

Edelweiss Board of Directors Meeting

September 20, 2009

Date: *September 20, 2009*

Present: Pat Leigh, Kelli Rotstan, Karen Reneau, Leonard Yerkes, Tom Lasater, Bruce Firestone, (via phone) and Stan Wentzel (via phone). Guests: Dwayne Putzke and Mike Shirley.

Absent: Mary Kiesau and Kris McMullen

Staff Present: Dick Volckmann

Chair: Pat Leigh

Minutes Recorder: Pat Leigh

Meeting Started at 9:15 am and adjourned at 11:15 am

1. Logging of Lucky Unit 5
Bruce Firestone reviewed our position with USFS re: Lucky Unit 5
1) We are signing an agreement with the USFS, not the logging company. This means we have more recourse than thought and consider the USFS a responsible party in enforcing the contract.
2) \$300 fee is intended to compensate Edelweiss for admn. time spent on overseeing the project.
3) We learned that the USFS has "Legacy Funds" available for roadwork on East Fawn Creek Road (not private Edelweiss roads) and agreed to meet with Arlo VanderWoude, Mike Liu and a recently hired engineer to discuss applying Legacy Funds to E. Fawn Creek Road.
Bruce proposed that we ask Dick to negotiate the best possible agreement with the USFS on the project known as Lucky Unit 5. Pat Leigh seconded the motion and it passed unanimously.
Dwayne Putzke stated that E. Fawn Creek was widened roughly 2 years ago and that with some work to cut back brush on the hillside, and clear some of the loose rock at the base of the hillside, the road would effectively become much wider than it might appear.
Dick V. agreed to have Craig Hook use a metal weed eater to trim back brush on E. Fawn. Dick said that our tractor is not safe to use to clear rock and debris on E. Fawn due to questionable brakes. Dick is asking Jerry Palm to give us an estimate for grading and gravel. Dwayne Putzke said that gravel and grading is a waste of money as it would wash away with the next serious rain.
2. Campground Meeting.
Kelli asked about bullet holes reportedly found in an owner's trailer. Pat Leigh shared the Friend's story about arriving one year to find their trailer riddled with bullet holes and other information from the Campground Meeting minutes. (Those minutes will be included at the end of these minutes.)
One of the concerns expressed by Camping Lot Owners was too much traffic in the campground parking lot during the summer by users of the Lunachik Trail. We agreed to remove Lunachik Trail signs during the summer, make the "private community" and "private property" signs more prevalent and discuss with Jay Lucas, not including the trail on summer trail maps.
3. Funding for Water System Improvements
Dick Volckmann made applications in the Spring for stimulus funding. No money received. Dick stated that the program had \$35 million in funds available and \$419 million was received in applications. A point system is used to evaluate the applications. According to Dick Volckmann, our applications received 25 points and no funding. Those who got funding earned over 125 points.
Dick Volckmann reported that he used the Comprehensive Plan (C.P.) prepared by Mel Hartwig and made applications based on the projects assigned the highest priority in the C.P. There were 7 projects that needed to

be started in 2009 in order to qualify for funding and Dick felt that the C.P. showed that we were ready to start work on any one of them as they had been engineered, costs assigned, and were ready to go out for bids. The total cost was over \$500,000.

Over the course of the past few months, Tom Lasater and Alan Fahnstock have attended trainings offered by the State to learn more about the sources of funding available for small water systems such as ours and the application requirements and scoring system used. Tom Lasater reported that the new applications are for a revolving fund that issues 20-year loans with a 1% fee plus 1% interest. It's federal funding issued through the state. The training Tom and Alan took educated them on the point system used to evaluate and score applications for these funds. There is an October 5, 2009, deadline for submitting applications. Dick Volckmann asked that the 7 applications that he submitted be rolled over for this program and the State agreed. Tom Lasater and Alan Fahnstock have informed the State that they will meet the deadline with a new application that includes all 7 projects and they will have completed the required "plan" and filed it with the State by the time that the applications are evaluated. Tom Justus, Engineer in charge of eastern WA for the DOH, advised that this was a better way to approach the program.

There are five categories of need. Health issues, security, conservation,

The application that we submit will include the Cassal Booster Pump replacement, replace: Cassal Pump to Reservoir waterline, Mustard Mountain waterline, and Ayers Court and Blue Grouse Lane waterline, meters on each residence, improved security measures, and replacement or repair of all PRVs. The total package is between \$330,000 - \$350,000. Tom Lasater also described a 2006 "Water System Plan" letter from Mel Hartwig assigning priorities for work to be done that include balancing the pressure in all lines.

Tom proposes that we need a 40-year plan for our water system.

In the process of completing the application, Alan Fahnstock asked Craig Hook for some information on the water system. Craig shared the fact that one of the two water pumps on the Cassal Creek pump house had recently gone out. Dick Volckmann explained that a pump expert, Jim Whipple, will look at our pump on Wed., 9/23/09. He stated that he has no idea how much such a pump might cost. Pat Leigh recalled Craig Hook stating that such a pump might cost as much as \$2,000.

Dick Volckmann brought up the issue of providing water to the community in the case of a power outage. He recommends that we consider putting a generator at the well and another at the booster pump house that we might keep the reservoir full in the case of a prolonged power outage.

There was a suggestion that we alternate pumps in the same manner as the well, having them each run for a specified period of time such as sever days, rather than alternating each time they come on. This could reduce the risk of having them both burn out simultaneously.

Kelli Rotstan asked if well pumps differ from booster pumps. Yes. Not interchangeable. Karen Reneau asked about insurance coverage for the pump in the Cassal Creek Pump House. Doubt was expressed in that the pump went out due to 'normal wear and tear'. Karen argued that the 70,000 gallons per day that we were losing for two months last winter due to leaks in the system, one of which was caused by the loss of a water meter at a property on Cassal Road, were not 'normal'. Nevertheless, Dick Volckmann felt it was unlikely that our insurance would cover the cost of repairing or replacing the pump.

4. Pat's review of bylaws:

We have talked about asking Heidi Smith, a local attorney, help us better understand the Board's powers under the current by-laws and possibly revise them. We were advised by Heidi Smith that before she would consider working on revising our by-laws, she needed to know that they were legally adopted.

Pat reviewed some of what she stated in her August report to the Board, which will be included with these minutes. She said that she had read ten years of meeting minutes and interviewed a number of past Board members, including Dwayne Putzke and Ron Bomba. From 1999 to 2001, Bomba chaired an ad-hoc committee for revising the by-laws. They worked with 3 attorneys during that time and spent approximately \$5000 in attorney fees. Bomba told me that he and McCollum (who no longer lives in Edelweiss) were the leads on this project. Part of the impetus for this effort was the fact that the existing by-laws did not meet state requirements. The other part we are all painfully familiar with... the restriction of raising annual dues by no more than the CPI, the cumbersome requirements for getting any special assessment approved by our members and little or no enforcement power. We have a long list of issues that arise each year, over which we exercise little authority; some direct violations of the bylaws and some simply 'bad neighbor' issues. These include: fences and sheds built without ACC approval, illegal nightly rentals, old cars and debris on properties that look unsightly, failure to meet the requirement for finishing the outside of a structure within two years from the date of issuance of permit and the use of unlicensed vehicles on Edelweiss roads.

After reading the minutes, interviewing those who brought this process to a vote of the members, and reviewing historical documents provided by Putzke and Bomba, Pat has concluded that our bylaws were legally adopted by a vote of the people at the 2001 Annual Meeting. Weirdly enough, in spite of the enormous effort and expenditure of time (3 years!) and money, what we have posted on our website today does not reflect all that took place. The by-laws we have posted say, "... approved by the Board in 2000" when they were unanimously approved by a quorum of the people in 2001 at the Annual Meeting.

Having conducted this review, Pat is satisfied that we can manage Edelweiss effectively with the bylaws as they stand. I think we all agree that they contain language that is awkward and ambiguous. Pat recommends that if we choose to attempt to change the CC&Rs or the bylaws, that we form an ad-hoc committee with the intent of proposing incremental changes over time, the first of which should be the 100% approval required in the CC&Rs for any change made that could be considered "more onerous". Bruce Firestone expressed an interest in this project and will discuss it with the LRPC.

Part of Pat's review included the voting requirements for passing a special assessment. She asked the LRPC to work on presenting to Edelweiss members a vote for a special assessment that would provide a steady source of funding for our water system. Leonard Yerkes, Chair of the LRPC, agreed to draft a letter for that purpose by October 15. Karen Reneau and Tom Lasater agreed to assist by assessing the cost of needed upgrades to the water system.

Pat proposed that after proper notice being given to all Edelweiss members, this would be put to a vote at a special meeting where a quorum of 5% of the members can pass the assessment with a majority vote of 55%. It was suggested that we look into renting the Mazama Community Center for the special meeting.

Proposed Monday October 19 at 6 PM for our next EMC Board meeting.

5. General Manager's Report.

Pat asked for any questions or discussion of the issues reported in Dick Volckmann's "General Manager's Report" (attached).

Collection of late pays: Dick suggested that we increase penalties for late payments. Leonard expressed the opinion that late fees and penalties are not effective and a waste of time and that shutting off the water is the most effective means of getting people to pay their bills. Dick stated that he felt placing liens on properties has little or no impact. Pat argued that the placement of a lien is the only way for us to establish our right to payment if the property should sell, and that a lien will ultimately be reflected on an owner's credit report which can make it impossible for them to qualify for loans or extensions of credit. Pat reminded the Board of the series of collection notice letters we developed for Dick to use and the fact that he has found them to be very effective, having successfully reduced our outstanding accounts from \$11,000 to \$2,000 in the course of the past several months. Part of the established procedure calls for turning accounts over to a collection agency if deemed appropriate. Pat researched local collection agencies and recommended one to Dick some time ago. We might lose as much as 40% to collection fees so Leonard suggested that we establish an amount that would trigger turning an account over to collection. Tom Lasater proposed that we simply give Dick the authority to turn matters over to collection at his discretion. This is how the matter was left.

Speed bumps: Dick's position on speed bumps is that they have been ineffective and he recommends that they be removed. After discussing some of the perils of speed bumps and the resulting damage to our roads, Kelli Rotstan argued in favor of permanently removing speed bumps and the rest of the Board agreed.

Water System: Pat noted that, according to the report that Craig Hook prepared on the status of pressure reduction valves (PRVs) on the EMC water system, there are 18 PRVs on the EMC water system and 5 have been repaired or replaced during the course of this summer. She asked Dick if he felt the fact that at least two of the PRVs were not working was urgent and called for action. Dick said he was satisfied that the system was in good operating order.

The meeting was adjourned at 11:30 AM.

See Dick's report below and Pat Leigh's August 2009 report to the Board.

Edelweiss Board of Directors Meeting **General Manager's Report** **September 20, 2009**

FIREWISE

The firewise program was carried out by 'The Druids. Reforestation Company' in early July. Twenty-eight properties, totaling 23.43 acres, participated in the program. Owners of additional properties, totaling 12.76 acres have agreed to do the firewise work themselves. As we still have some funds left over in the program, we are suggesting that we pay these owners \$600.00 per acre if they complete the work by December 31st, and, by inspection meet the requirements of the firewise prescription.

WATER SYSTEM

1- Highland Meadow Upgrade and Reseeding – The installation of the new 6” upper meadow water line was completed in May 2009. We have been process of determining the best way of reseeding the disturbed area above the line. As of this date we consider the best option to be a grass mixture consisting mostly of ‘blue wheatgrass’ a variety which is the most likely to germinate and thrive in our arid climate. The plan is to seed the area just before the first snowfall so that the seeds will have moisture in the spring to help with germination. Because weeds were beginning to show up on the disturbed soil, we donated \$750.00 to the Liberty Bell High School Cross Country Track Team to pull the weeds, They did a good job of eliminating the weeds both along the new water line, and then also at the campground building, for which we donated an additional \$200.00. The money will assist the team for their travel to meets away from home.

2- Water System Survey – On July 16, 2009, a representative from the Okanogan County Health District conducted a ‘sanitary survey’ of our water system, an inspection which recurs every five years. The inspection concentrates mainly on making sure that all parts of the water system are secure from tampering, are vented correctly and are environmentally sealed. We passed the survey with a couple of minor ‘deficiencies’ – two places where a vent screen was somewhat suspect, a loose electrical connection, and lack of locks on the bolted-down lids of the underground reservoirs. We have corrected all those deficiencies.

3- Pressure reducing valves – Craig has been making progress testing, repairing and replacing the pressure reducing valves in our water system.

The accompanying sheets show the various valves and their status at this time;.

4- East Fawn Creek Line - We were able to advantage of a trench which was being dug along East Fawn Creek Road by the Okanogan Coop to install a new electrical cable. We extended the depth of the trench to 5 feet and buried a new 6” water line, to be activated at a later date when it can be tied into a line which will extend to East Fawn Creek Road from the new water line which extends across the upper meadow. The Coop paid for half the depth of the trench, which saved Edelweiss several thousand dollars.

5- Waterline leak at campground – We discovered two major leaks in the water lines that feed the campground area. One of the leaks was in the line that went directly to the campground building. This was identified and a new 2” poly pipe was installed to replace the existing line. The other leak is in the line that serves the northwest side of the campground. When that line is activated, we lose about 1,000 gallons per hour to the leak. We had a field representative from Evergreen Rural Water of Washington (ERWoW) here last week to try to find the leak with his sonic tester, however the results were inconclusive. We feel that it will be cost effective to replace the line with a new poly pipe line than to try to find the leak and repair it. We will be investigating costs/bids.

Cattle

We have been plagued by cattle which are being grazed on Forest Service land, getting through into Edelweiss. We thought we had them fenced out by replacing the two gates (one at Highland Road, the other at East Fawn Creek Road) with steel stock gates. However, the same six or eight cows and calves continue to find ways out of the Forest Service. One area in particular is high on Grizzly Mountain where a drift fence ends at a talus slope. The cows now know how to go much farther up on the mountain to a bench which allows them access back down the mountain and into Edelweiss. Craig, Carol, myself and others have driven the cows back into the Forest Service more that 10 times, and they just keep coming back. I have heard from a person at the Forest Service, who suggests that a temporary electric fence may

help. I don't have definitive news yet, but it sounds like the FS is willing to help I will be talking to him on Monday the 21st.

Roads

I'm pleased with the results of the application of lignin to the upgraded stretches of Homestead and Highland Roads. The roads surfaces have held up well through the summer, and although the dust situation was not totally mitigated, it was greatly reduced this year as compared with previous years.

Receivables

At the end of June I took over the job of handling the collection of overdue accounts. Since then our receivables have dropped from about \$11,000 at the beginning of July to slightly more than \$2,300. Nine property owners have outstanding balances, only three of which owe any significant amount. Of those three, one cannot be found (certified letters are returned, unclaimed), one is making payments which I have authorized (he has brought his account down from over \$2,000.00 to about \$750.00 since the beginning of the summer), and the other is simply a *ne'er do well*.

This third person, Michael Held, has consistently been in arrears year after year. Edelweiss placed a lien on his home some time ago. This last summer the power company turned off his electricity for non-payment. We sent a certified letter which was returned unclaimed. We then turned off and locked his water meter. He called me two weeks ago and asked that his water be turned on because he would be coming in late and promised that he would give us a check the following day. Craig turned on the water, and the day he arrived we stopped by to pick up a check. He rummaged around, proclaimed he was out of checks and would give us one 'tomorrow' after he went to the bank. The next day he was gone. I fell into the trap of trusting an 'untrustable'.

We have added \$32.00 to Held's account because the county has increased the fee to remove a lien, and we have turned off his water again – not to be turned back on until we have a certified check in our hands! However, we need something stronger with this guy.

Suggestion:

That the Board authorize a significant late fee, say \$25.00 per month, in addition to the 1% interest that we currently charge on overdue accounts. Otherwise this person will continue to ignore all attempts to collect his dues.

Insurance

Thanks to original suggestion by Kris McMullen, we have changed Edelweiss' insurance coverage from Safeco Insurance Company to American Family Company. The coverage is equal to that of Safeco, with a savings of approximately \$4,000 per year. That figure is subject to some tweaking one way or the other, but will not change in any significant way. The other good news is that American Family Insurance has no problem with providing liability insurance on our groomed ski trail, and at no increase in premium.

Thank you Kris McMullen!

ATVs / Snowmobiles

I have had several conversations with a property owner (Mike Goudzwaard, who is building a house here on Homestead Road) about his children riding their four-wheel ATV around in Edelweiss. I have told other folks that they can only ride their ATV directly to the Forest Service entrance, not around Edelweiss.

Mr. Goudzwaard has pointed out to me (I think correctly) that nowhere is it written in any of Edelweiss' rules that ATV's are restricted. The same, I believe goes for snowmobiles. I do not see a regulation against them, even though it has been an understanding in Edelweiss. I don't think the average resident would approve of anyone riding around in Edelweiss on an ATV or snowmobile.

Suggestion:

That the Board considers a resolution which would ban the use of snowmobiles, motorized dirt bikes, and/or ATVs from Edelweiss roads, except for direct access to or from a resident's home to Forest Service land. (I think we should include all unlicensed vehicles with the exception of Edelweiss utility vehicles.)

From: Patricia Leigh <patricialeigh1@mac.com>

Date: August 20, 2009 11:57:58 AM PDT

To: EMC Board and Staff Members

Subject: Summer Daze

EMC Insurance:

We have made some progress on finding insurance for the EMC that would include grooming and skiing the upper meadow. We are striving to carefully compare the potential new coverage with our current policy to be sure that it is comparable. If it is, it would save us up to \$3000 per year.

Upon hearing of my interest in shopping insurance companies, after Safeco told us they would cancel all EMC coverage if we continued to groom the upper meadow, Kris McMullen recommended her carrier, American Family Insurance. I submitted the cover sheet for each of our policies to an AFI agent and requested their bid. It has taken nearly six weeks and a number of conversations to get this bid and we still need to analyze it carefully before we make a change, but I'm very hopeful that we will find it satisfactory and switch to AFI in the next week.

The only other option that I have found for insuring winter activities on the meadow would be a separate policy that would cost \$1000 per year.

Upper Meadow Restoration:

Rob Crandall of Methow Natives, walked the meadow with me last week and has submitted a recommendation. He observed that we have only a few days to pull weeds before everything goes to seed and stressed the critical nature of this timing. He has recommended a specific

grass as the most likely to germinate and fortunately, it is affordable. We can purchase enough grass to seed 3 acres, which includes the East Fawn waterline work, for \$400. We are also weighing some information provided by Camden Shaw who owns Plantas Nativa East in Twisp, who recommends a blend of grasses. We will soon have a re-seeding plan.

Weeding done by Rob's crew would cost a minimum of \$1200. Karen Reneau has contacted the Liberty Bell High School track coach who, after walking the meadow with Karen, agreed to have the track team members do the job for \$750. He still has to clear the matter with the team and their parents but will hopefully be out here next week to get the job done. He won't be able to meet with everyone until Monday. Our only additional cost will be for garbage bags to contain the weeds.

I've also asked Dick to develop a plan for restoring the landscaping surrounding the campground building.

In the future, I hope we will remember to include the cost of such restoration in any project that causes such disturbance to the soil.

Campground Meeting Scheduled:

There are 25 Edelweiss camping lots. I have sent email to 22 individuals who own camping lots giving notice that I will meet with them on Saturday, September 5, at 11 AM at the Campground Building. They have requested an opportunity to discuss constructing storage sheds and Mr. Heinz has asked that we discuss the Lunachik trailhead. Dick Volckmann will attend and bring them up to date on the water system issues and a plan for landscaping the grounds surrounding the campground building. My position on storage sheds is that they need to get approval of the Architectural Control Committee for any structure that is permanent (on the land for more than one year). I am told that so long as the structures are under 200 sq. ft. and cost less than \$2500, they do not require a County building permit.

Board members are welcome to attend.

Trailblazer update:

Two new trails require the use of privately owned land due to privacy concerns of the owners and the terrain. Karen Reneau has come up with some language that I will incorporate into a letter for Mac Dunstan's signature, granting us a license to use a section of his land for an EMC Trail leading from Highland over to Wintergreen. Trailblazers have named this the East-West Trail.

Dean Coe has agreed to sign a similar letter for a trail from his lot on River Road down to the Campground picnic area.

By-Laws Review:

We have talked about asking Heidi Smith, a local attorney, help us better understand the Board's powers under the current by-laws and possibly revise them. We were advised by Heidi Smith that before she would consider working on revising our by-laws, she needed to know that they were legally adopted.

In my effort to nail down precisely how our current by-laws were adopted, I have read ten years of meeting minutes and interviewed a number of past Board members, including Dwayne Putzke and Ron Bomba. From 1999 to 2001, Bomba chaired an ad-hoc committee for revising the by-laws. They worked with 3 attorneys during that time and spent over \$5000 in attorney fees.

Bomba told me that he and McCollum (who no longer lives in Edelweiss) were the leads on this project. Part of the impetus for this effort was the fact that the existing by-laws did not meet state requirements. The other part we are all painfully familiar with... the restriction of raising annual dues by no more than the CPI, the cumbersome requirements for getting any special assessment approved by our members and no ability to enforce our rules.

After reading the minutes, interviewing those who brought this process to a vote of the members, and reviewing historical documents provided by Putzke and Bomba, I have come to the conclusion that our by-laws were legally adopted by a vote of the people at the 2001 Annual Meeting. Weirdly enough, in spite of the enormous effort and expenditure of time (3 years!) and money, what we have posted on our website today does not reflect all that took place. The by-laws we have posted say, "... approved by the Board in 2000" when they were unanimously approved by a quorum of the people in 2001 at the Annual Meeting.

I will attach the documents that explain the vote taken at the 2001 Annual Meeting to this message. At our next Board meeting I will share with you any of the historical documents that you care to review. Ron Bomba has agreed to bring me a box full of historical documents and records that he has kept over the years and he says should be maintained by the EMC. He plans to be here over the Labor Day weekend.

Having conducted this review, I have a new understanding of the current by-laws and am satisfied that we can manage Edelweiss effectively with them as they stand. I think we all agree that they contain language that is awkward and ambiguous. If we choose to attempt to change the CC&Rs or the by-laws, I would recommend that we form an ad-hoc committee with the intent of proposing incremental changes over time.

Into the Future:

I think the Board should design a proposal for a special assessment that would provide long-range funding for our roads and water system. I like Karen Reneau's suggestion that we propose \$100 per year from each member for a finite number of years, to be put into our investment accounts and tagged for specific needs. Members would know there is an end in sight and they would be satisfied that specific needs would be met. After proper notice being given to all Edelweiss members, this would be put to a vote at a special meeting where a quorum of 5% of the members can pass the assessment with a majority vote of 55%.

The other alternative is to find an outside source of funding. Tom Lasater and Alan Fahnstock of the Long Range Planning Committee, will be meeting this weekend to review water system needs. They will look over our loan application and determine whether they might be able to improve our chances of qualifying with the information they were given at the grant application training they attended. Alan will be attending a seminar in Wenatchee to learn about grants available for water systems such as ours.

I will propose an agenda and some possible dates for our next Board meeting after this weekend.

Attached is the only record that we have of the vote that was taken at the 2001 Annual Meeting on our Revised By-Laws. I have the documents showing the proposal that were sent to all members two weeks prior to the meeting, should anyone wish to review them.

Submitted by Pat Leigh
Edelweiss Board President