

**Agenda, Nov. 14, 2017 – Marcia West’s Home – 1172 Discovery Way**  
**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.

Roll Call: Marcia West, Harvey Aldort, Dennie Carter, Lee Goodwin, Jens Kruse, Brian Ehrmantraut, Steve Whicher, Bob Wyatt, David Turnoy; Water Committee Chair: Ron Claybourn not able to be present.

I. Call to Order: Meeting called to order at 7:07.

II. Guest Visitor: Norm Flint – Snow Plowing – when and how much: Sand is not practical, need a place to store it, something to load it, a spreader, a sweeper—all this could cost as much as \$100,000. 2,500 lbs per pallet of ice melt, about \$800 or \$900 per pallet. Norm has 7,000 pounds of ice melt put aside for us. Harvey will check into getting a semi-truck load of ice melt. Bob moved that we proceed as in prior years to plow if four inches of snow and use ice melt as needed. Steve says we should see what happens this winter to see if last winter was an anomaly, maybe we should start setting aside more money. Several board members said we need to keep the roads open. Harvey says we never should have started to plow. Norm says we could have had someone die because of inability to plow. No one should contact Norm for work except Marcia, David, and Brian.

A. Policy for 2018: same as 2017.

B. Contract: We have renewed Norm to continue as last year.

III. Minutes of OHA BOD meeting dated 9/19/2017

MOTION: To approve the meeting minutes as submitted. Approved.

IV. Financial Report

A. Current Balance, budget status, upcoming expenses, A/R status: 4 months ending Oct. 31 are included. Over budget on legal fees. We have also purchased more water than projected, probably the result of a big leak and lots of watering. If the sale to WW goes through, they take over the billing, we wouldn’t have to bill for water any more, we would need to make some adjustments and do some restructuring. Dennie will make an adjustment for the money used for the mailbox stand. We have a large amount in accounts receivable, four large accounts. Largest is Brewer, she needs to be contacted, also Naumann. Lee says we need a board member who will keep an eye on this and contact the members in arrears. Marcia sent Brewer a note but no response, Marcia says she will follow up on both of these. We are responsible for this until WW takes over, then WW will be the responsible party. We should try to get everyone current before the transition. Bob suggests that we implement our lien process, which is used once over \$500 and 90 days. Marcia sent some intermediate notices and this helped. Brian says perhaps we should make our process tighter as we near the transition, perhaps reduce the \$500 threshold.

Carl has billed six hours for training his assistant, she will get \$25 per hour. Steve suggested we allow up to \$500 more for training, this was seconded and approved. Carl's retainer is now \$600 per month.

B. Review of Tax filing and audit results: Brian mentioned that we don't have a reserve study. It apparently can cost as much as \$20,000. Lee says the study will only tell us things we already know. While many of us thought it is desirable but not a legal requirement, Brian says we are required to have a reserve study, but we have discretion on what to have it cover. Bob suggests we put together a statement that we have looked at whether we need a reserve study and have decided that we don't. Marcia says to do the study after we get rid of the water system, which will save us a huge amount of money. Brian and Marcia think it would cost \$3,000-\$5,000 after the water deal. Perhaps it only needs to be done every 10 years. Motion was made to explore the cost for developing a study once the water system has sold, and only for the road system, and we hope to comply with the law (RCW 64.38.065) by June of 2018.

Dennie says we need to consider switching from 1120 to 1120 h on tax status, which Vandal recommends, but the latter is more expensive. Dennie will talk to Vandal about this. The change would make it easier to do the tax return, but it could bring an audit by IRS. Brian says 1120 gives us more flexibility about rolling funds forward. Bob says that maybe we want to wait until water deal is done. Dennie will chat with accountant.

- Question to have additional review by Chris Graham? Chris has a lot of experience in this area. Dennie will see how it goes with Vandal, if Chris is needed, Dennie will ask him.

C. Update on Banking and Credit Card account authorizations: David signed his.

## V. Committee Reports

### A. Water

- Questions of easements and Board authority for sale and land action: Marcia says we will need to have a title company deal with this. Harvey doesn't want us to sell any land to WW, would prefer easements. WW wants to own the land. We aren't sure what our authority is regarding selling this land, says Steve, and he thinks we shouldn't sell. WW didn't really give us a good reason why they need to buy the land, we need to hear more from them. WW hasn't sent us a pro forma contract yet, says Lee, and we need to see it. We need Ron to contact WW to see about a draft contract and to tell them that we aren't clear about the easements and we should ask them (WW) what they propose. Minutes will be sent to Ron. Brian says we need to know what we have now, Jens says we need title company to do the relevant study.

- Schedule for membership notification and presentation: too early now.

- Update on WWS application and additional questions.

### B. Road

- Review and vote on Doolittle Bid: David will need to contact Doolittle to find out what is proposed as far as single coat and double coat, David will look at the bid and his notes, will call Doolittle to find out exactly what the proposal is, then get back to the board. We have another month to accept his bid. Also, Island Ex has been really busy and is way behind. We were supposed to have had their work done in September. It looks like they won't get to us until January or whenever whether prevents them from working on other projects but allows them to get our project done.

§ Question of additional chip seal areas at road ends – spur off Discovery Circle, end of Lindsay, end of Switchback – each access reaches two lots. We need a bid from Island Ex and Doolittle on these spurs. These are easements, and there are costs involved, perhaps \$30,000. This would be a separate bid. We will have to see if we have the money to do this second project in 2018.

- Switchback edge markings in place: Marcia got them, she and David installed them.
- Outgoing mail box status: not discussed. But Lee adds the following: Postmaster

Donna McNeil still owes us answer what actual model and maker of box they'll accept. She has much difficulty getting answers from her mainland bosses. The Florence (maker) box she had recommended several months ago is too tall to fit on our shelf, but she thinks it might be acceptable if attached to the end of our stand (where Firewise sign is now) - this is why we awaiting her advice.

C. Nominating Committee – Question of resetting the rotation schedule for Director terms. 6 current directors will have terms ending in 2020, we will need to re-stagger the terms. Carol is chair of welcoming committee and might be able to let Jens know if any of the new members might be candidates, but Marcia says most of the new ones are only part time on Orcas.

D. Newsletter - Input needed from Committees by Dec 28. Hopefully we can let people know about water and paving.

E. Firewise & Emergency Notification: Brian got the new Firewise sticker and has us up to date.

- Fall burning permit – update. Marcia will get a new permit.

F. Welcome Committee: they are meeting and planning to welcome new arrivals.

- Welcome packet – Two new owners this month

G. Policy

- ACC Guidelines and CC&R's posted for real estate professionals & on website. Two potential buyers have been chased off because they didn't want to comply with our regulations, wanted to put up mobile homes.

## VI. New Business

A. Community Association Membership – Harvey recommends our board being members.

B. Power and utility sharing on spur off Discovery Circle – Harvey. We will need to study this.

VII. Date and time for next Board of Director meeting: Jan. 9, either at the Funhouse or Marcia's.

## ADJOURNMENT

There being no further business, the meeting was adjourned at 9:12: