

# Edelweiss Board of Directors Meeting

## Date April 4, 2012

**Date:** 4-4-12

**Present:** Tom Lasater, Coventry Jankowski, Kelli Rotstan, Larry Halford, John Kirner, Bruce Firestone (by phone), Don Fitzpatrick, Jr.,

**Absent:** Leonard Yerkes, Lisa Tabbut

**Staff Present:** Craig Hook and Dick Volckmann

**Guests:** Casey Buchard, Pat Leigh

**Chair:** John Kirner

**Minutes Recorder:** Don Fitzpatrick, Jr.

The meeting was held at John Kirner's home. It opened at 6:30 PM and closed at 8:40 PM

1. Minutes of the Last Meeting	Action
Kelly moved approval of the minutes as written. Second by Larry Halford.	<b>Minutes Approved</b>
2. Treasurer's Report	
Coventry Jankowski provided the first quarter P&L statement, and a treasurer's report. She did a nice job. There were no questions. Coventry then left the meeting for other obligations.	
3. General Manager's Report	
See attached written report.	
4. Old Business	
<p><b>1) Recycling</b></p> <p>Casey Buchard, of Recycling Round Up, collects our recycled materials and charges us \$250 per month. He provides additional pick up, as necessary, typically during the busy months. He said sorting the material sometimes requires extra effort. If this problem continues he will need to increase our flat rate, or charge us \$25.00 per hour (in ½ hour increments). He estimates this will average about \$25 to \$50 per month and will provide us a firm quote in May.</p> <p>The Board discussed alternatives, including having Board members and management watch the area for sorting problems, changing sizes of containers, and not recycling some things, like bottles, which actually cost money to recycle.</p> <p><b>2) The Community Sewer System</b></p> <p>Dick Volckmann said that our attorney could not find the original recorded deed for the transfer. Dick Volckmann found it, however it has apparently never been recorded. Dick Volckmann then gave the Board copies of our proposed draft</p>	

agreement for consideration. Our attorney, Michael Brady, developed this agreement which he feels is appropriate and forwarded a copy to the County.

The Board deliberated at length on the pros and cons of this agreement. The advantages appear to include:

- a) It would change the current Board position of having responsibility but no control.
- b) It would reduce or eliminate coordination with the County by a volunteer Board that has routine changes in members.
- c) It would allow currently needed repairs to the system (not the drainfield) in addition to maintaining a capital account for future drainfield repairs or replacement.
- d) It may be possible that we would be able to keep the interest money earned on the account over the years.

There was general discussion about the new uses for the funds, that the County might employ, versus the strict restrictions on the uses allowed by the current agreement. The Board agreed that it is very important that we protect those 82 users who require this system.

Don Fitzpatrick asked if the fees could be increased if the County spends money and then does not have enough at some future time to repair or replace the drain field. The answer is "Yes". They can currently increase the fees, through approval of the County Commissioners and they would be able to do this in the future too. It would not be a change.

Kelly Rotstan asked if we could get a report on an annual basis, from the County, on what they have done. The answer seemed to be yes, our manager could get this report, but it would likely include things we don't normally include, like portions for County transportation related to any work, overhead and administrative, etc.

Larry Halford summarized some of the various concerns, many of which are unknowns, such as how much it would cost to replace the drain fields now, and what rules and requirements might change in the future. He wondered if we should pay for a drain field engineer to give us an estimate now.

Pat Leigh provided the Board with additional background information and said she would be happy to provide a summary of the history of the sewer agreement with the County. She said that Mr. Benson, Department of Health, told her that, if the County was in charge, and the standards or requirements changed, the County has the deep pockets to accomplish the changes. (The Board was skeptical because so many municipal governments are having financial problems around the country.)

John Kirner said he did not think we were enforcing the escalation clause for the expense of hook ups, as spelled out in the original agreement.

Bruce Firestone said he thought we should summarize, in writing, what our rights and obligations are now and what they would be with the proposed transfer. After we

**Written Sewer  
Summary to be  
Provided at  
Next Meeting**

receive Pat Leigh's summary, Don Fitzpatrick and Dick Volckmann will try to accomplish this.

It is unknown at this time whether or not we will have this proposal ready for the members to vote on by the annual meeting, but it was agreed by the Board that we should explain to the members where we are at the annual meeting to keep them up to date.

### **Water Study Progress**

John Kirner suggested we need to develop a request for proposal (RFP) for our water study by Mel Hartwig. He feels we need to know exactly what we are looking for prior to employing Mr. Hartwig. John Kirner said that we need to have our elevations and valve locations, as we planned, but also some flow verifications, and other information to verify that our model is working. We also need to determine if our pressure goals are the same as when we started. Do we want to have fire flow too? Are our average uses the same as they used to be? (Mr. Hartwig uses the EPANET program.)

Tom Lasater will work on the RFP (with the Long Range Planning Committee). John Kirner will provide some guidelines and ranges of criteria. Dick Volckmann and Craig Hook will do the elevations and field work, as proposed before.

The Board agreed that we should up-date our membership at the annual meeting on our progress on the water system, both financially and physically. However, because we will not have our final plan complete, it will probably be premature to discuss specific dollar increases at this time.

### **Posting Management Reports on the Website**

Previously the Board discussed posting our Management Reports on the website, but it has been delayed due to the need to add another heading or category, and the cost of posting. Bruce Firestone added that the information given to the Board on the details of management activities might be inappropriate (not meaningful and perhaps boring) to our general membership. The members already can see summaries of the management reports in the minutes. Dick Volckmann agreed and volunteered to give a management summary geared to our general membership in newsletters, which he would try to get out quarterly. The Board agreed on this method and the newsletters will be mailed, however we will ask those who prefer to receive the newsletter by email to advise us and we may be able to expedite delivery, save money, and accomplish the communication effectively.

### **COLA vs. CPI**

Two community members had complained that we should not use the COLA for determining the dues increase, despite the insignificant difference in the monetary outcome. The Board agreed and feels that the By-Laws determine that the CPI is the proper measure. Because the CPI is not available until year end, and we need it to

**Management Reports will be made in Newsletters**

determine any dues change for our budget, Kelly Rotstan moved that the Board use the COLA for estimating our budget and change the budget when the specific CPI (Consumer Price Index - Seattle area) is known. (There is no CPI for Eastern Washington, or Washington State) Tom Lasater provided the second for the motion and it passed with 5 voting for it and one abstention (Don Fitzpatrick).	<b>CPI will remain as measure for dues increases.</b>
<b>5. New Business</b>	
<b>Proposed Amendment to the By-Laws</b>  Don Fitzpatrick moved for a change to the By-Laws per the attached: It died for lack of a second.  <b>Nominating Committee</b>  John Kirner appointed himself and Don Fitzpatrick to a nominating committee to propose new board members for election at the annual meeting. He will also contact Coventry Jankowski to see if she would like to serve. The three terms that are up this year are Bruce Firestone, Tom Lasater, and Kelly Rotstan. Tom said he would like to be re-nominated. The others do not wish to continue.	<b>Nominating Committee Appointed</b>
<b>6. Misc. Including Next Meeting Date</b>	
The next meeting was scheduled for Saturday, May 26 <sup>th</sup> , following the annual meeting.	
<b>7. Executive Session (if any)</b>	

**ATTACHMENT - Proposed By Law Amendment to Allow Proxies**

Current Status

The By Laws allow proxies for votes of the membership, but they are silent on the issue for votes by the Board. The current position of the Board President is that proxies should not be allowed since they are not mentioned in the By Laws.

The Need

Due to the make-up of the community, with approximately 2/3 of the homeowners being part time residents, we can expect a significant number of part time board members to be serving on the board at any one time. Typically, these part time owners are only here when their employment allows it. Some come only on weekends. Some come only in the summer, or winter. Board meetings can be called with three days notice. Short notice and previous commitments, such as other meetings, travel, etc., make it difficult for attendance of some Board members, including permanent residents, who may be traveling or have other commitments.

Phone attendance is allowed, but this method does not always address the conflicts of other commitments and travel. In addition, phone conferences make for difficult conversation and volume and clarity become issues. Exhibits and information that are passed out for reference are not always provided ahead of time for people not in attendance at meetings.

For these reasons, it seems reasonable to allow proxy voting for issues at Board meetings, the same as our membership meetings. Therefore, I would like to propose an amendment to section 3.10 of the By Laws as follows: (Amended portion is bold italics.)

**Section 3.10 Quorum.** At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting from time to time, or may elect to go ahead with the meeting by contacting Board members by phone for participation. At the adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without sending further notice of the agenda to the Board. ***Board Members, who are unable to attend, may provide a proxy to another Board Member, on specific issues, or for all matters discussed and voted on in a meeting. Written notice must be provided in person, by mail, or by e-mail, to the President of the Board prior to the meeting, giving the name of the Board Member to whom the proxy is assigned, and designating the specific issues, or that all matters discussed or voted on at that specific meeting be covered by the proxy. The proxy shall be good for only that meeting, and any adjournments. The person providing the proxy shall not be considered in attendance for quorum purposes.***

The use of proxies, as outlined above, will allow each Board member to participate in important decisions regardless of short notice or conflicts. The broader representation this achieves should be a benefit to the members as a whole.

If the Board passes this proposed amendment, it must then be approved by the membership, which can be done at our annual membership meeting. (See Article 9 below.)

Respectfully submitted,

Don Fitzpatrick, Jr.

## **ARTICLE 9. AMENDMENTS.**

The Association may adopt and amend the bylaws, rules and regulations; adopt and amend budgets for revenues, expenditures and reserves, and impose and collect assessment for common expenses from owners. A majority of the members of the Board may cause a proposed amendment to be submitted to the members of the Association for their consideration. If an amendment is proposed by Owners with 20% or more of the votes in the Association, then, irrespective of whether the Board concurs in the proposed amendment, it shall be submitted to the members of the Association for their consideration at their next regular or special meeting for

which timely notice must be given. Notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment.

### **Treasurer's Report**

Dick Volckmann sent out the first round of billing early this year and we have seen the majority of home owners pay within the allotted time frame with only \$1380.75 showing as accounts receivable (see attached Q1 balance sheet).

As of March 31st, we have the following balances in our accounts:

Farmers Checking	127,478.13
General Savings - ING	85,694.64
Sewer Fund - ING	200,581.91
<u>Water Fund - ING</u>	<u>14,919.21</u>
Total Savings	302,295.76

However, early this month a few changes were made to map back to our budget decisions for 2012. On April 2, 2012 \$15,000 from our Farmers Checking was transferred to the water fund. As per our budget we are now allocating 40% of the water fees directly to the water fund as opposed to the general fund. This transfer is to cover a portion of the receipts due to the fund.

\$16,694.64 was transferred from the ING general savings to the water fund, again as per our budget, we aim to keep 60k in general savings and place any remaining money into the water fund. The \$16,694.64 is the remaining amount from last year as calculated in our budget.

Lastly, we decided to create a "Road Fund" to save specifically for road repairs. We decided that any road fees from building in Edelweiss should go into that fund. That account was created and funded it from the ING general savings with the \$9000 collected last year.

As of April 4, 2012 the account balances are as follows:

Farmers Checking	123,635.90
General Savings - ING	60,107.51
Sewer Fund - ING	200,833.56
Water Fund - ING	45,174.96
<u>Road Fund - ING</u>	<u>9,000.00</u>
Total Savings	315,116.03

I would like to congratulate us on a step in the right direction. Since we have been allocating funds to the water account, we have increased it exponentially. Lets keep it up!

In mid February the EMC 2011 tax return was submitted. It is attached should you want to review it.

Of note:

Exempt function 2011 income was 247,542.

Taxable interest was 2,702

Deductions for accounting expenditures was 2,700

Total taxable income was 2 dollars  
After the specific deduction of 100, taxable income was -98  
No money was owed from either party.

If you have any questions, please email me at [cov@gimmegrace.com](mailto:cov@gimmegrace.com) or call 63311.

Thank you-

Coventry Jankowski

## **General Manager's Report:**

### **Snowplowing**

Not only as general manager, but also as a resident who drives the roads each day, I have been well pleased with the general condition of the roads this past winter, and I have received numerous compliments on the road conditions from both full- and part-time residents. This has been due to two main factors:

1- The excellent and timely attention given to snowplowing by Jerry Palm and his employees, augmented by the use of his loader-mounted snowblower following the normal plowing. This kept the roads flat and at a maximum width for the majority of the winter. We have had to call in a grader from time to time to scrape the slush off the roads during periods of warming weather. I see no need to look elsewhere for a different snowplow contractor at this time.

2- Craig's daily analysis of the roads, with the resulting decision as to whether or not to sand, either on an spot basis or to the entire road system.

### **Water Issues**

1- As Craig detailed in his February report, on 02/22/12 Craig received a call from a resident on Eagles Nest who was experiencing a water outage. It was discovered that the main water line had ruptured near the hair-pin turn on Highland Road. Craig was able to locate the shut-off valves under the snow and ice, and stopped the flow of the leak. I notified Palm Construction, who immediately called for a utility locate. Palm sent out an excavator as soon as the utility locate had taken place (the next day after the leak was detected.) The pipe was exposed, repaired and the water was turned back on. All within 24 hours.

2- The telemetry system between the reservoir and the booster pump house failed. Being unable to determine the cause of the failure, the transmitting unit was sent to Isaacs Associates in Walla Walla for inspection. While the unit was away (about a week and one half), the pumps had to be turned on and off manually, which meant estimating the amount of pumped water necessary to keep the reservoir full without overflowing. It was found that the transmitter had a cracked circuit board which was repaired and the unit returned.

Since that time, the pumps have been turning on automatically according to the demand of the reservoir; however, they do not always shut off automatically, which has caused the reservoir to overflow on two occasions. We are monitoring the condition and are considering whether there continues to be a 'communication' problem between the reservoir transmitter and the pump house receiver. There seems to be a correlation between heavy snowfall and telemetry malfunction, and it could be that foliage increase over the years plus additional snow cover may be creating the problem. In addition, we are considering the possibility that the receiving and transmitting units are not aimed quite correctly and we have the rather unconventional idea that we may be able to float a helium-filled balloon above either the transmitter or the receiver (or both) to be able to see over the trees in order to aim the instruments correctly.

3- Pertaining to the Water Study - As soon as we lose snow cover, we can begin the process of establishing accurate elevations and water pressures throughout the water system. Our engineer, Mel Hartwig, will be able to incorporate the data into our water system model, and be able to tell us what measures we need to take in order to further balance the system. Hartwig estimates that once we can supply him with the data, it should cost Edelweiss less than \$1000.00 in consulting fees for him to apply it to the computer model. (We have budgeted \$5000.00.)

The data will be unreliable unless accurate elevations can be determined. I have found a source (an old friend from the USGS) from whom I can borrow an American Paulin surveying altimeter. With this extremely accurate instrument (and if I can dredge up my knowledge of how to run a daily pressure vs. altitude graph) we will be able to establish very precise elevations throughout the community.

#### Transfer of Drainfield Account Funds

1- Our attorney, Michael Brady, reports that his review of the documents pertaining to the original transfer of the LOSS system to Okanogan County has revealed that an important document missing - the deed formally conveying the system from EMC to the County. This deed would have encumbered Okanogan County with "sole responsibility for the maintenance, operation, repair, and replacement of (the) system." Brady states that *"If such a deed existed, it would have been recorded with the County. The lack of such recording and the amount of time the County has had to seek and search the archived records both strongly support the inference that no deed was ever prepared or executed."*

At this time, because of the lack of a recorded deed of transfer, EMC is not protected from liability resulting from, or responsibility toward, any circumstance pertaining to the LOSS system. Accordingly Mr. Brady has been authorized to proceed with the preparation of such a deed. We have paid Mr. Brady the amount of \$600.00 to date for his research. In order for him to prepare a deed of transfer, he estimates that it may take him an additional three or more hours (upwards of \$1000.00) - money well spent for our protection.

2- In researching the investment records pertaining to the drainfield account I have determined that:  
- no interest has been transferred out of the account since its inception.  
- the total amount of interest accrued since 1997 is *at least* **\$37,236.35**. I am in the process of researching the interest earned on the account from 1991 through 1996.

The question exists as to whether the interest earned on the drainfield account becomes part of the account or belongs to EMC. I have not been able to find language in the documents that set up the drainfield account addressing that issue. I have had discussions with Michael Brady as to how to approach the issue with Okanogan County. His opinion is that it *appears* that the County has approved the language in the preliminary draft of the transfer agreement which states that the funds transferred will be the account balance less interest. If so, we would be able to deduct the interest from the account balance before transferring it to the County, an obvious benefit to Edelweiss.

3- Finally, Mr. Brady feels strongly that we need to have a vote of the membership approving the final transfer, thus avoiding a situation whereby a property owner might take issue with EMC 'giving away' funds which had been paid to Edelweiss. The annual meeting would be the proper venue for this vote.

#### Owner Payments

To date we have received \$178,510.30 in owner's payments for 2012 dues and fees. On March 21st I sent an email to all the property owners for whom we have an email address reminding them of the March 31st deadline for payment of the remainder of their fees. I received several thanks in return for the reminder, along with many checks which were obviously mailed in response.

Our receivables stand at approximately \$13,000.00.

7- Accounts – As of 03/31/2012 our Accounts were as follows:

ING Accounts

General Savings . . . . . \$ 85,694.64

Water . . . . . \$ 14,912.21

Sewer . . . . . \$ 200,581.91

Farmers checking as of 03/26/2012 . . . \$ 126,300.13