

**Driftwood Heights Association
Board Meeting Minutes
2/17/2026**

- **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) not present
 - C Kelsey
- **Approval of meeting minutes**
 1. Motion to approve Jan 20, 2026, Board Meeting Minutes, with Dec 2025 Mthly Financial Report.
Motion made by: R Canady
Second by: L Visser
Yea 4 /Nay 0, Motion carried.

1. Treasurer/Secretary:

Monthly Financial Report:

a. Jan Account Balances - gains/losses.

Checking Balance = \$43,525.85 change - **\$10,901.33**
Heritage Money Market Balance = \$ 81,468.95 change + \$ 6.92
Coastal Money Market Balance \$205,047.71 change + \$ 69.64

b. Budget status

See Attachment (2)

c. Significant unplanned incomes/expenses

Listed in Attachment (1)

January Un-budgeted:

- | | |
|---|--------------------------|
| 1). Yard Biz tree removal Dec Windstorm | \$3,590.40 |
| 2). Arlington Electric Gen LP Oil Switch | \$163.60 |
| 3). Burns Fire Protection Hydrant Testing | \$1,036.45 |
| 4). NW Nat Water Booster Pump | \$2432.06 |
| 5). NW Nat Water Call Outs/WOs | \$971.64 |
| 6). Member Plumbing Repair | <u>\$1,056.20</u> |

Total \$9,250.35

d. Members in arrears and status of actions

Feb 10, 2026, Accounts Receivable balance. 0 in arrears, outstanding balance \$0.00

e. Approval of Jan 2026 Monthly Financial Report

Motion to approve Jan 2026 Financial Report

Motion made by: T Whitcher

Second by: R Canady

Yea 4 / Nay 0, Motion carried.

f. Approval of 2025 Annual Financial Report.

Motion to approve 2025 Annual Financial Report

Motion made by: L Visser

Second by: T Whitcher

Yea 4 / Nay 0, Motion carried.

g. Outstanding Financial Items for discussion

Discuss the following issues and prepare for the 2026 Budget.

- 1). Discussed spending limits for Board members, without Board prior approval, in performance of their duties. We determined that an expenditure of up to \$200.00 would be acceptable. The Board member would be responsible for ensuring the expense was warranted and keeping with their fiduciary responsibilities to the association. Board members would be required to provide proper receipts for reimbursement. The board unanimously agreed to limit and vote on spending limit next meeting.

- 2). We need to discuss this with association lawyer to determine if this should be added to our By-Laws.

h. Jul 2026-Jun 2027 Budget

Will prepare and email new budget for review at the Mar 17 Board Meeting.

2. Water Quality:

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

3. Operations:

- a. Working with NW Water to identify locations and schedule excavations to determine the main water size and type of material for unknown

- a. Proportions of the system. We have been compiling information and taking pictures in conjunction with NW Natural Water repairs.
- b. Work to install new supply lines for 800/808 Patricia. Ann is waiting on parts. NW Natural Water will provide a date to complete repairs.

4. Grounds & Buildings:

a. Beach bulkhead repair Status: The work is on hold until Spring. The team performing repairs has inspected the bulkhead and it has held up well over the winter. They are looking at materials and equipment needed to complete repairs. L Visser will follow up and work with the team to obtain quotes for the Board to review/approve.

b. Dec 19, 2025, Windstorm Well Site Storm Damage: Contacted Insurance broker and have requested estimates to add additional coverage for wind and earthquake damage. When all repairs have been completed, we will send costs to DH2 and discuss possible reimbursement of their share of repairs.

1. L Visser reviewed three quotes for fence repair. The Board discussed and selected "Economy Fence Center" to perform repairs.
 Motion to select "Economy Fence Center" and authorize payment for well site fence repair.

Motion made by: R Canady

Second by: T Whitcher

Yea 4 / Nay 0, Motion carried.

c. Board asked L Visser to get tools and materials to paint and preserve fire hydrants.

5. Vice President

a. Inter-Tie Agreement updates: R Canady has continued to work on Driftwood Heights 2 (DH2) Inter-tie agreement. He is also pursuing discussions with Camano Sunrise Association (CSA) to see if it is possible to establish an agreement with them. More detailed information is needed about the existing physical inter-tie piping that is currently installed and system capacities to meet the needs of all parties.

b. The magnitude of the upcoming 2028 RCW revision is significant. We will be proactive in identifying and acting on changes that affect our association. We have contacted our attorney for guidance and resources to help us make necessary decisions and changes to ensure we comply when the regulations take effect.

c. Rick inquired if there was any history of discussion of billing by consumption using installed metering. It is a very common practice by most of the water associations. The question was informational and we deferred the discussion to a later date.

6. President:

a. Reviewed documents and process to produce a system pressure diagram/map. We will purchase an additional hose bib pressure gauge. We need at least three people to collect data. We will schedule on a Saturday, for the higher probability of members being at home, which should allow us to most efficiently collect data.

b. Christine Kelsey provided updated job description documents for review. Board will continue to review and comment. This topic will need to be finalized before May Annual Member meeting.

c. Revised Water Rights Self Analysis (WRSAs) has been received. S Spotts (WA DOH Island County Engineer), she has contacted C Garrison (Garrison Engineering Corporation) requesting he verify all information is correct and up to date and they will start process of review and approval.

d. R Barry needs to follow up with S Seymour on the status continuing work on "Small Water System Management Program Guide" and "Emergency Task Force".

e. R Barry informed the Board that he intends to resign from board at the May 2026, Annual Membership Meeting.

f. Due to shortage of board members and current overlapping responsibilities the board determined that R Canady would take over as duties of President and R Barry would be performing duties of Secretary/Treasurer. Based upon knowledge and experience this was

determined to be the most efficient, equitable, and ethical distribution of responsibility and workload.

g. We need send out a Letter to Membership as soon as possible:

1.) List of upcoming open Board Positions to be filled at the May 2026 Annual Members Meeting. (positions can be filled before and brought up for vote at the meeting)

2.) Explain possible future of association board based upon participation by membership.

a.) Fill vacant Board positions and continue management by membership:

b.) Contract outside financial manager and Office manager. Have smaller voluntary member board for oversight and approval:

c.) Contract a "Management Company" to perform all duties, with voluntary member board for oversight.

3.) The above options have varying levels of shifting liability and increased cost for the association.

7. New Business:

a. Possible Public Utility Tax (PUT) and Business and Occupancy (B&O) tax Liability:

During a review of our Federal Tax reporting, we discovered that we may be liable for PUT and B&O taxes to the state of Washington. We have contacted our attorney to discuss how we should proceed to determine the actions we should take to determine our liability.

• All business complete, Motion to Adjourn meeting.

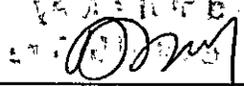
Motion made by: T Witcher

Second by: R Canady

Yea 4/Nay 0, Motion carried meeting adjourned at 8:15 pm.

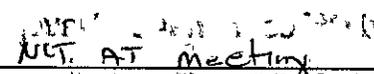
Feb 17, 2026, Board Meeting Minutes submitted by
Driftwood Heights Board members in lieu of Secretary

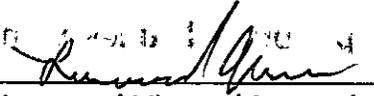
Approved by

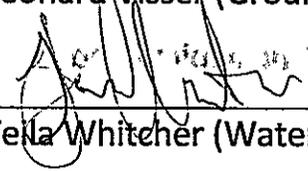

Randy Barry (President)


Rick Canady (Vice President)

Vacant
(Treasurer/Secretary)


Mike Cona (Operations)


Leonard Visser (Grounds and Buildings)


Tella Whiteher (Water Quality)

Driftwood Heights Association
BUDGET STATUS Jan 2026

| 2025 Expenses | | Actual | Budget | Difference |
|---|------------|------------------|-----------------|-------------------|
| Grounds Maintenance | \$ | 3,590.40 | 0.00 | (3590.40) |
| Office Expenses | \$ | 48.50 | 48.50 | 0.00 |
| Office Equipment/Supplies | \$ | 115.96 | 35.00 | (80.96) |
| Bank Fees | \$ | 0.00 | 0.00 | 0.00 |
| Insurance | \$ | 0.00 | 0.00 | 0.00 |
| Legal Expenses | \$ | 2,804.50 | 250.00 | (2554.50) |
| Engineering Expenses | \$ | 0.00 | 416.66 | 416.66 |
| CPA Expenses | \$ | 0.00 | 0.00 | 0.00 |
| Monthly Water Management | \$6,300.00 | 723.8 | 902.75 | 178.95 |
| 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 | 3,946.29 | 1,254.91 | (2,691.38) |
| Water System Repair/Work Orders | \$8,759.00 | | 0.00 | |
| Misc parts and Equipment | \$ | 0.00 | 83.33 | 83.33 |
| Arlington Electric | \$ | 163.60 | 0.00 | (163.60) |
| Fees/Permits | \$ | 20.00 | 20.00 | 0.00 |
| Utilities | \$ | 176.49 | 287.00 | 110.51 |
| Propane | \$ | 0.00 | 73.25 | 73.25 |
| Refund of Overpaid Member Assessment | \$ | 0.00 | 0.00 | 0.00 |
| Member returned deposits (NSF) | \$ | 0.00 | 0.00 | 0.00 |
| Federal Taxes | \$ | 0.00 | 150.00 | 150.00 |
| Beach Blkhd Repair | \$ | 200.00 | 2,000.00 | 1,800.00 |
| Burns Fire Protection | \$ | 1036.45 | | |
| M Othman | \$ | 1056.2 | | |
| TOTAL EXPENSES | \$ | 13,882.19 | 5,521.40 | (6,268.14) |

Driftwood Heights Association
 INCOME & EXPENSE REPORT
 For Year End 2025

| 2025 Income and Expenses | | Actual | Budget | |
|-----------------------------------|----|-------------|-----------|--|
| Income from Assessments | \$ | 56,719.48 | 61,110.48 | |
| Income from Transfer Fees | \$ | 4,500.00 | N/A | |
| Income from Checking Interest | \$ | 15.26 | N/A | |
| Income from Money Market Interest | \$ | 754.30 | N/A | |
| Refund/other payments | \$ | 500.00 | N/A | |
| Total Income | \$ | 62,489.04 | 61,110.48 | |
| Expenses | \$ | 79,992.69 | 57,984.00 | |
| Balance | \$ | (17,503.65) | 3,126.48 | |

| Year End Balances | \$ | 2024 | 2025 | |
|---|----|------------|------------|-------------|
| Checking | \$ | 77,285.13 | 54,427.18 | (22,857.95) |
| Money Market | \$ | 281,092.80 | 286,440.10 | 5,347.30 |
| 2025 Year End Cash Balance (Cash Reserve) | \$ | 358,377.93 | 340,867.28 | (17,510.65) |

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 | 8,869.52 | 10,293.00 | 1,423.48 |
| Monthly Mgmt Charge | 6,300.00 | | |
| Monthly Billing Fee | 567.00 | | |
| Billing Statements | 233.00 | | |
| Meter Read | 735.00 | | |
| Cl- Carboy | 369.00 | | |
| Consumer Confidence Report | 105.00 | | |
| Water Efficiency Report | 105.00 | | |
| Water Sampling | 1,669.00 | | |
| Additional Hrs Charge CCR&Water Eff Rpt | 210.00 | | |
| Total \$ | 38,214.27 | 11,909.00 | (26,305.27) |
| Water System Maintenance/Repairs/WOS | | 11,909.00 | |
| Water System Maintenance | | 3,150.00 | |
| Water System Repair/Work Orders | | 8,759.00 | |
| Total \$ | | 11,909.00 | |
| 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 Bkhd Repair | 6,155.27 | 2,000.00 | (4,155.27) |
| TOTAL EXPENSES | 79,992.69 | 57,984.00 | (22,008.69) |

NOTES:

1. Transfer fees are not included in anticipated income for budgeting (see Page 2).
2. Maintenance & Repair/Work Order expenses include meter repair/replacement and miscellaneous well site and water line maintenance. It also includes emergency call out.
3. Maintenance & Water testing and also includes all administrative charges (mail outs, bill collections)...