

**BOARD OF DIRECTORS MEETING
ORCAS HIGHLANDS ASSOCIATION
12 August 2014**

MEETING CALL-IN INSTRUCTIONS:

Dial: (530) 881-1200

Enter Access Code: 420471#

PURPOSE: To conduct the regular business of the Association.

I. Roll Call: Dennie Carter, Ron Claybourn, Lee Goodwin, Roxy Marck, David Turnoy, Marcia West

II. Call to Order: Ron Claybourn called the meeting to order at 7:10.

III. Minutes (Correspondence) dated 6/09/2014.

MOTION: To approve the contents of the correspondence as submitted.

IV. Officers Reports:

A. President's Report.

1. Road sign fabrication sources and options: Ron has a dozen road sign posts, need signs fabricated. Committee formed at annual meeting to look into this. We want 15 mph signs, perhaps yellow curve warnings, pedestrian or children at play signs for down by mailboxes, uniform signage throughout the Highlands. Lots of drivers drive fast on Lindsay and Highlands [a particular blind spot on Highlands], need 15 mph signs or slow down signs or curve signs. The home-made signs Bea made have been effective. Ron will contact Ed Wilson to see how committee is doing.

2. OPALCO Island Network broadband initiative meeting with OHA: Ron and David met with Gerry Lawlor of Island Network and Jeff Alan Smith of OPALCO last Friday. This is OPALCO's effort at broadband that will be internet and phone service. OPALCO would finance up to \$1,500 per household for construction, would be repaid up to 7 ½ years out of monthly bill. \$95 per month for 10 megabits Internet and phone service (local and long distance), other options as well. \$150 connection charge, covers hardware for life (fiber Calix modem, antenna for wireless). Island Network may be able to use some of Mt. Baker Cable's conduit. Gerry and Paul Vierthaler of Island Ex. will be doing a walk through our neighborhood to establish cost for putting in broadband in our neighborhood. Poles would be 50-65 feet tall. Their internet will eventually be faster, thus economic opportunity to work from home better for businesses. They only have to trench 18 inches deep. If we do some trenching for water system, we can also use these for broadband. Mt. Baker Cable also has Internet FYI. Perhaps we will put something in the next newsletter about having an informational presentation and see how many of our residents would be interested in this presentation.

B. Treasurer's Report.

1. Financial report (D. Carter):

Dennie is working with Ann to close out last year, need access to Morgan Stanley money market account for which we pay \$150 per year and make maybe 50 cents per month. Dennie suggests we move to a vehicle with a better return. David provided Dennie with a publication that has some suggestions. Dennie will investigate if there is any close-out fee for our current account. Washington Federal has a 1 ½% CD. We could probably invest \$35,000-40,000.

Dennie provided OHA approved budget for 2014-2015 in a new QuickBooks format, breaks out all the expenses nicely. It was noted that we don't really have a line item for road maintenance on the new format, as this account is fed by our quarterly fees. It was suggested that we show this on our report. It does show on the form Dennie will continue to use.

We need to update our signature cards at KeyBank, as Phil is no longer on the board. Marcia agreed to be another signer. The authorized signers are now Marcia, David, Dennie, and Ron.

OHA Resolution re: excess income transferred to replacement funds was adopted and made part of the minutes.

2. Aging A/R status 8/4/14 (R. Claybourn):

9 accounts are currently beyond 90 days, \$3,942 is current amount. It was discussed that it is difficult to enforce, we don't want to turn off water, but we need to have the bill paid. Liens are put on delinquent properties.

We have had two recent cases where the escrow agent didn't contact us for fees that were owed. Ron has contacted the main title manager so there is awareness of taking care of obligations to OHA. This includes not only Orcas Highlands but also Otter's Lair. Ron will provide all info they need so this shouldn't happen again; if it does, Ron will file a complaint. Roxy will set up an MLS service so that we get notification of any transfer of ownership.

C. Water System Maintenance and Operation: OHA has a \$2,500 fee to start water service; Carl is suggesting that we have a separate charge for installation because of the recent significant cost of installing for a new user.

1. Water meter readings (L. Goodwin): Last meter reading showed an improvement over the previous month.

2. Maintenance report (R. Claybourn): Leak detector is not infallible, it detects hissing of water, but it could even be an underground stream or spring instead of a leak.

i. Highlands Drive 3" Badger meter installation: Ron shared a photo he took of the meter in the ground; it is at the beginning of Highlands Drive. Carl thinks we still have some significant leaks along Highlands; this should help us locate them. He thought we were losing 6,000 gallons per day there; he will be coming this weekend to check each house to see where leak is. This is the oldest infrastructure in the Highlands; we may need to replace all this. This should greatly reduce our loss. Ron suggests we install more of these meters which should help too.

ii. Colorado Blvd. leak and repair: Leak at property at bottom of Colorado on Thursday, Ron went down there as Carl not immediately available, water was gushing out. Later on Friday, Carl replaced the entire infrastructure. This case indicated the importance of having immediate service available or at least having a back-up of another person available. We need a back-up, the name Bob Egan was mentioned.

3. WWSC proposal for OHA water system evaluation: Communication with Mike Ireland, Mike is willing to come up to do an evaluation, this could help to give both WW and us an idea of the state of

our water system and possible future costs. Ron will contact him about doing the evaluation and find out about how much it will cost. We will also invite him to a meeting of the board members.

D. Roads Maintenance

1. Fall contract for tree limb cutting and tree removal: Bob Berdan will give an estimate for cutting overhanging limbs to be done this fall.

2. Bob Burke assessment project of OHA roads: Nothing scheduled for 2014, will probably do Switchback in 2015 and Discovery loop in 2016. Bob will assess our needs. Phil will try with Bob to get this into AutoCAD.

V. Unfinished Business:

A. RV policy committee: They have met 3 times, have 7 members, and will meet again soon. They will be ready to present to the board a draft of suggested policy and enforcement policy in 3-4 weeks. One resident recently parked an RV and strung an extension cord from the house across the road to the RV. They have done this before. The cord could be hit by sanitation trucks. This is a fire danger and a bad precedent and will be addressed by the RV policy. Ron says if the owner wants to have visitors like this, they need to run power underground.

VI. New Business:

A. WWSC rate increase proposal to UTC; impact on OHA costs and rate structure: We are billed in cubic feet through a 2 inch meter, 7.48 gallons equals a cubic foot. Our June bill was just over \$4,000, at the new rate structure it would cost over \$5,000, this is a 24.3% increase. We could absorb this cost by making improvements that reduce our losses, or we can increase the rates our customers pay. We have had about a 25% average water loss over 2013, Mike Ireland not concerned about this as other systems have large losses before WW takes them over, Mike is willing to eat this if he takes over, more than 25% might require some negotiation, goal would be to get our losses down to 10% over a reasonable time. These details need to be ironed out. Lee wants to know why Washington Water hasn't been willing to give us figures that would apply if they manage or own our water system. Lee wants Mike Ireland to give us a comprehensive study with figures. The UTC hearing to raise the price of water is Aug. 28; we were given very little notice. Roxy asked about the possibility of other water systems; she says there are 40 on Orcas. We could have Eastsound Water Users give us a bid, though Paul Kamin said he couldn't really compete with WW. We have to get our water from the lake, which means the water comes through WW. If WW owned our system, we would pay the ¾ inch rate, which would only increase our water fee 26 cents per day. Ron will contact UTC about the shortness of the notice. Lee thinks we need to protest the rate increase. Roxy suggests we have a campaign of members sending in letters to UTC. We have asked why the 2 inch is charged more than the ¾ inch, UTC has never answered this. Lee will make suggestions for us to draft a letter to UTC.

B. Fire exit easement proposal on Youngren property (D. Turnoy): David contacted Eric Youngren about establishing a fire escape easement through Eric's property, Eric and his father are interested, David rode with Eric down the proposed path, it is navigable but does need some work. Eric has proposed having a meeting where we walk down the proposed path. There is also a possibility of a road that goes

down from the property adjacent to Ron that ends up at Discovery by Bill Dallas's place. David will contact Eric about meeting in mid-September (except Sept. 17).

C. Officers: Current officers approved for another year.

VII. Next Meeting: Tentatively scheduled for Sept. 15.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:15.

To Do List

Ron: *Contact Ed Wilson to see how Road Sign Committee is doing.

*Newsletter item about having a presentation by Island Network asking for members to express their level of interest.

*Provide information to escrow company so that OHA is not ignored on future escrow events.

*Locate a back-up person for Carl, possibly Bob Egan.

*Invite Mike Ireland to do a comprehensive assessment of our water system and invite him to a meeting of our board. Try to get an idea of how much the assessment will cost.

*Arrange an estimate from Bob Berdan for cutting overhanging limbs.

Dennie: *Research other investment vehicles for investing our money.

*Find out about close-out fee for Morgan Stanley account.

*Update Keybank signature cards.

Roxy: *Set up MLS service for OHA so we are aware of any transfers of ownership.

*Help with crafting letter to UTC.

Lee: *Send information to board members regarding the unfairness of the charge for a 2 inch meter versus a ¾ inch meter and any other relevant information for a letter or protest to UTC regarding the proposed rate increase.

David: *Help with crafting letter to UTC.

*Contact Eric Youngren to arrange meeting to tour proposed easement for a second fire exit from our neighborhood.