

DRIFTWOOD HEIGHTS ASSOCIATION, INC.

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INCORPORATED

1970

MINUTES OF THE ANNUAL MEETING

April 5, 2014 Saturday

Members present: 32; members represented by proxy: 8; 5 board members present: Robert Larsen, Steve Christian, Donna Groskopf, Eileen Teufel, and Steve Casteel. Jill Vail was absent.

The meeting was called to order at 10:00 a.m.

Old Business

Robert thanked the members for taking the time to attend. Members present introduced themselves. Robert welcomed the new members: There have been 3 new members who have joined the association in the past year: Paul Young, Sherri Hall, and Alan Vahrenkamp & Katherine Hultquist. He also mentioned those in our association who have passed away in the last year: Nina Jeter, Anita Hitesman, Paul West, and Timothy Haddenham.

He also thanked the board members for their work this past year on the board.

The members voting by proxy are: William Marten, Mary Ann Moore, Dallas R. Olson, Craig Major, Jeff & Jill Vail, Paul Young, Michelle Elliott, and Harlan Manchester.

Last Year's Minutes: Steve Casteel read the minutes from last year's annual meeting. A correction was that motion to contract out treasurer was actually to contract out billing. Motion made by Randy Turner to accept reading of minutes with correction. Norm Wilson seconded. Motion was carried, and the members approved.

Water Meters: Steve Christian gave update on water meter replacement. Several questions about meter reading and location of meters were asked and adequately answered.

Website: Bob Larsen encouraged members to use website to obtain latest information regarding water outages or other Association information such as contact information. He also stated the advantages for the Association to have updated e-mail addresses, which would facilitate faster means of communication. Randy Turner suggested a letter be sent with minutes and a request for e-mail addresses. Molly Burger suggested a sign also be installed. Bob Larsen said the sign issue was already being pursued.

Water Quality: Bob Larsen gave water quality report stating all test returned were satisfactory per State requirements. Chlorine smell was brought up by a member.

Pump House Modifications: Steve Casteel gave report on pump house modification noting that the improvements should be functionally adequate for 12-15 years (perhaps even longer.)

PUMP HOUSE MODIFICATION

Problems encountered: Leaks, fluctuations, failed valve, electrical, and design of system.

- 2" galvanized pipe was undersized and had some leaks.
- Problems with booster pump starters tripping due to failed check valve.
- One pump not producing enough pressure for the lower system.
- Boosters for the high pressure (Hawthorne) cycling too frequently for years because the pressure tank install in that room was too small.
- No cross-feed from high pressure zone to low pressure zone.

Corrective Action Taken: Reengineered Design

- Removed old 2" pipe and replaced with 4" to match system eliminating line pressure inconsistencies, leaks, and failed valves.
- Removed small pressure tank and incorporated the big tank for the 2 high pressure boosters for the upper zone; replaced large tank compressor with more efficient new compressor that was in the high pressure zone.
- Replaced 2 booster pumps for the lower zone with a parallel Pressure Reducing Valve array to drop upper zone pressure to the level for the lower zone. (As a result, the lower zone should not experience the pressure fluctuations that you had in the past – a constant pressure should not be maintained.)

Other Noteworthy Items:

- Large pressure tank fittings would not reseal due to threaded boss elongation. A specialist had to be contracted to weld the new fittings, which required DOH inspection, etc.
- Due to the extent of system change, and Engineer's Drawing was required and subsequently submitted to the DOH.
- The improvements were designed to provide service for approximately 12-15 years. (A cost factor.)
- Future improvements would require updating to modern standards and regulations. This would completely eliminate the large pressure tank, implementing various specialty pumps and valves to provide more efficient and cost saving features. (The cost was too high to achieve presently.)

Eileen Teufel gave treasurer's report. (She opened by thanking Lydia Buckley for her past work as treasurer.) Norm Wilson moved to accept treasurer's report. Randy Turner seconds. Motion carried.

Driftwood Heights Association
INCOME & EXPENSE REPORT
For CY 2013

Beginning Cash Balance	\$	52,352.84
Add: Income in 2012	\$	40,920.88
TOTAL CASH AVAILABLE	\$	93,273.72
Less: Expenses		
Grounds Maintenance	\$	5,200.00
Insurance	\$	2,282.00
Legal Expenses	\$	0
Maintenance & Repair/Work Order	\$	41,910.00
Management & Water Testing	\$	7,505.00
Miscellaneous Expenses	\$	233.00
Supplies	\$	500.00
Utilities	\$	3,700.00
TOTAL EXPENSES	\$	61,330.00
ENDING CASH BALANCE	\$	31,943.72

NOTES:

- 1. Large expenditures in Maintenance and Repair were for well site upgrades, meter replacement, waterline repair calls outs.*
- 2. Increased PUD billing a result of well site/pump issues*

SUBMITTED BY: Eileen Teufel, Treasurer

Driftwood Heights Association 2013 Actual Budget

With Just Income

2013 Income	\$40,920
2013 On-going Expenses*	(\$19,420)
Available	\$21,500

2013 Work Order Expenses**	\$41,910
Over Income	(\$20,410)

With Income and Reserve

2013 Available Funds (income and reserve)	\$93,274
On-going Expenses	\$19,420
Work Order Expenses	\$41,910
Balance	\$31,944

*2013 On-going Expenses

Grounds Maintenance	\$ 5,200.00
Insurance	\$ 2,282.00
Legal Expenses	\$ 0
Management & Water Testing	\$ 7,505.00
Miscellaneous Expenses	\$ 233.00
Supplies	\$ 500.00
Utilities	\$ 3,700.00

Total **\$19,420**

** 2013 Work Order Expenses

Jan	\$6015
May	\$2255
Aug	\$ 200
Aug Call out	\$6600
September	\$1790
October	\$2990
December	\$22,060
Total	\$41,910

2014 Budget Estimates

2014 Anticipated Income	\$35,800	
2013 Year End Cash Balance	\$39,944	
Total		\$67,744
Less Cash Reserve 20% *	\$13,549	
2014 Available Funds		\$54,195

Set Expenses (see page 1) + 10% \$21,362

Available for Work Order Expenses \$32,833

Possible example of Work Order Expenses

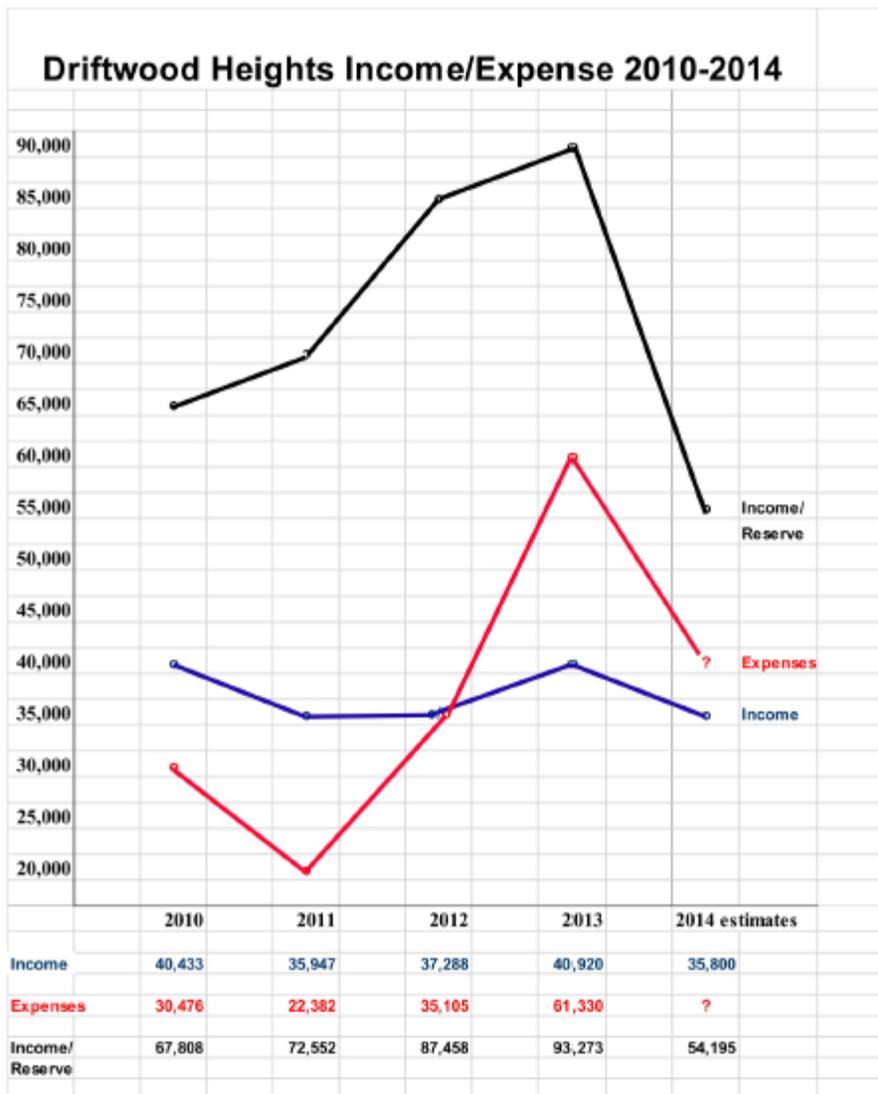
Water Line Break approximately	\$6000 each
Emergency Call out	\$1500 each
Pump House issues (hopefully solved)	\$2000 each
Meter upgrade	\$ 700 per meter replaced

If we try to stay within our income, the available work order funds are:

Income	\$35,800
Less cash reserve 20%	\$ 7,160*
Less expenses	\$21,362

Available for Work Order Expenses \$7,278

***Our current reserve is non-renewable, therefore we must start to build a cash reserve for major, unbudgeted expenses**



New Business

Dues Increase: Bob Larsen proposes dues increase to community. He stated that past, present, and future expenses to demonstrate that present rates will not cover the anticipated financial needs. Steve Casteel stated the estimated costs for community water line replacement, which would require a loan. This loan would be amortized at 40 years. It takes approximately 3 years to gain State loan approval. An Engineer would need to be hired to determine (and subsequently design) line replacement needs. Bob Larsen stated that suggested increase of \$400 for 2015, and \$500 for 2016. Any further increase would be determined at that time. One member suggested multiple payments throughout the year. Board suggested twice per year with possibility of helping low

income families by allowing monthly payments. Carol Wilkerson moved to except board proposal to increase to \$400 for 2015, and \$500 in 2016 with semi-annual billing. Aarti Mishra seconded. Randy Turner motioned to amend motion to increase the new member transfer fee to \$2000. No second. Amended motion failed. 27 members approved motion; 9 disapproved motion. Motion carried. Randy Turner made a motion to increase transfer fee to \$1500 effective immediately. Lydia Buckley seconded. Motion carried.

Election of Board Members: The following officers were elected:

There were 2 offices open for election this: Vice President of Maintenance and Operations and Vice President for Water Quality.

Donna Groskopf nominated Steve Casteel for Vice President of Maintenance & Operations. Randy Turner seconded. Motion carried.

Eileen Teufel nominated Norm Wilson for Water Quality. Lydia Buckley seconded. Motion carried.

There were no additional questions or comments by the members. Norm Wilson moved that we adjourn and Carol Wilkerson seconded the motion and the motion was accepted by the members. The meeting was adjourned at 12:00 pm.

These notes were taken by Steven Casteel, Vice President of Operations and Maintenance, for Donna Groskopf, Secretary.

Submitted by Donna Groskopf, Secretary

A handwritten signature in cursive script that reads "Donna K. Groskopf". The signature is written in black ink and is positioned below the typed name of the secretary.