

**ANNUAL HOMEOWNERS MEETING  
ORCAS HIGHLANDS ASSOCIATION  
OPALCO Conference Room  
June 18, 2016, 1:00 PM**

**PURPOSE:** To receive annual reports of the Officers and Directors, to elect new Directors, and to transact such other business as may properly come before the Association.

**I. Directors and new OHA member introductions**

Ron Claybourn opened the meeting to at 1:03 with introduction of new attending members: Mary Ann Olson, Joan Pearson and Nathan Ahrens introduced themselves.

**II. Presentation by the Eastsound Postmaster, Donna McNeal**

Donna McNeal, Eastsound Postmaster, presented options for the Highlands mailboxes. One option is that we can expand the current box area and/or add another area of clustered boxes with one cluster at the junction of Highlands and Lindsay and the other cluster at Lindsay Way and Discovery Way. The postal service will not provide individual home delivery and will not travel up to Discovery Circle. We could use the clustered security mailboxes with the small slot and locking door. They are built in a single stand with banks of boxes and have a large outgoing box. There are many styles to pick from. The cluster boxes will not fit parcels, so larger delivery boxes with keys are included in each cluster. The parcel key is then left in the individual mailbox for pickup. We could also rebuild the current structure and stack the smaller and medium boxes on a shelf. Donna indicated that the minimum distance from the ground to a mailbox is 40 inches. The box heights cannot exceed the length of reach of the postal carrier from their car. She will advise us this max distance. A standard mailbox is 7 ½" x 9 ½" x 20½". We could also add a freestanding outgoing box to the lower mailbox area. Donna indicated she was happy to work with us and answer any further questions we might have. Ron Claybourn reminded us that the existing boxes are on county right of way, so property and changes to that area will also require coordination with the county. Everyone thanked Donna for her time and information.

**III. Call to Order**

Meeting officially called to order by Ron Claybourn, Board President at 1:22.

**IV. Volunteers to approve the contents of the minutes as submitted.**

Jens Kruse, Arthur Winer, Peter Bohr volunteered to read and approve the 2015 minutes on behalf of the membership.

**V. Nomination and election of 4 Directors**

There are currently 113 voting members in the Highlands Association and 15% or 17 members need to be present for a quorum. We received 20 proxies, two for quorum

purposes only. Ron explained that we will vote by ballot this year and that there are four open positions. There are three departing directors – Gayle Benton, Kristen Wilson, and Ron. Ron’s term has expired, and Gayle and Kristen both have 2 years remaining on their terms. The current covenants designate that terms for directors are for 3 years and there shall be between 5 –17 directors. Nathan was appointed by the Board and must be voted in. Ron highly endorsed Nathan’s contributions to the association over the past year. Jens Kruse has been asked to consider running for a seat on the Board and has agreed to accept the nomination. Jens introduced himself to the membership. He has recently retired from Wellesley College where he taught as a faculty member for many years and has a home on Mirada Lane. Nominations were then opened from the floor. Harvey Aldort stated that he would be willing to serve and nominated himself. Richard Strauss was recommended by Bea von Tobel, but he respectfully declined the nomination. Ron nominated (floor) Harvey and placed the spelling of his name on the white board. The meeting paused while ballots were handed out for voting, and they were then collected.

Ron called the meeting to order at 1:40. Voting results:

26 ballots – tally recorded. 7 for Harvey 26 for Jens 26 for Nathan  
write-in 1 for Stewart Mehlman – declined write-in 1 for Bea Von Tobel - declined  
New Board will have 9 members.

Questions from membership:

Do abstention votes count? Ron read the voting rules from Roberts Rules to the membership and determined that the rules for abstention did not apply to the election of directors as our bylaws are written. The Board has been operating with 9 members but the by-laws say 5 – 17 members. Two members are filling positions that expire in two years so Harvey would be filling a two-year position. Jens will be filling a three-year position.

How do 7 “yes” votes get one elected? Bylaws read, "The persons receiving the largest number of votes shall be elected."

## **VI. Reports:**

### **A. President’s Report**

1. Orcas Highlands Association and Washington Water Service Company have water quality Consumer Confidence Reports. All required **water quality** reports are posted on the website.

2. **Bookkeeper status**, ACH payments for quarterly invoices: Ann Lister has given notice that she will no longer be working for us. Ron has interviewed two candidates to date and will be interviewing one more next week. All candidates seem familiar with QuickBooks and electronic processing. Dennie Carter has had input to the interview process. After the third interview, Ron will send out a summary of the individuals for directors’ review. The biggest part of the job is the quarterly payment cycle.

Harvey indicated he felt the deposits take too long to process. Ron reminded everyone we support electronic payments and that makes the process much quicker. Our current system through QuickBooks only supports ACH bank transfer through Intuit. Transactions made electronically cost only 50 cents to the association. Credit card payments add a much larger charge to the association. We can look at pre-pay and auto-pay with the new bookkeeper. Instructions for electronic ACH payments were sent out at the first of the year. Fourteen households are currently paying electronically. Currently billing problems should be sent to [info@orcashighlands.com](mailto:info@orcashighlands.com). We will post the instructions for ACH on the website.

3. **Road repair** estimate from Island Ex: In January Ron contacted Paul Vierthaler of Island Ex to survey all the Highlands roads. Ron then met with Bob Burke and Paul V. to review the roads and the “very rough” estimate. The estimate includes work on Highlands Drive, including paving, Switchback Road including repair at the dip, Tall Trees is in good shape, Lindsay Way needs patching at the top, Colorado’s needs were not reviewed, Discovery Way to the circle needs no work at this time. Work on Mirada Lane was done in the last two years but did not include the first 200 feet of pavement or chip sealing. See attached estimate for details. Bruce Wiscomb of Orcas Ex was also asked for a cost to place patching in critical areas, but we have not received a number. Patching is not a recommended long-term solution. Bob Burke recommended creating some widened areas for passing when we repair the road surfaces. The recommendation from professionals for Discovery Circle was that the full 3,300 feet be redone, though the membership seemed to push back on this as especially the backside of Discovery Circle is little used. The full estimate for the circle is \$60,000 without the chip seal costs. It is \$4.70 per sf per coat for rough chip seal costs. Ron is trying to get the chip seal company Doolittle to come up and do a consolidated paving project for several associations. Harvey indicated he thinks the Board should be more proactive, bring all the roads up to standard. He urged that it would be more economical to do all the work at one time. Arthur wondered why we are looking at Highlands Drive, it was done just a few years ago, and Ron indicated it was part of an overall survey. Lee indicated that the road condition has to do with the preparation of the road base. Ron recommends taking a comprehensive look at the roads and then doing something to address paving for spring of 2017.

Bea oversaw the earlier three road projects, and each project required a different treatment. Highlands Drive roadway was restored to a full 12-foot width, and edge treatment was included. Rollie ask why not get another bid on Discovery? Ron indicated there are a very limited number of contractors available to do the work and we have had trouble with other contractors with water repairs and previous roadwork. Ron stated that we need to get a commitment from the association on the cycle for roadwork so we can move ahead.

Motion: by Bea to authorize the Board to fix all the roads identified in the presented estimate except Discovery Circle and to expend funds for all this work this season. It is understood that none of these projects include chip seal. Motion was passed with 15 approved and 3 opposed excluding the Board and proxy votes. Roxy requested an executive session for collaboration of the Board and proxy votes. Meeting suspended at 2:26.

Meeting reconvened at 2:41. Ron has 2 proxies and there are 13 proxies for the full Board and 7 individual votes. The Board votes against. Tally for the motion is 15 approved and 25 against. Motion fails. The Board would like to see a condition that the costs stay within 30% of the current estimate. We also don't know if the road repair would hold up without chip seal. Additional engineering work is needed before we have a sound plan to move forward. We need to be sure the work will hold up without chip seal or when we can schedule the work in conjunction with other Associations to bring in the sealing company. Repair for the dip on Switchback is estimated at \$3,000 dollars, and we will try to get that done as soon as possible. Ron indicated the Board hopes to repair Switchback, the pothole on Mirada and the disintegrating area on Discovery this summer.

The road repair direction was recapped with the membership. The direction is to spend the funds to do the repairs that need to be done, that can be done without the chip seal, then in spring do the rest of the areas that need repair including chip sealing all new work. The membership was asked if that was correct. Response was 'yes' from the attendees.

**Marcia reviewed the recorded conversation from the meeting, and this is her summary:**

Motion to Correct NOW: Repair at dip on Switchback including solution of the drainage issue, apx. 50-feet, this is priority one. Patching at the disintegrating area on Discovery Circle apx. 20-foot section, repairing one pothole on Mirada at the entrance. The rest of the work to be done when the chip seal is available next calendar year.

Then: Ron stated that we are intending to get that done. We just need to commit to spending the funds and contract the work. We were already going this direction so the additional motion is not necessary.

Then the final recapping: Spend the money to do what repairs we can now that will be cost effective to be done without chip seal. Do them now before winter. As we get closer to spring, then commit to doing the rest of the repairs in conjunction with the chip seal. Is that what you want? Membership: YES, Including the part of Discovery that really gets used, where people live.

#### **4. Emergency Notification Plan map update**

Ron recognized Susan Kunk and Roxy Marck who revised the emergency preparation plan and map and updated the contact information. Thank you for all your work and for a valuable and useful product.

#### **5. Firewise Community Representative**

Since Judy Cook left no one had stepped up for Firewise Communities coordinator and we are up for renewal. We had a very good cleanup day with a lot of volunteer effort. Certainly met the \$2 per capita per year for certification. Many volunteer trucks and labor made a very successful cleanup. Brian Ehrmantraut has agreed to be the new Firewise coordinator starting July 1st. He will be a great asset as a firefighter and knowledgeable search and rescue coordinator.

### **B. Water System Report**

#### **1. Current water rates and revenue (Goodwin)**

Last year we raised the rate by 24% and we reviewed the rate to see if we could reduce it. So far we don't see any way to reduce the rate, and the fees are needed to meet our water costs. The higher rate is showing a reduction in usage. The leakage rate has been reduced considerably. From the Washington Water handoff meter to the pump house, the system is stable with no leakage. We now have a 3" check meter on Highland Drive where we are now showing only 5% differential leakage between the main line and the residential meter total. There might be a leak at the dip near Kelly's house on Highlands Drive. We are doing more testing at this location.

## **2. System upgrade to electronic meters**

Last fall we replaced all the ¾" residential meters. The electronic readout and recording is not working yet, but Ron is working on a fix for recording usage with a spreadsheet and customized software. Ron has been in contact with Scott Bailey, who is the new general manager for Washington Water. He will be up next month to meet and review the system. Conversations will continue with Washington Water about the possibilities of operation or transfer of the system. This could reduce costs and risks for our water system and bring a possible rate reduction. We will continue to explore these options.

## **C. Treasurer's Report**

<2016 Budget and Balance Sheet Attached>

### **1. Finance report and budget proposal/approval (Carter)**

Denny presented the budget and highlighted key areas of the spreadsheet. Column 5 represents over and under budget lines. We had to replace some lost insurance coverage, which is why the insurance cost is increased. Office supplies include the purchase of a laptop computer to work with the new water meters. We added a line item for web hosting costs. Accounting costs are on budget. Taxes were raised a little bit because a tax bill from last year was paid this year. Legal was over budget due to requested legal opinions. Fire mitigation costs include some tree trimming along the roads and roadside maintenance. Next year Carl will bill for meter reading, and there is a slight increase budgeted in repairs and leak exploration.

A question from the membership was raised asking if the financials are audited yearly. Denny responded that it has not been done in a while. Bea stated it has not been done in at least three years. This needs to be done by a CPA soon.

Arthur asked if Carl is retiring. Ron responded that he is probably three years out. This might be good timing with the options of working with Washington Water. Bea suggested that we hire someone who becomes certified, at the cost to the association, to learn from Carl and become the water supervisor. She made this suggestion last year after the annual meeting. It was emphasized that the Board must be proactive to find the person. Ron has asked for a contract with Carl but has nothing yet. We should run an ad for someone to take on the responsibility. We also need a contract for the new bookkeeper.

**MOTION:** With no revisions, Bea moved to approve the 2016 Annual Budget as attached; seconded by Steward M. and it was approved unanimously.

### **2. A/R Aging status**

Currently there is just one member who owes over \$500 and is over 90 days late. The sum of all aged receivables is \$1,172.46. We have been filing liens on members who are overdue more than three months. We have made great progress bringing the aged receivables down. One account in Otters Lair was turned off for several months and it was finally worked out to set up a fixed deposit for the individual. We have been working with individuals to set up plans for accounts that have trouble paying.

## **VII. Unfinished Business:**

### **A. Proposed meeting with WWSC General Manager**

Scott Bailey, the general manager for Washington Water, will be up next month to meet and review the system. Conversations will continue with Washington Water about the possibilities of operation or transfer of the system.

### **B. Road sign installation project completion**

Road signage is complete and consistent within the Highlands. Hopefully this is impacting safety and speeds within the Highlands.

## **VIII. New Business**

### **A. Mailbox refurbishment/replacement**

There is no option for individual home delivery. Nathan has contacted three contractors for rebuild bids for the mailbox structure. The bid included a six-foot extension. The one bid that was received included a new roof, replacing broken boards, and one set of posts. The cost was between \$7,500 and \$9,500 without all new posts. The postal carrier and postmaster can tell us how many boxes are currently in use. We need to survey the membership to see what sizes and how many boxes there would be in a new structure. Discussion from the membership included the observations that many people like the boxes at the entry. The boxes higher up the roadway would cause more cars stopping on the road or in front of homes and traffic issues. We could only build or put the new boxes on the right-of-way. Several members thought it would be dangerous to have the boxes on the upper roadways. The majority present would like to consolidate the boxes and expand as needed in the current location. Ron concluded that the Board is committed to putting up an outgoing box. It should be a small enough box to not draw extra drop-off traffic. The membership was asked if there were any constraints on how much to spend on this project. Answer - No – use good judgment.

### **B. Other**

Bea thanked Denny for another year of service. This is his 25th year of being treasurer. Bea is the new representative for Island Air. We can get a group discount if we can sign up as a group if the payments go through the Association. Discounts can be from 10 to 25%. Information will be submitted for the next newsletter to get the word out that there are alternatives for leaving the island.

**C. Note**

State law requires that “The association must make available to each owner of record for examination and copying minutes from the previous association meeting not more than sixty days after the meeting.”

**IX. OHA Member Forum**

Many give a big thank you to Ron for all his time and service to the Association. His leadership will be missed on the Board, and we are grateful for his pledge to continue on with several of the big projects.

**X. ADJOURNMENT**

MOTION to adjourn by Roxy, seconded by Jens at 4:34 pm, unanimously approved. The meeting was adjourned at 4:35 pm.

ADDENDA:

Road Estimate from Island Ex

2016 Annual Budget and Balance Sheet