

The meeting was called to order by the chair, Doug Otjen at 11:07 AM in the pool clubhouse. There were 14 members in attendance, 5 members by virtual attendance (Zoom) and 9 proxy ballots which meant that the quorum was easily met.

Doug opened the meeting with some informational remarks to bring the audience up to date on HIEA procedures and new State regulations that will impact the business of HIEA from now on.

The primary reason for this Special general meeting was due in part by the State Legislature now classifies us as a homeowners association. After consulting with two different attorneys it was determined that we needed to take some action. Some changes will be needed (not major) to continue to operate as we have done. Be assured we are not becoming a homeowners association which dictates what a property owner may or may not do on their property. Ownership of the well, water system and pool puts us into this category. Our fiscal year remains January 1 to December 31. Changing the general meeting from spring to fall is needed to have a ratified budget by November 1, which is a requirement of our USDA loan. The yearly budget will be approved by the entire membership, not just the board as in the past.

The water system has had some repair issues due to age. This is one of the major financial issues. Labor for the repair and upkeep of the system has been mainly by volunteer labor and this has been getting less available.

To protect our investment a Reserve Budget will be needed. The State is requiring agencies like ours to create a Reserve Budget for emergencies. This will occur in the coming years. A component list is currently being compiled along with estimates on repairs and replacement costs. There are currently about 58 paying water users.

Currently, some of the outside work on the water system is done by NW Water System. Other work is being done by volunteers such as meter reading, report and monitor water issues and some other repairs. What work cannot be done by volunteers must be paid to outside companies. The dues we pay must cover the costs...whether full time or part time owner...we all share in the upkeep of the system.

Minutes from the last annual meeting were reviewed. Mario Marsillo moved that the minutes be approved as presented and Lynn McQuiston gave the second. Motion passed.

Pam presented the 2022 treasurer's report that goes to the end of this year. If all goes well, the financial situation will be good. Connie Otjen moved that the 2022 treasurer's report and budget be approved as presented and Arlen Morris gave the second. Motion passed.

Part of the RCW shows that we are exempt from the reserve study every 3 years, as long as the cost of a reserve study remains more than 5% of our operating budget.

Because of the change in yearly meeting dates, the current board members will continue in their positions until the next October/Annual meeting. Terms were extended as provided by the provision in the By-Laws.

It was reported that the Reserve Study should list all HIEA components within the water and pool system. Information necessary for each component is age, length of life, value to replace, etc. This is still a work in progress.

Pam presented the proposed membership rates and budget for 2023 approved by the board during the September 13, 2022 board meeting. The proposed 2023 dues are as follows: Full membership \$860, Grandfathered membership \$750 and Pool only \$400. One hundred dollars of the Full and Grandfathered dues will automatically go to the reserve fund. The reserve fund cannot be touched without board approval. A motion was moved by Pam and Steve Snodgrass gave the second to approve the 2023 budget as presented. Motion was approved.

The State requires the Reserve Account be a larger amount than what we have had in the past. The water system is the largest expense in this. Tim McGregor moved to approve the \$100 from the annual dues going into the Reserve Account. Stephan Snodgrass gave the second. Motion was approved.

For the water system the following information was given. Water leaks on the property owner's side of the system have brought about a policy. The owner will be contacted immediately by various methods. HIEA is responsible for taking care of leaks up to the water meter. If on the owner's side, they must reply to the notice within 2 weeks with a plan to address the situation. If HIEA does not hear back within the specified time the water will be turned off. In extreme situations further action may be taken to expedite the repair work.

With 21 permanent residents in HIEA at times it is difficult to find enough volunteers. Many of the volunteers are getting older and cannot do everything needed. There was discussion about hiring out for services, but the cost is a major consideration.

Making of manuals for water and pool work is being done to help volunteers and have others take over the work.

It was suggested that if members were not able to work or volunteer for services that a contribution be paid in effort to keep costs down and with HIEA funds.

Committees were formed to coordinate the work for the various projects. The chairs will work to obtain volunteers to help with the work.

Lynn McQuiston - as chair of the water system work

Dave Asselstine - as chair of the pool work

Pam Gummel - as chair of By Law/Articles of Incorporation revision and Marilyn Laubach, Leisa Ashbaugh and Ryan Cunningham will assist

Explanation of Reserve Account:

The State requires that the replacement costs of components to be replaced within the next 30 years be fully funded. Currently, we would need \$1.6 million to be fully funded today and \$2.1 million fully funded within 30 years. We would need to take into account inflation and other factors for an accurate amount. We won't get there overnight, but we need to make serious efforts to increase our Reserves. The most urgent amount that HIEA needs to be aware of is that within 6 years, we have components coming to the end of their life expectancies with replacement costs totalling \$82,000.

It was discussed how to prepare for the 2024 budget. Pam proposed a plan for the 2024 budget. This would require approximately \$1200 to go directly to reserves for the next 30 years along with an amount for the regular operating expenses. Worst case scenario, 2024 Full dues would currently be approximately \$1960 with a possible adjustment for inflation

Members discussed a few options on how to pay for the substantial 2024 due increases. For the next year, members will be asked for their input on methods on how to pay their due increases. This is all in the planning stages.

Arlen Morris announced there is a committee on the island that is meeting on a monthly basis to give information to island property owners ideas as to how to protect themselves and their property from fire dangers and other emergencies. Evacuation process in the event of a fire or other catastrophe is a concern. More information will be coming on this.

Tim McGregor moved that the meeting be adjourned and Steve Snodgrass gave a second. Motion passed at 1:30 PM.

Respectfully submitted,  
Marilyn Laubach, secretary