

**HOLIDAY HIDEAWAY ASSOCIATION
ANNUAL MEMBERSHIP MEETING NOTES
Saturday, April 29, 2017 – 2:00 p.m.
Guemes Island Community Center**

President Gary Rainwater called the meeting to order at 2:15 p.m.

Board Members Present: Gary Rainwater, Pat Harrigan, Bill Rainwater, and Recording Secretary Cas Hancock.

Board Members Wendell Phillips, Sharon Hughlitt, Matt Enos, and Sharon Schlittenhard were absent with notice. No quorum of Board Members was present.

Establishment of Quorum of Members was in dispute. Recording Secretary Cas Hancock declared that the quorum of 53 Members was not met, as there were only 45 Members present in person or by proxy. President Gray Rainwater and Vice-President Pat Harrigan questioned that the quorum of 53 was met by the 73 votes represented, not the number of Members. Gary announced he would conduct the meeting with a “provisional quorum”; that Cas Hancock was asked to verify the issue with the attorney; and the Membership would be notified of the result.

On Monday, May 1, 2017, our Attorney confirmed in writing that the required quorum was not met. Business actions provisionally taken have been revised to reflect discussion and informal “show of hands” only. The meeting is considered informational only.

WATER CO. BUSINESS

In the interest of time, Gary welcomed everyone to the meeting and introduced our Guest, Carl Garrison, P.E. from Coffman Engineers, Inc. Carl is the engineer for Tank AT-2 project and he gave a presentation of the project (copy attached) and answered questions from the Membership. Carl stated that after the AT-2 project was complete, the Water Co. would be good for about 20 years into the future. He explained how the storage and treatment works and that it also increases the flow of wells 3, 4, & 5. Included in the project are two booster pumps to send the treated water into the system and up to the existing storage tanks on the hill. By being a passive system (no chlorine added), AT-2 will keep operator wages down because it will not require daily monitoring of chlorine levels; or monitoring and maintenance of a chemical pump. It will also not require the purchase and installation of the chemical pump. It will require regular cleaning of the tank, either by scuba divers with a “vacuum” or by draining the tank and pressure washing it. Carl has a similar passive manganese treatment project on Lopez Island (with higher manganese levels in the raw water) that must clean their tank annually, but it is much less expensive to clean the tank than to pay for chlorine pump, chlorine, and operator wages per year.

Question: How much water can be pumped after the project is complete; does the number of lots equal our water rights; what about the aggregated lots?

Answer: Carl explained that our water rights permits limit us to 69 gpm instantaneous demand and 70.4 Acre Feet annual withdrawal, regardless of how many lots we serve. Seawater intrusion is also a limiting factor of quantity of water we can pump from the aquifer. If we could acquire/absorb several small systems or private wells, we could add their collective water right allowances to ours. (See slide#3 of attached presentation.) Carl also stated that all of this is based on today’s conditions with aggregated lots. Carl suggested that we acquire all the water we can get to hedge against the future.

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Question: How about Seawater Intrusion?

Answer: We can manage against that for a long time. Wells 1 & 2 are only used when they are needed, because of the sulfur smell, but we will get to that (Tank AT-1) in a minute.

Question: Why aren't we doing the projects (AT-2 and AT-1) together?

Answer: We have a limited amount of time (with requirements for engineering etc.) The Board has decided to get started with AT-2 and do the feasibility study, engineering, and permitting with the hope to add additional funding to the AT-2 loan this fall.

Question: Once AT-2 is done, will we be less dependent on Wells 1 & 2?

Answer: Not really, it may reduce the need by 15% or less.

Question: If AT-1 is to oxidize the sulfur, and we are already oxidizing in AT-2, could we increase oxidation by adding ozone, all in one tank?

Answer: That is one option.

Question: So, why aren't we doing AT-1 at the same time?

Answer: The purpose of AT-1 is to treat the sulfur smell and increase usable storage by 11,500 gallons. The pilot study recently done by Cas, Tama Campbell, and Cynthia Recker, revealed that just the aeration process as proposed will not remove the smell completely...Is there a cheaper way? There are several other ways: using chlorine; enhanced aeration in 1 or 2 sprays and pumping; and installing a transmission line from Wells 1 & 2 to the AT-2 location. The cost of the proposed concrete silo has increased a lot since the 2010 proposal. A stainless steel tank is cheaper. A transmission line to AT-2 location is the most expensive. The purpose of the feasibility study will describe all of the possibilities. It is then up to the Board to decide what is the best bang for your buck to treat the sulfur smell. The possibility of borrowing the extra money, for whichever treatment, is feasible. The AT-1 project should rank quite high in the funding process even if we do not need to build a storage tank to provide sulfur treatment.

Gary asked for a show of hands of those who have issues with the smelly water. A large majority of those present raised their hands.

Gary called for a show of hands of those present concerning favorability of approving the Drinking Water State Revolving Fund Construction Loan of \$451,404.45 Tank AT-2 to treat for Iron and Manganese removal and increase water storage capacity. The results were nearly unanimous in favor of approving the loan.

Cas gave an abbreviated Annual Water Report, as everyone had a copy to see the details and a copy will be attached to the minutes. She emphasized that the lop-sided lack of budgeted income was because we planned to have some of the proceeds from the DWSRF Loan by late fall last year and that did not happen. Cas explained the description of what bank accounts pay for what services; that the water Customers did a great job of using their water wisely again in 2016 with the resultant Distribution System Loss reduced to 1.0%. She highlighted the increase of 8.8% in cost for the 50-year replacement and maintenance plan. We have not been as aggressive with the replacement

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portion since former operator Gerry Francis stepped down. THANK YOU for your good work, Gerry. The more recent operators have less time to devote to the program as Gerry did, as they work other part-time jobs. The replacement of the oldest meters is complete. We will continue replacing old meters according to condition and age. We are beginning the assessment and possible replacement of the oldest sections of water mains. Cas noted that the last few slides of her presentation are a repeat of the information that Carl just presented. There were no questions from the Membership. Gary suggested that Cas ask for additional meter readers. Cas asked that anyone interested in reading meters part of one day a month please call our office and speak with our bookkeeper Darcy Daniells, who is coordinating the project. We are hiring several people to create a “pool” of available readers so that in any given month, there will be two people available to read meters on the required day. Darcy is doing the training.

ASSOCIATION BUSINESS

Gary asked if anyone had any changes or corrections of the minutes of last year’s meeting as distributed. There was no response.

Treasurer Bill Rainwater reported the following:

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|---|--|
| Bank balance as of 04/22/2016 | \$12,130.52 |
| Expenses: | |
| Bookkeeping (Darcy) | (\$2,394.00)- includes supplies/postage for Annual Meeting |
| Management (Cas) | (714.78) – business mgmt.-collections, etc. |
| Gravel for Evergreen Lane | (101.00)- portion of cost related to Assn owned property |
| State Farm Insurance | (106.25) – Directors & Officer coverage added-prorated |
| Total Expenses | (\$ 3,316.03) |
| Income: | |
| Dues | \$5,558.92 |
| Interest | 13.07 |
| Total | \$5,571.99 |
| Bank balance as of 03/23/2017 | \$13,991.90 |
| | |
| Major Funds paid during April 2017 | |
| State Farm Insurance | (1408.00) – Renewal all coverage |
| K. Garl Long, Attorney | (1325.00) |
| Bookkeeping (Darcy) | (225.00) |
| Total | (\$2958.00) |

Question: At \$10.00 per year, how many lots do we have to collect over \$5,000?

Answer: Not everyone pays every year, and Cas has done a good job of collecting past due accounts. That amount is in line with previous years. Cas noted that there are about 429 lots in the plat.

Question: Is our insurance general liability or what?

Answer: When we first asked for coverage, nothing exactly fit us and the closest they could come is Condominium coverage. The gate at Cook’s Cove is the only structure we have and maintain.

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Gary asked for volunteers to review our insurance coverage.

Question: What about the tanks and pump houses?

Answer: Cas stated that those structures are covered by the Water Co. insurance.

Pat Harrigan gave a short report on community properties. He explained that Long Bay had been washed out and the Board had asked the County to mitigate the runoff from their street drainage. The County extended the 20-inch diameter plastic culvert, diverting the runoff down to the beach, not dumping it on the hillside. Pat has asked the County to fix some leaks that have appeared in the culvert. Pat stated there is still a big washout left but there is no remedy for that.

Pat explained that not much has been done on Cook's Cove. An Association Member paid Snowy Mountain to make the latest repairs. He asked again for volunteers with a tractor, loader, or other equipment to please contact a Board Member.

Question: Who are the absent Board Members?

Answer: Gary named Sharon Schlittenhard, Sharon Hughlitt, Matt Enos, and Wendell Phillips.

Gary asked for volunteers to do a review of the financial records; cut the grass around the "chicken foot"; and maintain the trails to the beaches. He also asked if someone wanted to learn a little more about the Board and could take minutes of the meetings, explaining that the Secretary resigned from his office (not from the Board) at the end of last year because of time constraints of his job and volunteer firefighting. Gary stated that Cas has been performing those duties, but it would be nice to have someone else do it. Member Dennis Barnes stepped up to the plate, stating he is not an accountant or bookkeeper, but is willing to do the minutes. Dennis also stated he would consider serving on the Board if there was a vacant seat.

Gary stated that both he and Sharon Hughlitt have volunteered to run again and asked for ideas from the floor for any others who might be interested. Member Dana Bettinger noted that her mother Irene, also a Member, had spoken to Blair Estenson and Dennis Barnes (who already offered to do the minutes), who might be interested in serving. Sharon Hughlitt and Gary Rainwater will remain as Directors until the next regular or special Membership meeting.

Gary asked for any concerns or issues from the Membership. Member Carol Harma asked for any information that will help her complete a History of the Hideaway.

Gary asked if anyone was interested in making next year's Annual Meeting a Pot Luck. There was a no interest shown.

Gary closed the meeting at 3:40 p.m.

Cas Hancock

Recording Secretary

Attachments: Engineer's PowerPoint Presentation

Water Manager's Annual Water Co. Report