

**Driftwood Heights Association
Board of Directors Meeting Minutes
3/17/2026**

Meeting called to order at Camano Library, 6 pm.

Present:

Acting Secretary/Treasurer (Randy Barry)
Acting President (Rick Canady)
Grounds & Buildings (Leonard Visser)
Operations (Mike Cona)

First 15 Minutes of meeting reserved for owner comments, in person or by phone call to (360) 970-0845.

1 Formal Vote for R Canady as Acting President and R Barry to assume Acting Treasurer/Secretary pending May Annual Membership Meeting.

Motion to approve board position changes until annual meeting for both positions
Motion made by: L Visser
Second by: M Cona
Yea 4 /Nay 0, Motion carried.

2 Approval of meeting minutes

Motion: Approve Feb 17, 2026, Board Meeting Minutes, with Jan 2025 Monthly Financial Report.

Motion made by: L Visser
Second by: R Barry
Yea 4 /Nay 0, Motion carried.

3 Options for system management for the association

Note: At the 2025 annual meeting the BOD asked for and received member approval to look into hiring part time help. BOD members have also looked into contracting services with accounting firms and water system management companies. The BOD has not done an evaluation of the needs, costs and benefits of these choices.

Actions: Discuss needs and options. Choose a path forward.

Discussed whether we can get the services needed from available companies or individuals. Primary service needs identified were those that provide continuity of knowledge and function for financial, regulatory and operational issues that the board must address as individual board members come and go. Board members noted that hiring a company that has provided

services to multiple organizations like ours over many years would be more likely to provide the needed continuity than hiring a part-time employee.

Motion: Move forward with obtaining quotes to select and approve external contractors for financial and operational services.

Motion made by: R Barry
Second by: L Visser
Yea 4/ Nay 0, Motion carried

4 Annual membership meeting (AMM)

Note: The primary issue in front of the Board of Directors' (BOD) is preparation for the sustained operation of the association through actions taken at the AMM in May. Items to review in preparation for AMM

- o Logistics of the meeting
- o Communication plan for AMM
- o Prepare necessary materials
- o Budget, funding, and tasks

4.1 When and where for the AMM

Note: We need a large enough venue so that a sufficient quorum of members can attend and participate. ByLaws and fiscal year put the meeting in May. Acting President and Acting Sec/Treas are researching locations with capacity.

Action: Fix the time and place of the AMM

Board discussed issues of avoiding Mother's Day and Memorial Day weekends and the need for time to prepare materials for the meeting and arrived at selecting May 16th at 10AM for the AMM. Randy will get the required certificate of insurance and seek to schedule a meeting room at Camano Chapel (at no charge), or the Camano Multi-Purpose Center (rental fee).

Motion:

Motion made by: R Barry
Second by: L Visser
Yea 4/ Nay 0, Motion carried

4.2 Letters to Association Membership

Note: Due to resignations as of May 2026, the board will only have two member-elected board members, neither of whom have ByLaws authorization to engage in contracts or sign checks. The departure of board members creates issues for legal operation of the association and for continuity of knowledge necessary to run the HOA and water system.

Actions: Review and edit draft letter to be sent to members about the severity of the issue of a lack of volunteers. Seek approval to send ASAP.

Board members reviewed and edited a draft letter to members. A second mailing will be prepared to convey the location and time of the AMM once location has been settled per agenda item 4.1.

Motion: Approve to proceed with sending out the letter (with edits) to Association Membership.

Motion made by: M Cona

Second by: L Visser

Yea 4 / Nay 0, Motion carried.

4.3 Prepare and mail agenda for the AMM

Note: Rick and Randy will draft an agenda for review and finalization at the April BOD mtg. The agenda will be sent out the week of the April BOD mtg.

New requirements are to have an external audit unless the members vote no.

(Ballot needed)

Read through and congratulate agreeing to extend. Still have to vote.

4.4 Prepare ballot language for the AMM

Actions: Identify the ballots needed and a BOD volunteer to prepare ballots.

4.4.1 Ballots for each board position

Note: BOD should clarify the formal process to elect board members.

Action needed: BOD edits to process

As with previous AMMs, ballots will be prepared for votes to fill vacant board positions, one ballot per member based on the master membership list (MML). Nominations and seconds will be taken for each position, the last names and board position will be written on a white board, and members will be asked to write in the name and their vote for each position on the provided ballots. Ballots will be counted by the Secretary and matched to the MML. Confirmation will be communicated to the nominated members after the AMM.

BOD discussion of this topic identified the need for better descriptions of what people in the board positions actually do than are found in the ByLaws so that volunteers have a clearer idea of what they are signing up for. Randy and Rick will draft descriptions for the web for people to review prior to the AMM.

4.4.2 Do we need to ask members to vote on Bylaw changes?

BOD discussion identified a need to match increased use of contracting services (agenda item 3 above) with a funding source. Acting Treasurer further noted that a draft projected budget for FY 2026 shows a shortfall of approximately \$2000 before consideration of the added contractual services (projected budget to be presented at AMM). BOD noted that the member

approved increases in annual fees (\$50 per year for 5 years) would address the shortfall, but the association would need to address funding for the increase in contract services. BOD discussed the idea of raising annual fees further at this time; however, it was noted that other HOA's use much higher transfer fees than Driftwood Heights currently charges and that an increase in transfer fees could address the funding need. BOD determined that a ballot to enable a change to the ByLaws regarding a transfer fee increase could be prepared for a vote at the AMM. Based on experience with the typical number of property transfers in a year, an increase from 3 times the 2026 annual fee (currently $3 \times \$550 = \1650) to 5 times the annual fee ($5 \times \$550 = \2750) may provide sufficient funds to address the funding need.

Motion: Prepare a ballot to increase transfer fee to 5 times the annual assessment, referencing paragraph 3.2 of the bylaws as revised and approved July 8, 2023.

Motion made by: M Cona

Second by: L Visser

Yea 4 / Nay 0, Motion carried.

4.4.3 Other needs for ballots identified by the BOD?

Separate ballots will be needed for board elections, for approvals (budgets and financials) and Bylaw change to change the transfer fee.

4.5 By-law requirements prior to AMM

4.5.1 Preparation and review Master Membership List (MML)

By April BOD meeting,

1. Review and verify accuracy of the MML against Island County property records.
2. Prepare MML for sign-in at annual membership meeting. (attachment: **current MML list**)

BOD volunteer for the task: R Barry

4.5.2 Other items that need to be prepared?

Note: BOD to identify any items that will need to be prepared prior to the AMM.

Send out letter to notify members of location and time of the AMM. This will need to be done ASAP.

5. Reports

6 Treasurer/Secretary:

Monthly Financial Report:

6:1:1 Feb Account Balances-gains/losses.
Checking Balance = \$60,389.71 change + \$16,863.86
Heritage Money Market Balance \$81,475.20 change + \$6125
Coastal Money Market Balance \$205,110.63 change + \$62.92

6.1.2 Budget status

See Attachment (2)

6.1.3 Significant unplanned incomes/expenses

Listed in Attachment (1)

February Unbudgeted:

1). NW Nat Water Booster Pump	\$1,087.01
2). 4" PRV Valve	\$876.06
3). 681 Vesper Way leak	\$678.32
	Total \$2,641.39

6.1.4 Members in arrears and status of actions

Mar 1.2026, Accounts Receivable balance. 0 in arrears, outstanding balance \$0.00

Approval of Feb 2026 Monthly Financial Report

Motion to approve Feb 2026 Financial Report

Motion made by: M Cona

Second by: L Visser

Yea 4 / Nay 0, Motion carried.

6.1.5 Jul 2026-Jun 2027 Budget

First Review of 2026-2027 Budget proposal.

6.1.6 Lawyer Zoom Meeting: Scheduled at R Canady's home, Mar 27.2026 at 1:30pm. Topics for discussion:

- o State Public Utility Tax (PUT) and Business and Occupancy Tax (B&O) liability.
- o Do we need to put Board Member spending limits and procedures in the Bylaws.
- o 2028 RCW revision guidance

BOD noted that we need to meet 30 minutes prior to go over notes of what to accomplish in the meeting.

6.1.7 Other pending actions of Secretary

Will make up generic Board and Member Meeting Agendas and put on Website, required information IAW 2028 WUCIOA. In the process of reviewing all requirements against our Bylaws and procedures.

6.2 Operations

- a. 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. We have been compiling information and taking pictures in conjunction with NW Natural Water repairs. (ongoing)

- b. Work to install new supply lines for 800/808 Patricia Ann is waiting on parts. NW Natural Water will provide a date TBD to complete repairs.
- c. Review Status of Water System pressure Mapping
BOD decided to push this action to after AMM
- d. Revised Water Rights Self Analysis (WRSA) is in process of review and approval.
- e. NW Nat Water conducted a water line flush March 5th.

Done. Positive responses from members observing the flush procedure.

6.3 Grounds & Buildings

Beach bulkhead repair Status:

Update status of obtaining quotes for equipment and materials to complete repairs.

- a. Dec 19, 2025, Windstorm Well Site Storm Damage:
 - a. Review quotes for wind and earthquake damage.
BOD determined that the costs were too high for the obtainable coverage.
 - b. Sent costs to DH2 to discuss possible reimbursement of their share of repairs.
 - c. Deposit sent to "Economy Fence Center" to perform repairs. Repairs complete.
 - d. Reviewed 3 quotes for tree removal uphill from the well site to reduce risks of further storm damage, chose Sauve & Sons Tree Work estimate (lowest cost for services equal to or greater than the other quotes).

Motion: Approve payment of Sauve & Sons Tree Work invoice to remove, round, chip trees uphill from well site.

Motion made by: M Cona

Second by: L Visser

Yea 4 / Nay 0, Motion carried.

6.4 Water Quality

Not present

6.5 Vice President

Position vacant

To: Members of the Driftwood Heights Water Association
From: Board Members
Date: March 18, 2026
Re: Status and plans for DHWA administrative operations

Situation

At the annual meeting in May, we must confront a key issue: there are too few board members to manage the HOA efficiently. Although the community has managed without a full board, this is unsustainable, especially as experienced members are now leaving and taking their valuable expertise with them.

Active and continuing community involvement in the maintenance, administration, and planning for infrastructure replacement is essential and required by law; lack of participation can lead to system failures, affecting water safety, property values, and raising monthly costs.

Actions

The required board positions are described in the ByLaws of the association, found on the association web site at <https://driftwoodheights.net/>. Please review the positions and speak with one of us if you need further information. ***Please volunteer.***

We are planning to hire contractors to lighten the workload for board members and ensure stability, continuity and liability protection, so we don't face this challenge again. However, legally and to maintain the lowest costs possible for HOA management, we need board members to supervise the contractors' work.

Consequences of continued shortage of volunteers is higher costs

If we as a community do not successfully choose a volunteer board path forward, the remaining board members may be forced to begin a process of turning over water system management to the state or selling the system to a management company.

president@driftwoodheights.net (Rick Canady, Acting President)

secretarydriftwood@gmail.com (Randy Barry, Acting Secretary/Treasurer)

Details for scheduling of the May 2026 annual meeting will be mailed separately.

6.6 President

6.6.1 Inter-Tie Agreement updates: R Canady and R Barry had a positive and informative meeting with the president of Camano Sunrise Community Association (CSCA) Feb 24, 2026. Further drafting and action on creating an intertie with Driftwood Heights 2 Water Association is tabled until after the 2026 AMM.

7 No New Business

8 All business complete, Motion to Adjourn meeting.

Motion made by: M Cona

Second by: L Visser

Yea 4 / Nay 0, Motion carried meeting adjourned at 7:50 pm.

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

Approved by



Rick Canady (Acting President)

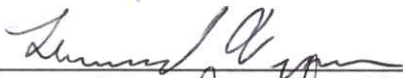
Vacant (Vice President)



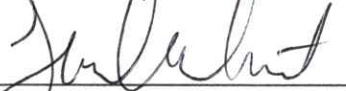
Randy Barry (Acting Treasurer/Secretary)



Mike Cona (Operations)



Leonard Visser (Grounds and Buildings)



Teila Whitcher (Water Quality)

Dear HOA Members,

This letter is to formally notify you of our upcoming Membership Meeting on **May 30, 2026 at 10:00 AM**, to be held at **Island County Multi-Purpose Center, 141 SE Camano Dr, Camano, WA 98282**.

We want to be clear and direct. Our association is facing a pivotal moment. Without sufficient and reliable member participation on the Driftwood Heights Association Board of Directors (the Board), this non-profit Home Owner Association (HOA) will cease operating at the close of this annual members' meeting. This situation requires immediate resolution. Please review the enclosed agenda carefully.

The Board has sought to remedy the decline in volunteer participation by seeking to turn over as much of the water system operations as possible to contractors. Our hope is that this will enable Board volunteers to serve more in oversight roles rather than in the day-to-day operations and management duties that volunteers have done to conserve funds and keep member fees low.

However, to be very clear, if we do not have sufficient and reliable volunteer participation in the Board by the end of the May 30th members' meeting, Driftwood Heights Association **will cease to function according to current ByLaws**. For this reason, the members at the May 30th meeting will be choosing through action or default one of the following paths forward:

1. Form new Board

If enough members step forward to serve on the Board, then the association will continue to operate as a self-managed HOA led by the new Board as they see fit.

2. Form an Interim Board

If not enough members step forward to serve on the Board, then the members will be asked to volunteer to form an Interim Board for 6-month terms to evaluate and prepare options for moving forward at a subsequent special members' meeting.

3. Do nothing

If neither a new Board nor an Interim Board are formed, then the terms of the current Board will end. As their last act, the departing Board will inform WA Dept of Health and Island County that Driftwood Heights Association is no longer able to manage the water system.

These outcomes will have a direct impact on costs, operations, and the structure of our association. It is unclear to the members of the current Board what will happen after the state and county are informed of the lack of oversight to the water system. This meeting is not simply informational. It is a decision point for the future of our community.

We strongly encourage every member to attend, ask questions, and seriously consider whether they can contribute time to serve. The continued operation of the association and the amount we all pay for water depends on it.

If you are unable to attend but are willing to volunteer or would like more information, please contact us at drftwdinfo@driftwoodheights.net

Thank you for your attention to this matter.

Sincerely,
The Board of Directors
Driftwood Heights Association

Proposed 2026 Driftwood Heights Association Membership Meeting Agenda

Date: May 30, 2026

Time: 10:00 AM

Location: Island County Multi-Purpose Center, 141 SE Camano Dr, Camano, WA

1. Call to Order

- Welcome and opening remarks from the Acting Board President
 - Establish quorum (verify enough members present to conduct business as an association)
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2. Current State of the Association

- Overview of Driftwood Heights Association's responsibilities for the water system
 - Acknowledgment of ongoing and increasing operational demands
 - Summary of current Board structure and workload
 - The roles of contractors in water system management by an HOA in WA
 - Brief description of privately owned and managed water systems in WA
-

3. Board Status and Volunteer Needs

- Identification of current vacancies and/or expiring Board positions
 - Outline of each Board member's responsibilities and the general level of effort needed
 - Minimum required board positions and actions needed to maintain HOA function
-

4. Financial and Operational Overview

- Summary of current operating costs and impact of actions to increase use of contractors
 - Overview of other responsibilities tied to well management and compliance that will impact costs and financial planning
 - General comparison of current HOA managed operations vs. other options (if applicable)
 - Proposed budget for 2026 if enough volunteers are elected
 - Acknowledge that the least cost option in WA state is to stay as a non-profit HOA
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5. Open Discussion and Member Questions

- Opportunity for members to ask questions in town-hall meeting format with microphone
 - Clarification of responsibilities, expectations, and current challenges
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6. Call for Volunteers / Nominations

- Statement of our HOA's current eligibility requirements to be a board member
 - Definition and discussion of insufficient number of Board members for function
 - Open call for members willing to serve on the Board
 - Members may nominate themselves or others (per bylaws), we ask that those nominated confirm
 - Position nominated
 - Willingness to serve and why they feel it fits them
-

7. Determination of Association's Future

If Sufficient Volunteers Step Forward:

- Confirmation and/or election of Board members (this will hinge on verifying eligibility)
- Seek members' vote on additional ballots needed to maintain operations
- Transition plan to ensure continuity of operations
- Commitment to continue as a self-managed non-profit HOA

If Insufficient Volunteers Are Secured:

- Formal acknowledgment that the association cannot continue operating without a functional Board
- Vote to either form an Interim Board or to dissolve the Board and inform the State and County of a lack of decision authority for the safety of the water system

- Member discussion and input
 - Authorization of next steps (as applicable under existing governing documents)
-

8. Summary of Decisions and Next Steps

- Clear statement of outcomes from the meeting
 - Timeline for implementation of next steps
 - Communication plan to keep members informed
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9. Adjournment

Board Monthly Treasurer Report Feb 2026

Date	3/4/2026		
	Balance	Balance	Change
Monthly	1/2024	2/2024	
Chk	\$43,525.85	\$60,389.71	\$16,863.86
Heritage MM	\$81,468.95	\$81,475.20	\$6.25
Coastal MM	\$205,047.71	\$205,110.63	\$62.92
Totals	\$330,042.51	\$346,975.54	\$16,933.03

of Members in arrears 0 **Total Arrears** \$0.00

Annual	12/2025	2/2026	
Chk	\$54,427.18	\$60,389.71	\$5,962.53
Heritage MM	\$81,462.03	\$81,475.20	\$13.17
Coastal MM	\$204,978.07	\$205,110.63	\$132.56
Totals	\$340,867.28	\$346,975.54	\$6,108.26

Monthly incomes/expenses

Incomes	\$22,583.92
Expenses	<u>\$5,650.89</u>
	\$16,933.03

Monthly Significant/unbudgeted incomes/expenses

1. NW Nat Water Booster Pump	(\$1,087.01)
2. 4"PRV Valve	(\$876.06)
3. 681 Vesper Way Leak	(\$678.32)
4	\$0.00
5	\$0.00
6	\$0.00
	<u>(\$2,641.39)</u>

Budget Status Year to date (2026)

	Budget	Actual	Difference
Income	\$0.00	\$25,641.34	\$25,641.34
Expenses	<u>\$6,633.24</u>	<u>\$19,533.08</u>	<u>(\$12,899.84)</u>
		Total	\$12,741.50

Budget in process

Annual Significant/unbudgeted incomes/expenses

1. Jan UnBudgeted	(\$9,250.35)
2. Feb UnBudgeted	(\$2,641.39)
	\$0.00
	\$0.00
	\$0.00
	\$0.00
	\$0.00
	<u>\$0.00</u>
	total
	(\$11,891.74)

Driftwood Heights Association
BUDGET STATUS Feb 2026 (6mos budget)

2025 Expenses		Actual	Budget	Difference
Grounds Maintenance	\$	3,590.40	7,761.00	4170.60
Office Expenses	\$	97.88	887.50	789.62
Office Equipment/Supplies	\$	115.96	210.00	94.04
Bank Fees	\$	0.00	0.00	0.00
Insurance	\$	0.00	5,500.00	5500.00
Legal Expenses	\$	0.00	3,000.00	3000.00
Engineering Expenses	\$	510.00	2,500.00	1,990.00
CPA Expenses	\$	0.00	0.00	0.00
Monthly Water Management	\$2,853.56	1618.15	5,366.04	3,747.89
Monthly Billing Fee	\$0.00		0.00	
Billing Statements	\$0.00		0.00	
Meter Read	\$0.00		0.00	
Cl- Carboy	\$0.00		0.00	
Consumer Confidence Report	\$0.00		0.00	
Water Efficiency Report	\$0.00		0.00	
Water Sampling	\$0.00		0.00	
Additional Hrs Charge CCR&Water Eff Rpt	\$0.00		0.00	
Water System Maintenance	\$3,150.00	7,400.08	6,000.00	(1,400.08)
Water System Repair/Work Orders	\$8,759.00		0.00	
Misc parts and Equipment	\$	0.00	500.00	500.00
Arlington Electric	\$	0.00	763.00	763.00
Fees/Permits	\$	20.00	500.00	480.00
Utilities	\$	353.31	1,722.00	1,368.69
Propane	\$	0.00	879.00	879.00
Refund of Overpaid Member Assessment	\$	575.00	0.00	(575.00)
Member returned deposits (NSF)	\$	0.00	0.00	0.00
Federal Taxes	\$	0.00	150.00	150.00
Beach Blkhhd Repair	\$	200.00	2,000.00	1,800.00
Burns Fire Protection	\$	1,036.45	0.00	(1036.45)
Lehman Member pipeing repair	\$	1,056.20	0.00	(1056.20)
TOTAL EXPENSES	\$	16,573.43	37,738.54	21,165.11

Att (2)