

Shangri-La Shores (SLS) Annual Meeting Minutes
Race Road Fire Station
June 3, 2017

10:05 Meeting called to order by President Brian Pulk

Brian did a quick summary of the activities by the board and members of the community from the year: the collection of past dues, dealt with individuals about their water views, addressed claims from Patrick's attorneys, finalized the Reserve Studies and budget impacts, completed 2018 budget proposal, revised the Water Service Policy and the Salt Water Mitigation Plan, completed the cleaning of the reservoir interior and updated the water system equipment, detected water leaks through the meter readings, monitored rising risk of saltwater intrusion, performed PFOA and PFOS tests, researched options for a second well, completed repairs to the pier and maintenance at the beach and park, resurfaced the shuffleboard, made progress on completing an Operating Manual, and initiated plans to digitize SLS records.

10:10 **Approve minutes of 2016 annual meeting** Jim Magnuson motioned for approval of 2016 annual meeting minutes, Ron Roberts seconded , Minutes approved

Water System Report

Water Service Policy and Salt Water Mitigation Revisions

Rob Marsicek gave an overview of the revisions and shared the changes reflected an update in the language regarding the meters installed, usage fees, delinquent payment guidelines and conservation importance, edited writing conventions, as well as included an updated sea water mitigation plan. If there are questions and comments, we can schedule another meeting to address them, but all documents are on the website.

Duane Smith – update on Water System. SLS has joined the Whidbey Island Water System Association (whidbeywatersystems.org) which meets regularly to discuss island water system issues and share knowledge, tips, and ideas. This should help keep us current on topics related to healthy water systems, updated septic requirements, and regulation changes. SLS will have representatives attending the next meeting June 15, 5 pm, at the Race Road Fire Station.

Island County has been keeping records of conductivity and chloride in our water system since 1982 and for the past ten years we have seen a rising trend indicating possible seawater intrusion. An image of a water system next to a body of salt water was displayed and showed how saltwater intrudes into aquifers. We are continuing to monitor our risk of saltwater intrusion and may go into conservation steps (as outlined in the Salt Water Mitigation Plan) if necessary. This will likely depend on the results of a county survey of the well water surface elevation.

Dave Bernardy has explored options regarding a second well this year. He shared our options for using our tank easement or a nearby well. (We used a well on the property adjacent to our easement in 1992 to initially fill our well.) He contacted the owners of that well to discuss SLS use of their well if necessary and noted a need for language clarification in the easement document. Options mentioned if there is a need for a second well: consult a

hydrologist/engineer, drill a new well close to our reservoir, alternate between two wells., not use pumps on the current well. Currently this is all speculation and more information from the county survey should reveal if we need to pursue these options.

Steve Hucik suggested we research other wells in the area, ask King Water to provide data from other systems they service, or obtain information from the county on what other water system are doing. For example, conductivity levels available from the Race Lagoon system.

Brian Pulk commented we would need to hire a water systems engineer to guide us on planning for a second well. We are waiting on the county measurements of the well water surface elevation -- above 8.4, we are okay; below indicates risk of saltwater intrusion.

Lyle Kendall asked what chloride levels would prevent drinking the water. Lots of unanswered questions, and the board continues to monitor our situation.

10:24 Reserve Account and Long Term Reserve Study

Les Dodge passed out documents with information for the long term reserve study

Common Area components – Boat Ramp Access Road, Concrete Boat Ramp, Concrete Seawall for Pier, Pier and Pier Float, Picnic Tables/Benches for Fire Pit and Play Area, Swing Set, Firewood Shelter, Arbor Drive Entry Sign, rip-rap fill for Fire Pit Area and Tract A.

The reserve study analyzed what can we reasonably predict we will need to repair or replace, how we fund this over time, and what level of funding should be maintained.

Les gave some history related to the importance of having a plan for the assets in our organization: 1991 special assessment levied of \$2,000 for SLS members holding water shares – Phase 1, upgrading the well, the new reservoir, and connection to the system. The reservoir is across Race Road from the entrance. It holds 50,000 gallons of water. This replaced the old concrete reservoir still behind the pump house. In 1994 a second assessment of \$1,450 - Phase 2, replaced water lines, installed meter settings, and fire hydrants.

Overall these special assessments raised about \$300,000 for the total system upgrade.

In 2007 there was an assessment for the replacement of the pier and Bill McDonald guided us through that process. We raised \$50,000 through assessments, utilized the sale of two quick claimed properties that netted \$110,000, and tapped reserves for the remaining funds to build the new pier.

Without some sort of reserve funding program, SLS will need special assessments to maintain our assets. We hoped to implement a more formal reserve program to minimize surprise special assessments, and if we analysis correctly, minimize any that might be needed.

Brian Pulk shared two points – 1) The state requires varying levels of HOAs to protect buyers and members on what could possibly be coming and what has been done to fund this. 2) By having a reserve study and funding, you are paying for assets gradually, as they are used, rather than all at once, when worn out.

Les Dodge: Beside the financial impact of individuals, the organization should also be protecting the value of community amenities and demonstrate our association has a handle on maintaining them. This adds to the value of what we have. These long-term reserve programs give potential SLS property buyers a clearer picture of what they're getting into.

Les guided us through the reserves studies - Looked at the common area components. We are working to predict what needs to be replaced, repaired, etc. Looked closer at one example: boat ramp and explained how the funding will be accrued over time. He explained the "fully funded" timeline and the annual increase column - how an incremental increase over time will reach the goal of being "fully funded".

The water system component list consists of the Phase 1, reservoir and connections, and Phase 2, distribution system rebuild. Individual pieces (fittings, valves, etc.) are not listed, but over time they can be incrementally replaced from the reserve fund. A major budget impact would be a second well – about \$50,000 to dig, and hook up so this is included in the funding program. Adding water meter's as lots are developed is also included. It is the association's obligation to cover this cost, as these lots have been paying water system dues even though no water has been used.

The long-term reserve studies and funding plans are not fixed and will be reviewed annually and updated as needed. The cost of having an outside professional complete this analysis is about \$3,000. The board determined that our study and plan meets requirements and provides adequate funding.

10:55 Steve Hucik moved that the members support the reserve study analysis and funding plan in an advisory capacity. Donna O'Meara seconded. The motion passed.

Treasurer's Report

Financial Report

Les reviewed the budget. We were able to collect some late fees for \$14,070 and followed through with dispersing those funds to the SLS reserve accounts. Summary – spent less than budgeted, brought in than expected.

2018 Budget

Reviewed the Common Area budget. New items are \$500 for records storage and \$1,800 for a potential bookkeeping service. The Water System budget shares the new bookkeeping service for a total of \$3,600 with a future impact of \$50 per parcel if we need that service. Operating reserves would cover 2018 costs.

2018 annual dues will be \$486, an increase of \$20.

11:05 Ron Roberts moved to approval of the 2018 budget, Carol Green seconded. All voted in favor.

Dock/Pier Report and Grounds Report

Ron Roberts reported that the float is in. The pier railing damaged during a storm last year has

been repaired. He shared there is some wear on the mechanism that hinges the ramp due to incorrect installation and he is looking into adjusting and correcting the problem.

Grounds Report: Change of the grounds maintenance left some miscommunication issues but this has been cleared up and the issues will be corrected.

New Business

Digitization and storage of files

Does an HOA require certain policies about record retention timeframes and content? Bill and Penny McDonald will join Lois Craig and Joe to begin identifying and organizing the records in the boxes passed to each new secretary before determining a plan of storage. Lyle Kendall suggested as an LLC corporation, we probably need to define a records retention policy addressing retention periods and content.

Proposed Little Free Library at the playfield.

After discussion, it was determined a small committee (Marilyn Pulk, Carol Green, Penny McDonald, Faye Magnusson) would determine how and whether to create a small lending library. Marilyn Pulk volunteered to be the steward.

Brian Pulk shared the thanks of the board and members of the community for the tremendous job Les Dodge has done during his tenure as our treasurer. He fulfilled this important position with depth and thoroughness, preserving the financial health of Shangri-La Shores. Attendees' approved with an enthusiastic round of applause.

8) Election of New Board

Steve Hucik moved to nominate and re-elect those interested in staying on the board – Lois Craig, Duane Smith, Kim Jaderholm, and Lyle Kendall. Penny McDonald Seconded. All approved.

11:25 Ron Roberts moved that the meeting adjourn. Bill McDonald seconded. All approved.

Board Officers

Meeting immediately after, the new board elected officers:

President: Rob Marsicek
Vice President: Dave Bernardy
Treasurer: Brian Pulk
Secretary: Lois Craig

Kimberly Jaderholm
Lyle Kendal
Duane Smith

And elected the architectural committee:

James Rudolph, Dave Bernardy, and Kimberly Jaderholm.