, Jens Kruse, Roxy Marck

II. Call to Order: Roxy Marck called the meeting to order at 6:27 pm

III. Minutes of OHA BOD meeting dated 3/7/2017

MOTION: To approve the meeting minutes as submitted Minutes Approved

IV. Minutes of OHA BOD meeting dated 4/4/017

***MOTION: To approve the meeting minutes as submitted Minutes Approved
w/Ron new wording of contact instead of confront***

V. Final approval of changes to governing documents and cover letter(s)

Lee asked Chris where we stand with Leahy? Chris says they'll try to get to him by Fri night. He will call tomorrow. Roxy asked if we were cool with the cover letter and if it was ready to go out. Harvey said he wanted to repeat his belief that if we want this to pass we need to call each person before we send anything. Lee asked how are we going to do that? We have 120 members. We need 78 to pass. Roxy asked if we could get back to the subject of the cover letter. Harvey said some are not going to respond at all. Some will say no. And its going to be harder to change their minds. Lee made comments Harvey talked over so recorder didn't catch what he said. Roxy said I think we all agree we need to have a marketing campaign. Lee asked who's going to do it. Roxy say we are. But that we need to finish discussion on cover letter. She asked are we all good with the cover letter. Ron has some changes, specifically where it talks about Orcas Highland then subsequently refers to Rosario Highlands Association. He has passed them on to Chris. Ron's point is that the new Article 9 uses Rosario Highlands. Lee said we need to change to Orcas Highlands. Chris has already discussed this with Policy. They have already drafted the new language to Section 9. Going back to change language in 1972 document doesn't make sense. Lee's suggested that at the beginning we have proviso saying changed to 1972 and in the new Article 9 have something referring to name change. He just received something from Leahy and forwarded it. Looks like addressing original questions. Jens says he thinks for purpose of discussion tonight we shouldn't get too tripped up. This is an editing job. The main issue is how it has been written. Chris thinks the proviso at the beginning of the 1972 document should suffice and that we don't need another in front of Section 9. People know we added a new section. Roxy agrees. New Article 9 says Orcas Highlands. The document to Leahy eliminated reference to Rosario. Chris asked if we think it necessary to go through all of 1972 document and change. Several responded with no. Ron asked if document that will go to mem-

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bership will have Orcas Highlands Association. Roxy says the copy Leahy has should only say Orcas Highlands Association. Chris found a couple typos and says Leahy is checking the document and has found "fact of the plat" which should read "face of the plat". Roxy asked if we remove all reference to Rosario and change typos are there any other issues preventing us from approving the Design Standards. Can we approve? Lee says he thinks Terry will have some changes. Chris says new email has stuff we need to digest. But doesn't know if there any changes. Jens says we digest Leahy says we can then incorporate and send to Board in next week or so so we can have email approval? Roxy said she could print them now. Jens thinks it best if the committee has time to review and digest. Harvey says that he wants to go on record that we call before sending documents. Roxy asked him to take the reins and head-up that task. Harvey responded that he didn't have interpersonal communication skills. Roxy said that we could provide a script. Jens believes we've always had the intention of calling but that calling before the mailing will be hard to do. How can we refer verbally to something which they don't have? Harvey say the call doesn't need to get into content. He says to say, we are going to be sending this thing. We've discussed it to death and really feel its important for the long term health of the Highlands. Jens suggest we bless the document then incorporate Leahy then maybe Harvey should join the policy committee next week so we can hammer out a campaign plan that might include calling. Harvey says there are 110 people to be called its not going to take the board two hours to call and say, "Hi. We are sending a ballot". Lee says good idea to call but they have to see the letter first. Discussion between Harvey and Lee continued until Ron said we talked about parsing the membership and calling, but doing so after the documents were mailed. Lee says we'll be singing the same song. If we try to explain ahead of time we'll be giving different story. Harvey repeated don't discuss content and his proposed script, "Hi.... Serious flaws in CCR... changes ... mailing ... need vote. Jens says cover letter says that already. Harvey's gut feeling is that if you reach out now you'll get more responses. Jens will consider it and asked do we call twice? Harvey says no. Ron says we'll have them contact one of us if they have questions. Lee says we are inviting them to annual meeting. Keep in mind low turn out. Not going to get 70-80 members. We need them to vote. Roxy asked if we could get back to the document Design Standards. Can we agree document is close to ready? Yes. Leahy, Lee and Chris don't think the cover letter needs much change. Marcia has a couple of things. She's concerned about, "the board needs your help". We don't need their help. We need their vote. Lee likes it. Chris says Leahy recommends using consent and concurrence and move away from vote. Marcia and Chris talked over each other so recording missed. Chris says it might be "consent". Doesn't have to tie to annual meeting. Based on language in current CCR which doesn't take the form of a formal vote. Roxy wanted to know if we could consider the cover letter incomplete at this time? Chris asked if cover letter doesn't say anything about voting? Marcia says cover letter doesn't say anything about returning anything. We need an action item to tell them what to do. Ron thought annual meeting an opportunity to vote. Lots of folks talking at the same time. Recording didn't catch anything specific. Marcia need to tell them to return the ballot. Roxy says ballot will also give them vote for all issues including new board members. Jens we've received from Leahy and can't digest tonight. We need to have time to review and then vote by email or meeting before May 15 deadline. We need to integrate this new information in an intelligent way. Chris says lets digest Leahy and maybe tweak the cover letter. Quick meeting again or email. Roxy asked if we could use the Forum? Lee we want to get the letter out with the May 15 mailing. Jens we think it could be a few days later. A month ahead of time. Roxy says yes she had calculated a little extra "fudge" time in her deadline. Roxy says she has a draft ballot. Chris wants to stay away from ballot because they typically expire at the end of the annual meeting. He wants a consent so it won't expire at the end of the annual meeting. Roxy asked if we send the consent,

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etc. out a month before the meeting to give some time to mail an make it part of annual meeting so those could vote that it would not be enough time? Chris says that ballot expires at end of meeting. We can continue to accept consent after annual meeting. Roxy says she's trying to draft the ballot and needs to know what to put into it. Lee asked if we need to take an annual vote for approving resolution for IRS. We haven't been taking the vote. Ron mentioned we may need to concur regarding audits. Jens says Roxy and Nominating Committee had the assumption that this would be a ballot for electing board members. Now it sounds like two different things. Need to get it clear for Roxy to draft for the annual meeting. Jens asked Chris that there doesn't need to be a drop-dead point for consent. Roxy says we can pull it off the ballot and make it a consent form. We'll confirm.

VI. *Annual budget and audit preparations for annual meeting*

Denny sent out a draft budget for information and hopefully for input. Roxy has questions starting at line 4. Harvey asked for a copy of Denny's draft. Roxy asked if it would skew numbers if we reduced our estimate for Finance charges. Denny didn't think it would. She asked about Bank, merchant fees that were unusual. Credit card not paid on time so no need to increase budget. Denny says budget includes cost for electronic payments. Ron numbers based on everyone participating. Marcia more and more are using electronic payments but budget is okay. Does Line 10 include Evergreen in Dues and Subscriptions? No, it's related to water. Are all Dues and subscriptions are CAI? Marcia says Dues also for software. Roxy asked which? Marcia says it's something Ron bought. He thinks Office upgrade. Roxy asked if we need to budget for future upgrades. No. Ron thinks NBR will need future software upgrades but that's in water. Marcia says QuickBooks may need an update. Roxy asked if we need to increase Dues? Chris asked if Harvey's CAI dues would be repeated? Harvey says he'll pay his own membership. Chris asked Line 10 budget okay? Yes. Roxy asked Lee about insurance. He doesn't know at this time but doesn't expect any significant increase. Roxy asked if we should increase. We agreed to increase budget for insurance. Roxy office supplies was \$1000 over budget. Special? Ron says bought computer. Roxy asked if the Postal budget needed to be increased. Denny asked about special mailing. Reduced budget. Miscellaneous? Why over budget? Bad debt. Denny and Marcia think budget okay. Tax preparation fee will go away because accountant is retiring. Audit expense will cover tax preparation next year. Roxy asked if we have a number to put into budget. Denny would like to talk with them more before budgeting. Roxy asked if we needed final numbers this month? Denny is going to check to see if budget needs to go out prior to meeting. We have never done that. Roxy asked if he thought we should mail it with May mailer? Denny suggested we budget \$3000 for line 17 Accounting? Bookkeeping \$5800. Roxy asked if we need to increase Legal budget. Yes. Harvey asked where the money comes from? Lee says that if people see that you have a legal fund there it might invite people to somebody to get by with .. Harvey says that if someone trips over a pothole in the circle then we'll be in real trouble. Months ago concern was that would happen. Roxy says we are working on the budget and are down to Legal Fees. We decided to increase to \$4000. Wildfire mitigation. We'll probably eat up 2016-2017 budget soon and do same again right after new budget. Do we need to increase budget? Lee says it depends on timber harvest. Bea's point well taken. We haven't done much in that area (along Olga Rd) in a long time. We don't have any estimates for that work. Harvey asked what about the circle? Roxy explained circle not priority according to professionals. Harvey asked who are these experts. Roxy Brian Ehrmantraut is head of Firewise. Marcia says there isn't an ignition source. Ron asked who drafted contract and proposal. Lee says Bea. Ron says we have firebreak at Tall Trees. Some clearing of under brush. Roxy thinks Brian and Bea are working with the state park to begin clearing the area adjacent to the park. Denny suggested we raise Firewise budget to

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\$4000. State and Fed Taxes some of the difference was a tax refund. Marcia says real estate taxes which add up \$110. We should budget \$3000. Ron may need copy of real estate taxes for the WA Water requirements. Budget is slightly over income by \$5k. Discussed options for reducing budget. Ron says a \$10 dues increase would generate about \$5k income. Harvey says we need a plowing fund before an Association increase. We can't hit them with multiple increases. If we budget \$12,000 per year for plowing that \$27.50 per quarter increase for plowing. If people are not willing to pay then the onus is on the members because they didn't want to pay for plowing. Roxy asked if the \$5000 could be adjusted in budget or if we need to increase dues. Denny says most is audit, can we modify requirement so it doesn't have to be done every year. Marcia asked if we could vote to waive it. Harvey says that if we tell them it will cost them \$20 moreover year they will vote not to have the audit. Roxy asked if we could get back to this next year's budget. Do we really need that amount in budget? Denny says that we have \$41,500 in operation fund. Roxy asked if that could cover the budget? Denny thinks it okay to run a negative budget. We explain that it's coming out of line 46. Ron says audit is imperative this year. WA Water requires three years. He hopes to get by with this one. Discussed water. Roxy thinks Carl is \$800 month. Denny has cost split between retainer and meter reading. Marcia says this is how Carl is billing. Marcia expecting another bill so water maintenance will probably come in at budget so estimated budget is probably right. Chris asked what that covers. Line 38 is also about right according to Marcia. Roxy asked if the this big budget increase as due to the ITron software or the hand-held reader? Ron says reader was purchased several years ago. The only recurring fee will be annual maintenance fee for handheld and for the software. Chris asked where cost of current digging for leak comes from. Marcia says line 39. Denny says that that is thing about expenses. Our system is old and prone to failure at inconvenient times. Chris asked Marcia if she thinks it will go up to the \$10k? Yes, by end of year. Budget is about right. Roxy asked why Permits and Fees so over budget. Marcia's not sure and she just received another invoice for a permit fee. Roxy asked if budget needs to be increased. Yes \$1100. Water Testing had a one-time large supply charge. Denny says we don't have our billings to users for April in work sheet. So our income will be higher to cover current repairs. Harvey asked where is the money coming for the mailboxes. Lee asked Denny for clarification about April billing. Discussion about billing membership. Lee asked if we might not be billing our clients for more than we need. Denny says that if you look at lines 29-34 all WA Water. What we pay and what we collect. Line 36-43 is what comes out of revenue and is what we pay to get water to members. Chris pointed out that surplus is line 44. Chris asked if money dispersed from Roads Fund was for ice melt and winter? Roxy says that plus Tim Segult mowing. Chris asked if this comes from the fund we use for major capital improvement. Yes. Harvey wants us to put up for vote a special budget for plowing and ice melt. He believes we made a commitment in September to solve road problem once and for all. We aren't doing it. You are holding onto the \$50,000 in the bank. Roxy asked if everyone is good with the budget. Denny will clean-up and check to see if mailing is required.

VII. *Committee Reports*

A. Mailbox - notification to membership of upcoming work

Roxy says she thinks we are aware of what's going on with the mailboxes. Harvey talked to Norm. He's not moving the boxes. He's building the thing. He asked who wrote the contract? We talked about having an outgoing box. He asked are we going to have an outgoing box? Lee says we'd better. Ron says Nathan intends to have an outgoing box. Harvey thinks we should have a locking box for dropbox so people can drop payments. Discussion about electronic pay-

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ments. Chris asked about credit cards. Ron says too expensive. Ron says that post office will allow reordering if we go through a process to formalize new format. It takes about three weeks. We could logically organize the mailbox layout. Harvey says we can't without double-stacking. Discussion between several about addition. Jens says thanks for contacting post master. He agrees with Ron that we might take the opportunity to reorganize. Ron says that if we were to do this for the rebuild we'd have to submit our proposal by Friday. He thinks we'll need to build the structure and then reorganize the boxes at a time when we can give the post office three weeks notice. Marcia asked how they planned to remove boxes. Her's must be unlocked to remove screws holding it to structure. Ron says Nathan will need to plan. Harvey says we talked about stacking the boxes. Roxy closed the issue.

B. Firewise - contracts and request for bids *Motion to approve contract and harvest plan passed.*

C. Road - approval of recommendations and request for contract *Motion to do asphalt through-out association did not receive a second and Harvey denied making the motion. Motion to do chip-seal on roads and gravel on turn-arounds. Chris second. Motion did not pass.*

Richard Jordan informed the board that Switchback does not have a turn around. Garbage truck has been using his drive until they knocked over a couple cans.

D. *David's motion to follow the Road Committee project plan was amended to have asphalt on turn-arounds. Motion passed.*

Road Committee plan includes some asphalt. Lee says that's misleading. Project uses very little. Harvey said, "Get off asphalt". He insists we need more money. He feels we agreed in September to bring all roads to same standard and we aren't doing that. Roxy asked if we could focus on the motion. Ron asked about turn arounds. Harvey has been here 22 years and we've always done fixes. He repeated he believes the board agreed to bring all roads to same standard. Lee asked what that means. Harvey says it means chip seal the circle. Discussion about chip seal next year to take advantage of bulk because other associations are planning chip seal next year. Harvey wasn't convinced. He wants us to raise dues. Very long discussion ensued about scope of work. At this point the motion was amended to asphalt turn-arounds.

Harvey wants to have a discussion about money. Roxy asked if we could stick to the agenda.

E. Nominations - final preparations for annual meeting

Roxy says we have four open positions and five candidates. Lee asked about official nominations. Jens says he sent detailed attachment. Chris needs to be confirmed. He's provided candidate statement. Committee found two people Bob Wyatt and Richard Strauss. Bob has provided statement. Strauss has not. We need his statement to proceed. Lee objected to nomination of

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Strauss. Jens responded that if the Board wants to decide that the Board wants to have a blocking position there's nothing in Article 5 to allow. Much heated discussion. Jens pointed out that this Board voted to require 5 signatures for nominees from the floor. Lee objected. More heated discussion. Roxy asked that we get back to the agenda. We left it with the understanding that if this one nominee did not submit a bio, the nominee would be removed from consideration.

F. Water - status of Highlands leak, water meter upgrade and cross-connection survey

Ron doesn't know the outcome of today's exploratory search for the Highlands leak. Last search was fruitless. He wrote to Evergreen with request that next time the person be mindful of where they are suppose to be going so they know how to get here and test their equipment before coming over. He contacted Seattle company Utility Services Associates. He has quote of \$1250 per day. Lee raised the question about quality of Evergreen service. Ron pointed out that last year we dug several holes when trying to find the leak. This year they had problems getting here and with their equipment. Carl charged for only one hour each time he waited for Evergreen. Roxy said that they dug a deep long trench near the transformer at the top of Colorado near Zier's driveway. It has been covered but we don't know if a leak was found or repaired. Harvey says anytime we have a leak we should replace the line on the whole street. Roxy pointed out that that motion has already been rejected by the Board. Ron says Carl's proposal is that if we don't find the leak this time we replace the line and perhaps add a couple valves. Harvey wants us to put a whole line in. Roxy asked about the water meter upgrade. Ron is working on the software. He's waiting on feedback from WA Water regarding the due diligence and may need information from Marcia or Denny. Water Committee meet May 19. Ron's not familiar with cross-connection survey. Roxy said cross-connection survey is to prevent potentially contaminated water from back-flowing into our water system from things like irrigation systems. Code now requires anti-siphon devices so most will be in compliance. Roxy put email out to Carl regarding the subject. Let's wait for his response.

G. Architectural - Kazas deck rebuild

Lee will meet with them but thinks the rebuild will not require ACC involvement. Jens would like to resign from the ACC committee. Harvey wants to have an in-depth discussion about finances. To come up with a plan to make the roads all equal. Roxy asked him to wait. He refused and expressed a vulgarity. Roxy asked Harvey to bring recommendations. He refused and a heated discussion ensued.

H. Welcome - information gathering sheet for bookkeeping and welcome letter

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Roxy says the committee would like to have a form which goes to escrow to collect contact information from buyers for Marcia, the emergency contact map and for emailing water outages. They have also begun to draft a letter for new owners. Board input is welcome. Richard Jordan would say in welcoming letter, please read and understand your CC&Rs because they effect your title to your property. Roxy pointed out that CC&Rs is provided at the beginning of escrow and are advised to do so in their purchases contract.

Jennifer Moore. Roxy suggested we have her update contact information to always have bookkeeper as contact.

VIII. New Business

A. Phil Schulz suggestion to hire burn operator

Phil did the burn of the large burn pile. He's made the recommendation that we hire a burn operator. Harvey said that a pile that big can't be burned. Chris asked if by hiring a burn operator we would prevent the pile from getting too large. Jens we should bring it up at the annual meeting. Lee agrees. Harvey asked if we have a policy on the roads. Did we decide to never plow again? Roxy pointed out that the minutes of previous meetings are available and can answer that question.

Roxy gave the floor to Harvey. Harvey thinks we should have the discussion about bringing forth the recommendation to the members that we increase the road fund. Lee asked how would you explain it to them? Harvey says simply say that we don't have enough to money to bring the roads to equal standard. The circle has paid \$120,000 since he's lived there and not a dime has been spent. Why do we do the lower roads and not the circle? Ron pointed out that we have David's plan as starting point to address roads. That plan could be the basis of a plan for long-term funding. Harvey would like to see dues raised by \$100 per quarter for roads. Ron thinks having members decide if they want to increase dues to pay for plowing, etc. is a good idea and we should bring that up at the annual meeting. Roxy pointed out that most of the money spent this winter was for de-icing. She asked if we want to have separate fees. Harvey says that it is more dangerous to plow. Snow is easy to drive on. Lee pointed out that we've had several years where we didn't need to plow. Chris asked Ron if at the end of 2018 will the circle be chip sealed? That's the plan. He asked if the money in the road fund is going to be used to cover that? Lee says yes. Harvey says that then there will be no money in the road fun. Chris pointed out that the

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roads would be repaired. Ron says this is how we've done it in the past. We build up the road fund and then assign the resources to do what is needed. Lee pointed out that if we had a situation where we needed to complete an emergency fix we could then have a special assessment. Chris mentioned that we have reserves. Harvey says we've only done down below. He wants us to allocate a half hour at the next meeting because he believes we agreed last September to bring all the roads to the same standard. Chris asked if the plan we just approved for roads is done by 2018 results in the circle being chipped seal wouldn't that satisfy Harvey? Harvey says yes that would satisfy me. Heated discussion until Roxy adjourned the meeting.

IX. Next Meeting scheduled June 6, 2017 at Orcas Library

ADJOURNMENT

There being no further business, the meeting was adjourned at: 9:17 pm