

**Holmes Harbor Water Company, Inc. (HHWC)**  
**Minutes of the Board of Directors Meeting**  
**Saturday, August 20, 2022**

**Open the HHWC Meeting:**

- Holmes Harbor Water Company President Nancy Sharp called the meeting to order at 9:19 am on August 20, 2022.
- This meeting was conducted and recorded via a Zoom.

**Roll Call:**

HHWC Board members in attendance:

- Nancy Sharp, President
- Cyndy King, Vice President
- David Paull, Treasurer
- Lydia Sikes, Secretary
- Sharon Dunn

Excused absences:

- Rick Waclawik

Holmes Harbor Residents in attendance:

- None

**Review Agenda:**

- The August 20th agenda was reviewed, and two items were added to New Business and accepted.

**Approval of the July 16th HHWC Meeting Minutes:**

- The July 16th HHWC Meeting Minutes were approved unanimously.

**CONSIDERATION OF OPEN ISSUES**

**Treasurer's Report:** David Paull

- Treasurer's Report (TR) was sent out to all Board members before the meeting.

King Water Management Services charge (\$382 per month) will likely increase significantly once twice-weekly visits begin; ostensibly this month or next. Chemicals are not topped off, because the fresher the chemicals the better, so twice-weekly is needed.

Both DCG invoices came within days of each other, so both are included in Check #3198. The total of \$5,101 is theoretically the last payment to DCG for the USDA project. OLR #12 approval was confirmed on Friday, so funds should arrive next week for these and other expenses.

Shelterbelt Invoice (\$2,174) covers both wetland visits for this year. This bodes well for future annual charges for their services; expenses for which we will not be reimbursed by USDA.

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- The July TR reports and paid invoices were approved unanimously.
- 3rd version of June TR with small changes will be approved at next meeting.
- Nancy asked the board to approve payment to CJC for the final project payment, \$45,006.92, and be sent as soon as USDA funds arrive. Voted and approved unanimously.

**Repiping Report:** Nancy Sharp

DCG and C Johnson Construction have completed all work for the project. We received the final invoice from DCG on 8/16/22 and submitted the last funds request to USDA with supporting invoices, DCG's letter requesting release of all retainage to CJC and our concurrence on the same day. In Darla's absence the director of community programs, Koni Reynolds, has worked to get everything approved and funds dispersed by the end of the month. On Friday, 8/19/22 she forwarded the OLR approval with the information that funds should be in our account within three business days.

We were able to add unused funds from the DCG contract to the contingency fund to help cover the cost of the well #1 pump replacement. HHWC will pay \$10,441.64 of the total cost of \$35,895.78 as an additional applicant contribution to close out the USDA project.

The final as-built drawings were received from DCG on 8/17/22. Cyndy King is reviewing.

Cyndy will laminate as-builts and will post on the wall at the pump house.

**Operator Manual and Warranties**

Robert stated that most warranties would be for one year so have expired. He has supplied a couple of warranty documents from CJC and directed us to p.24 of the ATEC manual for warranty information on the filtering system. We will keep all documents in a notebook in the pump house.

**Wetland Restoration** – Nancy Sharp

Shelterbelt completed the second wetland maintenance for 2022 on August 2<sup>nd</sup>. Meg Amos from MSA monitored on August 4. Meg was very pleased with survival of the replanted species and the volunteer native plants filling in the area. We can expect a year 3 monitoring report from her in October, after the field season winds down.

We have never received an acknowledgement from USACE for any report submitted in compliance with our JARPA permit. Meg will send a copy of the Year 3 report to the district office as well as our (alleged) compliance officer.

**USDA Audit Contract and Retainer** – Nancy Sharp, David Paull

David has taken over communications with Sam Steel.

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David spoke with Sam Steel late Friday. He stated that he finally has all the documentation he needs and could get the completed doc to us by the end of September. He understands that there is a possibility that he will be removed from the project by a vote of the board, but stated that he has spent approximately 30 hours of work on the audit that he believes he should be compensated for.

Nancy will ask Toni Reynolds at USDA what the drop dead date is. David will let Steel know the drop dead date and see if he will commit to that. We would need to have the report approved by September 15th to decide about moving to another CPA by September 20th.

We have identified another CPA, Laura Lindal, who does only federal audits for non-profit organizations. We are on her schedule for October 1st if Steele fails to deliver. Darla approved the change, and extension of time to submit the audit.

Sharon updated on another possible auditor. Some time back Pat Powell, retiring ED of the Whidbey Camano Land Trust, gave Sharon a referral for an accountant who does A-133 audits. Lonnie Rich called back. He and his family have been down with COVID it seems. We talked for a while and he would be willing to take on our project. His firm, Aiken & Sanders in Montesano, does primarily non-profit work and he has done this kind of an audit for a water company on Camano (did not get the name). He would be willing to do a formal proposal to us. He would not be able to start until October and the cost would be in the range of \$10-\$12,000, perhaps more and the audit could be completed by the end of the year.

**Water Testing:** David Paull

- David received the test results from June, but not July. The levels remain the same at 0.0098
- Lower than .01 is the requirement. We should be below .005 with both wells pumping. Nancy will call and let them know we need test results ASAP, and need to know the test results for each separate well also.

**Calendar for HHWC tasks** - Nancy Sharp - Postponed until Rick's Return.

- Add DOR to the list.
- Add who is responsible for each item.

**Collections Update** - Nancy Sharp

- Owners continue to make on-time payments on the payment contracts.
- One owner represents roughly **2/3rds** (\$4,177+/-) of accounts receivable. David suggested we consider a collections agency, as this so-called asset may cause consternation among community members as well as lead to concern with future annual USDA financial reports. It was also suggested that perhaps we should talk with a lawyer who advise on how HHWC may proceed to remove the right to connect for lack of payment. Nancy will ask Sandra at KWC if they know a good collection agency or lawyer who could handle this.

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**CONSIDERATION OF NEW BUSINESS**

- President Resignation/Selection of Interim President - Nancy  
Motion to accept Nancy Sharp's resignation letter. Accepted unanimously. Cyndy King, Vice President will take on the duties of President until the next Annual Meeting.

- Insurance Renewal - Nancy  
David and Nancy completed a renewal questionnaire in July. Our insurance agency, Guide, forwarded the renewal quote from Gladfelter on 8/9/22. The annual premium for 22-23 is \$2,688 due no later than 9/5/2022. This is, happily, only a couple of hundred dollars more than last year even though we increased valuations on some system components.

Motion to approve the renewal quote, and pay the premium by the due date. Voted and approved.

- Schedule DCVA Tests with KWC - David  
Sandra has informed David that the testing will take place next month, but has not given any dates or which units will be tested. David's supposition is that the notices have been sent out to the property owners who did not respond to the 2021 Cross-Connection Survey informing them that to avoid being tested every year they should return the completed survey. David will follow through.
- Application for additional connections to the HHWC Water Share  
Cyndy confirmed that HHWC already if approved for 85 connections. She stated that we may sell 2 more this year, which will leave one remaining right to connect.

David contacted Aneta Hupfauer, Environmental Health Specialist, Island County Department of Health, on July 20 regarding increasing the number of allowed connections to 85. Several realtors have contacted David asking about the number of connections left for potential property sales. Aneta said she would get back to David 'soon.' David will email Aneta regarding going ahead with the next 5 connections (90) to stay ahead of demand.

- Water Use Efficiency Report - 2021  
Just received on Thursday. Leakage Summary indicates that our leakage has dropped from over 10% per year to a mere 4.3% in 2021. Even that is high, due to flushing, reservoir work and Arsenic treatment plant testing, etc. With Arsenic treatment plant backflow in use for half of this year it may increase our 'leakage' figure in future years; but it must reach 10% per year to trigger investigation by WADOH. Cyndy will post on the website.

**HHWC ONLY Updated Reimbursement Form**

- David has separately attached the Reimbursement form with the updated HHWC expense account numbers. Please use the account numbers found on this version of the form, as some of

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them have changed. There are older versions of this form that included expense account numbers for HHWC as well as GBBC and the HOA. Some of the account numbers for the latter entities may have changed, too, so you will need to contact them for those numbers if you are requesting reimbursements.

**Member Comment**

- Tom Faulkner on Shoreline has a water leak. Should be fixed in next couple of days.
- Hank Fresonke has combined both lots on Keeling. He thought an additional box is there with Rick's. Could ask KWC to check it, or CJ and do not know if there is a connection to the main. Still needs meter/DCVA. Cyndy will research and report next month.

**Adjourn Meeting**

The meeting was adjourned by Nancy Sharp at 10:44 am. Next Board Meeting: Saturday, September 17th, 2022.

Meeting minutes have been written by Lydia Sikes, HHWC Board member.

Minutes were approved at the September 17th meeting, and a copy was put into the HHWC minute files and posted on the website.