

Shangri-La Shores Board Meeting

Meeting minutes for the Board of Trustees Meeting

on

October 23, 2021 at 8:30 am

Greenbank Fire Station

– In-person meeting –

Board Members: Brian Pulk, Duane Smith, Ron Roberts, Dave Heron, Billie Alcott, Lois Craig, Beth Binger
The meeting was called to order at 8:30 am.

1) Approval of Minutes: July meeting

Motion for approval provided by Duane.

Motion seconded by Dave.

Motion carried.

2) Treasurer's Report

A. Accounts Receivable Status

Brian reported that only one (1) resident is delinquent on their payment. King Water was unable to yield pressure due to COVID. Now that the COVID protocols have expired, King Water will try again.

Insurance Discussion and Resolution

SLS renewed and paid for a water system premium (Glatfelter) at a 3% increase (\$904 annually).

SLS also spent \$250 to employ an insurance consultant.

General Liability Insurance

- Expiring carrier (PHLY) is offering renewal terms at 30% increase
- Alternate quote from Sandy Jansen of Guide Insurance Services from Western National Mutual Insurance Company (WNMInsCo) is within range of expiring premium
- Do the WNMInsCo policy Terms & Conditions (T&C's) match up to the expiring policy form's T&C's
- Is WNMInsCo a reputable and financially viable option for SLS to consider

WNMInsCo proposed renewal premium of \$2,523 is a 9% reduction vs. expiring program from Philadelphia Ins Co. (PHLY) premium of \$2,774. When compared to the renewal premium offered by PHLY (\$3,620 my est.) the WNMInsCo quote would allow SLS to avoid/eliminate an estimated \$1,100 or 30% premium increase.

WNMInsCo credit-worthiness is rated Superior (A+) according to financial rating agency A.M. Best – on 7/22/2021 A.M. Best reaffirmed that rating. (A.M. Best is the go-to rating agency for insurance companies and the Superior (A+) is only surpassed by an (A++) rating which is for extraordinary financial reserves.) It should be noted that PHLI (expiring carrier) – is a subsidiary of Tokio Marine Group one of the larger companies in the worldwide insurance industry and was rated Superior (A++).

WNMInsCo is also on Ward's (AON company) 50 Companies list which analyzes the financial performance of nearly 2,900 property-casualty insurance companies domiciled in the United States and identifies the top performers. Each Ward's 50 company has passed all safety and consistency screens and achieved superior performance over the five years analyzed. The analysis is based on the prior five-year's performance. This is the 16th time in the past 17 years (and the 13th consecutive year) that Western National has been named to Ward's 50 list of top performers.

Duane made a motion to switch general liability insurance to WNMInsCo on November 9th.

Ron seconded the motion.

All in favor.

Motion carried.

4) Water Systems Report

A. Water System Report

\$27,000 was spent on water pump repairs in 2021. Duane reported that the overall condition of the well is great. The pipe into the well needed cleaning. The inner portion of the well had scale. The filter was in good shape. There was no excessive sand protrusion. Repairs included a screen, and a five (5) horsepower pump instead of a three (3) horsepower pump, which will be more efficient. Company removed and cleaned old, rusted pipe, and replaced steel piping with plastic. All pipes are in great condition.

Dave Heron offered to clean up the discarded pipes by the pump house. Lois and Elise Smith cleaned up some of the debris in the pump house. Lois will ask the fire department if we can discard the old fire hoses that are in the pump house.

Lois reported that some in the community resisted that there were pump problems. Dave noted he walked to the reservoir and saw the water levels appeared to be fine and wondered if we overreacted to the water pump problems. Duane reported that the pump failed three days in a row. If the pump completely fails, we have one week's worth of water in the reservoir. Dave felt we should have been more transparent in our communication and Lois said everything she was told was shared with the community.

Tom reported that costs to him at his house were decidedly less when their pump had problems. He questioned the cost.

Duane reported that the “emergency” call made the costs higher, and that this experience was a lesson learned about how best to respond to an emergency of this nature. Ron complimented Duane on his leadership.

A. Second Well Update

Tom Alcott reported that a second well will cost \$250,000. So far, SLS has spent \$1,133 on consultants to verify that estimate. The ideal completion date would be October 2023.

Pacific Groundwater Group is the hydrogeologist who completed the assessment. They can work with the State and David O Consulting. Their entire cost would be: \$24,710 (best case) - \$36,288 (worst case).

Lois clarified that Pacific Groundwater Group is our “voice.” We need to make sure that we won’t impact others’ water rights. Pacific Groundwater will work with the State and County for approvals, and test for health and safety with the water department.

David O. Consulting Group will cost \$32,000 for the site inspection of the easement as well as the engineering and project management of the project.

Ron brought up that the Sanitary Control Area of a new well needs a minimum 100-foot radius. The easements is 217 feet long by 100 feet wide. The tank takes up a good footprint on the easement already.

We can apply for a variance, but the outcome is unknown. We have instructed the consultants that we want to pursue a variance. If we do not get a variance, we would need a restricted convenance.

Dave requested a timeline. The hydrogeologist needs to weigh in on the strata, and we need both geology and typography.

Brian requested a legal opinion on the easement. Tom reported that the property owner cannot do anything with the easement, and that we’re putting infrastructure on the easement.

Ron Roberts requested a timeline from Pacific Groundwater Group (the best they can do). Lois asked if it’s a reasonable request. Tom said they won’t be accountable, and it’s unusual for a City and County to approve.

Brian reported that we have the option to secure a covenant from another landowner. Tom thinks the current owner could be amenable if we explain the benefits to her. Brian reiterates that we need to survey the site then proceed with the variance. He suggests we hold off on talking to the current owner until we have a plan.

Ron asked when the site survey will be done. Brian agreed with Ron that we need an approximate schedule. He says we need to be the “squeaky wheel” to get the above-mentioned consultants working faster. The contract was signed in September.

Tom has done work on the cost estimate. Tom said that the cost schedule is based upon the consultants’ schedule, and that SLS is not a priority because the current well is in relatively good shape with the summer repairs.

Ron reiterated that we need a schedule. Tom is proceeding with a project timeline and will send to David O. Consulting for their feedback.

B. Long-Term Reserve Update

The common area plan is in good shape. The Water System Plan is underfunded for the new well project as we may spend \$250,000 over the next two years. Tom brought up that estimating may not be accurate due to little history of repairs, and asked if we were being stretched by compressing the second well.

Duane noted that now that we have an understanding of where we are with the existing well, perhaps we have more time. He suggested spreading out the assessment to five (5) years as opposed to two (2).

Brian Pulk suggested planning for three (3) years instead of five (5). Dave agreed we should get money in and be prepared to create the new well. Tom noted that we are in control of the schedule, and Brian suggested doing a yearly assessment for three (3) years. Lois noted that we bought a “band-aid” for the old well. Everyone agreed that planning for three (3) years was the safest approach.

Brian made a motion that the second well project should be paid for over three (3) years.

Dave seconded the motion.

Motion carried.

Brian proposed scheduling a special meeting to share well history and costs with HOA.

Action: The board will schedule a meeting for the community and propose the resolution to the community.

Brian and Lois offered to draft a letter to the residents.

Duane asked about the longevity of the permits:

- 1) The water right approval – the geographical location to extract water.
- 2) County Department of Health – to look at the site and offer site approval.

Billie noted that expenses could go up over three (3) years and we have no wiggle room. She is concerned about another emergency assessment. Lois agreed with Billie that we need more padding to the budget.

Brian suggested making the assessment staggered, and Dave agreed that it should be due in the summer.

Motion for 2nd Well: \$700 per year for next three (3) years due June 30 as of 2022 (per lot).

Duane seconded motion.

Motion carried.

Update: The meeting will be on Thursday, November 18, 2021 at 6pm via Zoom.

5) Dock & Common Area Report

Ron reported that the dock is in great shape.

Dave reported that the sand and picnic area is in great shape.

6) New & Old Business

A. Update on the Gates

Billie reported that the gate for the pier is \$5,000. Tim Leonard would fabricate the gate. This amount was approved at the last Board meeting.

Dave wanted to find a new provider for \$2,000. Dave offered to go back to Trevor (Mantle – the company that constructed and installed the pier) and ask for a quote.

Action item: Dave will have an estimate and drawings by November 6.

Update: Consensus via email: Dave's gate quote was \$5,800, so we will proceed with Billie's fabricator.

B. Short-Term Rental Future and Next Steps

Lois reported that we have four (4) short-term rentals:

- Binger
- Mooney/Ng
- Sterling
- McDonald

By-laws would need to be updated to reflect any regulation or elimination of the short-term rentals.

Ron brought up that each resident has to act as police of the community. Dave referenced that Ron said people were walking on his property. Brian wanted consequences, and Duane noted that he didn't like to have strangers in the neighborhood. Lois requested that the process of restricting or adjusting short-term rentals needed to have a legal lens. The attorney had replied to some of our questions, but we need to revisit guidelines and check on what parameters can be established

Discussion tabled.

C. Revise Welcome/Information Packet

Agenda item tabled for now.

D. Pruning the Chestnut Tree in the Community Park

The board agreed to discuss this item in February.

E. Set up Next Meetings

Next meetings will be:

- Saturday, February 5, 2022
- Saturday, April 9, 2022
- Saturday May 21, 2022 (annual meeting)

Duane proposed the motion to adjourn the meeting.

Ron seconded the motion to adjourn.

The meeting was adjourned at 11am.

Secretary
Beth Binger
On behalf of the SLS Board of Trustees