

Edelweiss Board Meeting Minutes 08-27-2018

Call to Order: The meeting was called to order at 6:04 PM by President John Kirner. In attendance were John Kirner, Chuck Armstrong, Kirk Schumacher, Nicki McCullough, Alan Fahnestock, Sern Watt, Steve Ralph, Pete Speer. Also, in attendance were Dick Volckmann and Craig Hook. Absent: Chuck Timchalk

Determination of a Quorum: Present in the affirmative.

Review of minutes of July 9, 2018 Board meeting: Pete Speer for Chuck Timchalk
Motion to approve by Kirk, 2nd Nicki, approved unanimously.

Presidents Report – see below

Treasurer's Report: Chuck Armstrong

Current bank balance as of August 24, 2018: \$161,634.64. Capitol One Business Savings accounts: Common Reserve \$32,472.53, Water Fund \$6,740.84, Road Reserve \$30,472.53, Legal Reserve \$11,173.78, Pool Reserve \$410.80. Drain Field Reserve \$189,216.95.

Discussion of Annual Audit expense: Costs of full audit have increased substantially; due to high insurance costs some firms have stopped offering this service. EMC's CPA is willing to attend Annual Meeting to discuss current trends in the financial world vis-à-vis audits.

Discussion of components of the 2019 budget, including eliminating 40 % exclusion of water fees going to reserves, instead going into the general budget. If at the end of the year the budget shows a surplus, consideration will be given to moving these funds into water reserves. Other new budget items include FireWise operations (\$5k) and Road System expenses (\$41k). The 2019 Budget as planned projects a modest cushion in the budget at year end.

Initial discussion of proposed long-term 2019 Special Assessment for re-piping the water system and a 2nd short-term 2019 Special Assessment to bring operating reserves up to previous levels, and for other capital projects (e.g. truck, tractor, garbage facility, etc.).

Motion: Accept the 2019 Budget as proposed by the Treasurer as written. Moved by Pete, 2nd by Chuck A. Motion passed unanimously.

Manager's Report: Dick Volckmann

The latest on upgrade of water pipes and power lines on Highland Meadow and Homestead Roads is included in the Manager's Report (see below).

Additional Topics:

Review of 2018 Reserve Study by Samdal & Associates: The consensus of the Board was that immediate full funding and the other four options in the Reserve Study are heavily front-loaded, rely on over-estimates of expenses that EMC incurs, and would be likely be rejected by EMC members as too expensive. The Board discussion led to a different approach that both chips away at current needs and builds reserves at a more reasonable rate. Two more Reserve Studies are contracted, one in 2019 and another in 2020. The Board will review those studies in light of the cost experience of the current OCEC/water line project and work with Samdal on cost assumptions and priorities to bring the study more in alignment with EMC's actuals.

Concern was expressed about how members would perceive the gap between the Reserve Study options and the Board-proposed 2019 budget and assessments. A summary of the Reserve Study will be prepared and distributed to the membership and discussed at the September 15th informational meeting in advance of a vote on 2019 Special Assessments.

Proposed 2019 Special Assessments:

Board discussed a responsible proposal to address long-standing deficits in maintenance and building reserves for future capital expenses. Two assessments were discussed, one which continues to fund the OCEC/water line project, and a second to address current capital needs and restore and build reserves for the future. After ten years the amount and duration of these assessments will be reviewed and, extended, reduced or eliminated, as necessary. The total amount of dues to be collected over ten years approximates 70 % of the recommended balance required for full funding of EMC reserves. The Board deemed this to be a responsible approach.

Motion: First assessment: A Special Assessment of \$300 per year (\$25 per month) for ten (10) years to follow OCEC in replacing aging power lines and water lines, with a 3 % annual increase to account for inflation. Moved by Chuck A, 2nd by Steve. Motion passed unanimously.

Motion: Second assessment: A Special Assessment of \$250 per year (\$21 per month) for ten (10) years with a 3 % annual increase to account for inflation, to true up and build reserve accounts and provide for other capital expenses. Moved by Steve, 2nd by Nicki. Motion passed unanimously.

Proposed Road Maintenance Arrangement:

Initial estimates of treatment of 2,000 lineal feet of roadway – grade, gravel, water, roll – was \$11,000. Lignin would be \$12,000; magnesium sulfate treatment would be \$24,000. Discussion of lower cost options of grading, gravel and lignin treatments in limited areas where needed.

Proposed amendments to the Bylaws:

Discussion of the existing CPI limit on dues and its effect on EMC's ability to properly maintain common assets. Proposal to allow for an increase of 5 % or CPI, whichever is greater.

Motion: Amend Section 7.2 of the Bylaws to limit increases in annual dues to 5 % or the CPI, whichever is greater. Moved by Kirk, 2nd by Pete. Motion passed unanimously.

Discussion of Methods of Voting

Kirk will review the timeline and report back to the Board on procedures and timeline for budget, bylaws and assessment voting.

Plans for September 15th Meeting at Mazama Community Club

Discussed creating an agenda with topics, meeting ground rules, procedures for recording comments and managing dialogue, round robin presentation, conduct a dry run beforehand.

Other Business

Discussion of plans for moving the mailboxes, to be completed prior to the winter.

Board Called into Executive Session

Adjournment of Meeting

President's Report

August 27, 2018 Board Meeting

I believe there are two important items for us to decide as a Board at our August 27, 2018 meeting. First what do we need to accomplish in the coming year to serve the Edelweiss Community. Second how much should we budget and bill the membership to accomplish this work.

The items and tasks we need to accomplish in 2019 include the day to day functions of keeping Edelweiss operating, any extraordinary operational or capital work which we need to accomplish in 2019, and for the first time we need to address how much we should set aside for our reserve funds in 2019. For the day to day needs we can look to past budgets, and the budget committee and staff will provide a first cut for Board discussion. Anticipated extraordinary needs will also be proposed by the Budget committee and staff for Board consideration. The Board may add or subtract from this list as they believe appropriate. Finally the contribution to the reserve fund will be driven by Mr. Samdal's work in preparing the 2nd draft of our first Reserve Study.

I think we will all agree that there are more things we would like to accomplish than our current resources will allow. Our challenge will be to prepare a budget for our membership which addresses all critical items and will be supported by our membership.

A key issue we will consider, will be whether we should attempt to change the bylaws at this time. If we could amend the bylaws to eliminate the CPI cap on rate adjustments we could respond more effectively to the needs of the community. If we decide not to attempt a bylaws revision at this time we will need to use a combination of budget, special assessments, and potential borrowing to finance operations and capital needs.

As with all Board Meetings, the Edelweiss membership is invited to attend. An opportunity to provide input will be provided at the end of Board discussions of each topic.

John Kirner

**General Manager's Report
Edelweiss Board Meeting
August 27, 2018**

By Dick Volckmann

Water System –

As of Friday 08/24, the re-piping project had been completed to the west end of Highland Meadow road, with two connections yet to be made to the owner's meters. One of these is Dave Lessler's cabin and the other is to Hal Mullis' service (which is yet to be activated). Unfortunately, Lessler's water will not be activated until the excavation and re-piping is completed to the valve at the end of Bitterbrush Road.

In addition to the re-piping, it was decided to connect to the 6" line in East Fawn Creek Road which has been inactive for the past 8 years or so. This abandoned the leaking 4" line which parallels East Fawn Creek Road. In addition, the connection was made to the Konen's cabin on EFCR.

Currently, clean-up is in progress on Highland meadow Road, with the removal of the piles of excavation debris and the chipping up of trees and branches that were taken out in order to facilitate the excavation. Following that cleanup, excavation and re-piping will begin on Homestead at the intersection of Highland Meadow Road.

To date the excavation, piping cost to Edelweiss is approximately \$47,000. This includes the cost of materials for most of the project.

Mailboxes –

We have 57 orders for mail drawers in the proposed new CBUs which we will charge out at \$95 each for a total income of \$5415. Four new CBUs (a total of 64 drawers) will cost a total of \$5624, which is \$209 over what we will receive. Additionally, we have a bid of \$4849.52 from Palm to grade, level, add gravel and pour a concrete pad 3'x20'x6" at the campground. The total cost to Edelweiss should be just over \$5,000.00, which we should be able to handle with this year's funds.

It is my judgement that this should be a priority as a safety issue, and should be completed before winter.

Road Issues –

We have an estimate from Palm of \$11,044.00 to grade, water, gravel and apply dust control to 2,000 feet of roadway this summer/fall. My recommendation is, because of the lateness of the season, and the unpredictability of the cost of the re-piping project, that we hold off on any major road work this fall, and hopefully end up with a surplus that perhaps can applied to road work next year.

Also, I'm hoping to get some sort of an idea as to Palm's thoughts on a price for a yearly road maintenance contract. I don't have that yet. Maybe by the time of tonight's meeting - -