

**Driftwood Heights Association
Board Meeting Minutes
1/20/2026**

- **Meeting called to order at Camano Library, 6:00 pm.**
- **Present:**
 - President (Randy Barry)
 - Vice President (R Canady)
 - Grounds & Buildings (Leonard Visser)
 - Water Quality (Teila Whitcher)
 - Operations (M Cona)
- **Primary Purpose of meeting is 2026 Budget discussion and Preparation. We should complete normal meeting business, emergency issues, then Budget Discussion. Any items that are not covered in this meeting will be moved to Feb 17 Board Meeting Items in RED Text are emergency topics**
- **Approval of meeting minutes**
 1. Motion to approve Nov 17 Board Workshop Minutes and Dec 15, 2025, Board Meeting Minutes, with Sept, Oct, and Nov Mthly Financial Reports. Qtr. 3 Financial Report. Motion made by: R Canady
Second by: M Cona
Yea 5 /Nay 0, Motion carried.

1. Treasurer/Secretary: Monthly Financial Report:

a. Dec Account Balances - gains/losses.

Checking Balance = \$ 54,427.18 change - \$1,679.57

Heritage Money Market Balance = \$ 81,462.03 change + \$ 6.92

Coastal Money Market Balance \$204,978.07 change + \$ 1569.60

b. Budget status

See Attachment (2)

c. Significant unplanned incomes/expenses

Listed in Attachment (1)

December Un-budgeted:

Booster pump installation, Tank Level Gage Repair \$854.48

d. Members in arrears and status of actions

Jan 12.2026, Accounts Receivable balance. 4 in arrears, outstanding balance \$1260.00. Shutoff notices hung on member doors. All members have contacted NW Nat Water and said they are mailing Payments.

1). **Waiver of late fees.** NW Natural Water received a letter from member requesting reimbursement of late fees and certified letter fee for Sept 1, 2025, Billing cycle. Follow up with the member and NW Natural Water determined that the member had contacted NW Natural water stating that they had not received bill and they requested a duplicate copy, which was not sent. The member paid bill and late fees when they received certified late notice letter. Based upon members' actions and NW Natural Water not supplying duplicate billing we recommend reimbursing late fees. NW Water has agreed to absorb Cert letter fees. Conducted email vote for approval of reimbursing member late fees, all directors approved. Conducting formal vote to place in Board Meeting records.

Motion to waive late fee, certified letter fee made by: M Cona

Second by: L Visser

Yea 5 /Nay 0, Motion carried.

e. NW billing status for Sept 1, 2025, cycle

1). Billing process procedures and form were discussed and revised for more clarity during the meeting. Revised copy sent to NW Natural Water and updated website with new form. Sent email notification to website subscribers.

f. Approval of Dec 2025 Monthly Financial Report

Motion to approve Dec 2025 Financial Report made by: M Cona

Second by: L Visser

Yea 5 /Nay 0, Motion carried.

g. Review/Approval of Q4 Financial Report

Motion to approve Q4 Financial Report made by: M Cona

Second by: T Whitcher

Yea 5 /Nay 0, Motion carried.

h. Approve: Retainer Fee for new association Attorney

C Sjostrom (current association attorney) is no longer taking on new business as he closes his business and moves into retirement. We interviewed Dannon Trexler, on his recommendation, as a replacement late last year. We found her to be a good fit and she was responsive to

becoming our attorney. Conducted email vote for approval of paying retainer for her services, all directors approved. Conducting formal vote to place in Board Meeting records.

Motion to approve retainer fee made by: R Canady

Second by: M Cona

Yea 5 /Nay 0, Motion carried.

i. 2026 NW Natural Water (King Water) Contract Review/Approval

2026 NW Natural Water Service contract signed and emailed to J Skaar Operations Manager, NW Natural Water.

j. Outstanding Financial Items for discussion

Discuss the following issues and prepare for the 2026 Budget:

1). Reviewed current association accounts, discussed proposed purpose and access for each account.

a). Coastal Community Bank

Type Acct: Money Market Checking

Access: Two authorized signers. Electronic or check

Purpose: Capital Projects

b). Heritage Bank

Type Acct: Business Money Market Checking

Access: Two authorized signers. Electronic or check

Purpose: Reserve Fund

c). Heritage Bank

Type Acct: Business interest Checking

Access: Two authorized signers. Electronic or check

Purpose: Operating Fund

2.) How do we budget for large repairs:

a). Board should have the authority to authorize Emergency repairs to keep system operating.

b). Non-emergency/discretionary repairs of the system, less than \$ 50,000.00, should be within the authority of the Board. Greater than this amount would require Membership approval.

3). Create rules for jobs/projects of larger scope. Define cost levels and required actions for these levels. Permission/authorization required

a). All jobs/projects requiring immediate attention can be approved by email vote to expedite starting work. A formal vote at next Board meeting will be conducted to document formal approval.

b). Formal bidding process: Three bids are required for any work greater than \$10,000.00. Only exception is water system repairs due to liability, notifications such as "shutoff" and "boil water", and water sampling requirements. This work is normally completed by our contracted/certified "licensed Operator".

4). Budget Line items:

a). Reviewed 2025 Budget Line Items attachment (2). Discussed the need to add additional line items for more clarity or remove for more simplicity. It was determined that no changes need to be made. Most budget line items came at or below 2025 estimate. The following line items are above 2025 Budget:

2024 Federal taxes exceeded budget by **\$32.00** due to new Federal requirement to pay by electronic bank transfer.

Beach Bulkhead Repairs exceeded budget by **\$4,155.27** due to underestimating damage and requirement to bring in outside contractor for excavation.

Water system repairs exceeded budget by **\$26,305.27** due to unplanned water system leaks and equipment failures.

b). Reviewed calculating budget line-item projections. We use the previous year's cost plus any changes provided by contractors and vendors. If they do not provide changes, we will use an inflation rate of 3%. Line items that contain unplanned expenditures, such as water system repairs, we will try to assign based upon several year average cost.

6). We need to review above discussions to determine if they need to be incorporated into association By-Laws.

2. Water Quality:

a. Dec Free Cl- readings have been sent to NW Water Services LLC.

3. Operations:

- a. This is an ongoing issue; we need to revisit Feb 17 meeting. Still working with NW Water to identify locations and schedule excavations to determine the main water size and type of material for unknown portions of the system.
- b. Quote to install new supply lines to meet code for 800/808 Patricia Ann repairs is \$8,120.00. Will require two supply lines, three plex will require upsizing line and meter. Work approved by board. Waiting for scheduled date. NW Nat Water is waiting on 1 ¼" meter setter, when received will schedule work.

4. Grounds & Buildings:

- a. Beach bulkhead repair Status: The work is on hold until Spring due to weather. We will carry the funds over until Spring. Purchased and delivered \$200 Amazon Gift Card to Nick Oliver.
 - b. Dec 19, 2025, Windstorm Well Site Storm Damage: Contacted Insurance broker to discuss possible claim for tree removal and fence repair. Confirmed our deductible is \$1000, claim would not be approved under current policy. Buildings and equipment would have been covered if we had sustained any damage. We have requested an estimate to add additional coverage for the type of damage that occurred during the storm, tree removal, fence repair. We also requested quote for earthquake coverage. Contacted DH 2 to discuss contribution to repair costs. They requested that we send them copies of costs when we have completed and we can discuss contribution.
1. **Well site tree cleanup by Yard Biz.** Conducted email vote for paying well site cleanup, approved. Conducting formal vote to place in Board Meeting records.

Motion to approve well site tree cleanup made by: T Whitcher

Second by: R Canady

Yea 5 /Nay 0, Motion carried.

2. Review well site fence repair quotes, L Visser has obtained two quotes and is waiting on third for fence repairs. The fence that is installed is obsolete, post and pipe diameters no longer available. Some parts of fence may be able to be repaired, and some will have to be replaced with new parts. Once all quotes are received, we will send them out for review and quote selection.

5. Vice President

- a. Inter Tie Agreement updates: December 2025 re-draft submitted for review by the board.

6. President:

- a. Burns Fire Hydrant testing completed Jan 9, 2026. Patricia Ann flow rate 295 gpm, Vesper 287 gpm. I will follow up with fire department. PRV valve failure due to sediment resulting in over pressurization of sections of water main. PRV valve isolated, requested repairs as soon as possible. The over pressurization of system caused damage to a member's water piping that required isolation and repair by plumber to restore water. It was also recommended that a pressure-reducing valve be installed. Since the damage was caused by our system it is recommended that we pay for repairs and installation of pressure-reducing valve. Rick Canady recommended we also discuss additional liability with the association attorney. Attorney confirmed that reimbursement was warranted.

Motion to approve member plumbing repair costs:

made by: M Cona

Second by: T Whitcher

Yea 5 /Nay 0, Motion carried.

- b. Service connection elevations with respect to our water system storage tanks and equipment locations causes varying pressures throughout the system. We need to complete a system pressure review and assessment to produce a pressure map of the system. This will allow for evaluation to determine what actions, if any, need to be implemented to ensure member water supplies are at correct operating pressures.
- c. Christine Kelsey has updated the job description document; she will be at this meeting. I will provide copies so we can discuss it at the Feb 17 meeting.

d. Spoke with S Spotts (WA DOH Island County Engineer) on December 23, 2025, regarding the status of our capacity analysis. She informed me that it was on hold until receipt of Water Rights Self Analysis (WRSA). Contacted C Garrison (Garrison Engineering Corporation) he resubmitted the WRSA Jan 9, 2026.

7. New Business:

a. Rick Canady attended a recent Camano Sunrise Association Board meeting to discuss inter-tie agreement. During the meeting they had a discussion of the upcoming revision to the RCWs that take effect in 2028. He said the discussion was intense and there are changes that require action by the association to comply and may require By-Law changes. He stated it would be better to start reviewing now to ensure we can complete any before deadline. Due to magnitude of the revision Rick recommended we look at finding outside assistance for review and determination of changes that affect our association. A good starting point for this would be to contact our attorney, since they deal with HOAs and Water Systems, to see if they could assist or recommend a source to help.

• **All business complete, Motion to Adjourn meeting.**

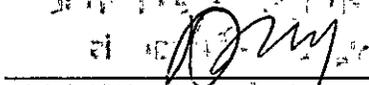
Motion made by: L Visser

Second by: R Canady

Yea 4 /Nay 0, Motion carried, meeting adjourned at 8:15 pm, T Witcher had to leave meeting prior to adjourning, no votes conducted after her departure.

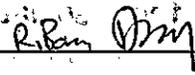
Jan 20, 2025, Board Meeting Minutes submitted by
Driftwood Heights Board members in lieu of Secretary

Approved by

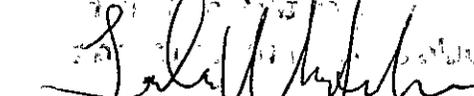

Randy Barry (President)


Rick Canady (Vice President)

Vacant
(Treasurer/Secretary)

Not Available, on vacation, support via email 
Mike Cona (Operations)


Leonard Visser (Grounds and Buildings)


Teila Whitcher (Water Quality)

Driftwood Heights Association
BUDGET STATUS Dec 2025

2025 Expenses		Actual	Budget	Difference
Grounds Maintenance	\$	7,398.40	7,761.00	362.60
Office Expenses	\$	1,527.85	1,775.00	247.15
Office Equipment/Supplies	\$	372.55	420.00	47.45
Bank Fees	\$	0.00	0.00	0.00
Insurance	\$	5,115.29	5,500.00	384.71
Legal Expenses	\$	1,732.50	3,000.00	1,267.50
Engineering Expenses	\$	1,857.10	5,000.00	3,142.90
CPA Expenses	\$	0.00	0.00	0.00
Monthly Water Management	\$6,300.00	8869.52	10,293.00	1,423.48
Monthly Billing Fee	\$567.00		0.00	
Billing Statements	\$233.00		0.00	
Meter Read	\$735.00		0.00	
Cl- Carboy	\$369.00		0.00	
Consumer Confidence Report	\$105.00		0.00	
Water Efficiency Report	\$105.00		0.00	
Water Sampling	\$1,669.00		0.00	
Additional Hrs Charge CCR&Water Eff Rpt	\$210.00		0.00	
Water System Maintenance	\$3,150.00	38,214.27	11,909.00	(26,305.27)
Water System Repair/Work Orders	\$8,759.00		0.00	
Misc parts and Equipment	\$	822.12	1,000.00	177.88
Arlington Electric	\$	4306.28	4,353.00	46.72
Fees/Permits	\$	390.80	500.00	109.20
Utilities	\$	2,402.53	3,444.00	1,041.47
Propane	\$	646.21	879.00	232.79
Refund of Overpaid Member Assessment	\$	0.00	0.00	0.00
Member returned deposits (NSF)	\$	0.00	0.00	0.00
Federal Taxes	\$	182.00	150.00	(32.00)
Beach Blkh Repair	\$	6,155.27	2,000.00	(4,155.27)
TOTAL EXPENSES	\$	79,992.69	57,984.00	(22,008.69)

Attached (2)

Driftwood Heights Association

INCOME & EXPENSE REPORT

2025 Budget Estimates

2025 Budget Estimates

2025 Expenses		2024 Actual	2025 Budget	Notes
Grounds Maintenance	\$	7,398.40	7,761.00	
Office Expenses	\$	1,458.30	1,775.00	
Office Equipment/Supplies	\$	305.10	420.00	
Bank Fees	\$	12.00	0.00	
Insurance	\$	5,911.13	5,500.00	
Legal Expenses	\$	0.00	3000.00	estimate
Engineering Expenses	\$	5941.20	5000.00	estimate
CPA Expenses	\$	0.00	0.00	
Monthly Water Management	\$	8695.52	6300.00	
Monthly Billing Fee	\$	0.00	567.00	
Billing Statements	\$	0.00	233.00	
Meter Read	\$	0.00	735.00	
Cl- Carboy	\$	264.00	369.00	
Consumer Confidence Report	\$	0.00	105.00	
Water Efficiency Report	\$	0.00	105.00	
Water Sampling	\$	0.00	1669.00	
Water System Maintenance	\$	0.00	3,150.00	estimate
Water System Repair/Work Orders	\$	3,171.48	8,759.00	estimate
Additional Hrs Charge CCR&Water Eff Rpt	\$	0.00	210.00	
Misc parts and Equipment	\$	1,530.84	1,000.00	
Arlington Electric	\$	597.31	4,353.00	Sched repair
Fees/Permits	\$	398.40	500.00	
Utilities	\$	3,265.15	3,444.00	
Propane	\$	837.24	879.00	
Refund of Overpaid Member Assessment	\$	0.00	0.00	
Member returned deposits (NSF)	\$	250.00	0.00	
Federal Taxes	\$	135.00	150.00	
Beach Blkh Repair	\$	4317.85	2000.00	estimate
TOTAL EXPENSES	\$	44,488.92	57,984.00	

SUBMITTED BY: Driftwood Heights Board

Encl 1 pg 3 of 3

Attch (3)