

DRIFTWOOD HEIGHTS ASSOCIATION, INC.  
370 N. EAST CAMANO DRIVE, STE. 5, PMB 219  
CAMANO ISLAND, WA 98282-7279



INCORPORATED 1970

## Annual Membership Meeting Minutes May 30, 2026

Members present: 27 (excluding Board Members); members represented by Proxy: 6.

### **Board Attendance:**

Acting President – Rick Canady  
Vice President – Vacant  
Acting Secretary/Treasurer – Randy Barry  
Operations – Mike Cona  
Grounds and Maintenance – Leonard Visser  
Water Quality – Tiela Witcher (Not in attendance)

**Meeting called the meeting to order 10:00am.**

- 1. Reviewed Quorum/Voting Rules from By-Laws. Member attendance meets requirements for all votes.**
- 2. R Canady introduced all present Board Members and noted that all terms expire today.**
- 3. Annual Meeting requirements:**
  - a. "Election of directors to succeed those whose terms expire, and for the transaction of such other business as may properly come before the meeting".
  - b. Vote whether to waive an audit of 2025 financials.
  - c. Make By-Law changes, if needed.
- 4. 2025 Financial Review:**
  - a. Reviewed budget versus actual income and spending.
  - b. Reviewed unbudgeted repairs and expenditures. Attachment (1) 2025 Budget Report
- 5. Proposed 2026 Budget:**
  - a. Introduced Melody (Dee) Hensman and Edna Jaramillo from Pearson Financial Services to present 2026 Budget proposal.
  - b. Reviewed Budget Attachment (2) Pearson Budget Proposal
  - c. R Canady reviewed the assessment increase that was approved at last annual membership meeting.

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## 6. Current State of the Association:

- a. **What is working well** - members have saved us money running water system and making repairs, like the beach bulkhead.
- b. **Where do we need help:**
  - 1) New long-term plan instead of just fixing failures.
  - 2) Repairs costs are eating into savings.
  - 3) Volunteer shortages keep happening. Cannot make decisions with too few members on board.
- c. **What is at stake?**
  - 1). No decision authority means unpaid bills, no response to emergencies, unfiled regulatory reports, system shutdown.
  - 2). Declining savings with no plan to recover means eventual shut down too,

## 7. Common Questions about what we can do about our governance challenge

- a. **Can we hire a company to run the system?** Could not find companies that do that. Local Operating companies refuse to manage systems.
- b. **Won't the state step in if we fail?** No, the state doesn't do system management. They will try to consolidate us with a well-run system or find a purchaser.
- c. **Can we sell the system to a company to run it?** Maybe This will be the highest cost option, it would take a year or more to get it done. First step of the newowner would be to raise rates.

## 8. Options for Running a water System on Camano

"State requires that all systems have a licensed operator"

- a. **SMA or Operator company** provides the licensed operator. Operators handle emergencies and maintenance, but they do not manage systems.
- b. **System Owner** - Owner makes decisions for planning, finances, major repairs and regulatory reporting. Many systems use staff to help them with day-to-day decisions.
- c. **Ownership Types** – Non-profit Association, community – run. For-Profit Corporation, investor owned. Public Utility District – a very local form of government.

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**Driftwood heights Association is a non-profit, we own our system and our SMA is NW Natural Water Services.**

## **9. This Meeting Is About More Than Just Finding Volunteers**

Are there bigger questions about how our water system is set up?

- a. **Reliability-** How do we keep our water system running well when volunteer interest drops again?
- b. **Governance** – Times and community interest changed. Should we change how the association runs?

## **10. The board hired Pearson Financial to reduce board workload and provide continuity and professional support.**

- a. Workloads for Secretary and Treasurer are reduced greatly
- b. Billing transferred to Pearson from NW Natural Water (aka King Water)

Many other local water systems and HOA's use Pearson for these services

## **11. What else can we do to reduce board workload, plan for the future, and retain expertise**

- a. Running the system takes focus away from improving the association
- b. Can we set up two groups? Enough volunteers to keep the association running (board members) and other volunteers to investigate how to make the association easier to run by:
  - 1). Finding tasks that are better contracted out.
  - 2). Find organizations that can provide help.
  - 3). Find ways to make the system and association run better.

## **12. Options to Move Forward**

### **Key Questions**

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- a. How do we make sure we avoid losing decision authority?
- b. How do we raise income to address repair costs eating savings?
- c. What can we do to streamline the association so that it is easier to run?

### **Proposals to move forward**

- a. Reduce board decision quorum to 3 members
- b. Raise transfer fee to 10X the annual fee
- c. Start recruiting a new board for 2027-2028
- d. Recruit interim board members to focus on streamlining association.

### **13. Open Discussions**

#### **14. Balloting**

Orientation to the ballots and walk through all items was conducted.  
Reviewed Financial Ballot, By-Law revisions Ballot, and Board of Directors Ballot

Note:

During review of By-Law revisions, a motion was made by Jeff Gerber to include Board of Directors in attendance to the count towards quorum for voting. The motion was seconded by C Kelsey. A vote by hand count was conducted with unanimous consent (no nay votes cast).

**15. Nominations for Board of Directors were requested, and we received nominations for all positions.**

**16. Tabulated vote results will be included in the minutes after counting and verifying.**

**17. Opened the floor for questions and discussion**

**18. Motion to adjourn was made and seconded, A vote by hand count was conducted with unanimous consent (no nay votes cast).**

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## **1. Tabulated vote results**

### **Financials**

Review/acceptance of 2025 Budget:  
Yea 38, Nay 0, Motion carried.

Approve proposed 2026 Budget  
Yea 38, Nay 0, Motion carried.

Waive "Annual Outside Audit" of 2025 association financials  
Yea 34, Nay 0, Motion carried.

### **By-Law Revisions**

Revise Art 6.1 to "Managed by a Board of a minimum of three (3) directors.  
Yea 35, Nay 3, Motion carried.

Revise Art 3.2 to "(in the amount of ten (10) times the current annual  
assessment.  
Yea 36, Nay 2. Motion carried.

Revise Art 5.5 "a quorum shall consist of twenty-five (25) members of the  
Association including a majority of the BOD "  
Yea 38, Nay 0, Motion carried

"This item was not on original ballot (see note in minutes) was added by member  
motion/second and verified hand count"

### **Board of Directors**

Approve President Rick Canady (interim)  
Yea 33, Nay 0, Motion carried

Approve Vice President Maria Othman  
Yea 36, Nay 0, Motion carried

Approve Secretary Christine Kelsey  
Yea 33, Nay 0, Motion carried

Approve Treasurer Jim Bankson  
Yea 35, Nay 0, Motion carried.

Approve Operations Henry Perez  
Yea 36, Nay 0, Motion Carried.

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Approve Grounds & Buildings Leonard Visser  
Yea 33, Nay 0, Motion carried.

Approve Water Quality Evelyn Haddenham  
Yea 32, Nay 0, Motion Carried.

Total Vote Counts for each ballot item vary due to abstentions and unclear marking of choice. None of the identified votes, yea or nay, would have affected the outcome of the final results.

Submitted by Acting Secretary: \_\_\_\_\_

  
Randy Berry

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	\$		10,293.00	
Water System Maintenance/Repairs/WOs		38,214.27	11,909.00	(26,305.27)
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 Blkhhd Repair	\$	6,155.27	2,000.00	(4,155.27)
Heritage Money Market Cert Check Fee	\$	7.00	0.00	(7.00)
<b>TOTAL EXPENSES</b>	\$	79,999.69	57,984.00	(22,015.69)

55984

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)...

Attached (1)

DRIFTWOOD HEIGHTS ASSOCIATION  
Jan 1 2026 to Dec 31, 2026 BUDGET PROPOSAL

	Dec 31, 2025 Actuals	2025 Budget	YTD Actual April 2026	Proposed 2026 Budget	
<b>Income and Expenses</b>					
Income from Assessments	\$ 56,719.48	\$ 6,110.48	\$ 34,508.24	\$ 68,860.48	124 x 550 + extras Acct 3-5
Income from Transfer Fees	\$ 4,500.00		\$ -	\$ 4,950.00	3 transfers
Income from Checking Interest	\$ 15.26		\$ 3.52		
Income from Money Market Interest	\$ 754.30		\$ 366.47		
Refund/other payments	\$ 500.00				
Total Income	\$ 62,489.04	\$ 6,110.48	\$ 34,878.23	\$ 73,810.48	
Year End Balances		2024			
Checking	\$ 77,285.13	\$ 54,427.18	\$ 35,604.69		
Money Market	\$ 281,092.80	\$ 286,440.10	\$ 288,386.97		
Year End Cash Balance (Cash Reserve)	\$ 358,377.93	\$ 340,867.28	\$ 323,991.66		
<b>Expenses</b>	<b>Dec 31 2025 Actuals</b>	<b>2025 Budget</b>	<b>YTD Actual April 2026</b>	<b>2026 Proposed Budget</b>	
Grounds Maintenance	\$ 7,398.40	\$ 7,761.00	\$ 926.50	\$ 7,761.00	
Office Expenses	\$ 1,527.85	\$ 1,775.00	\$ 650.84	\$ 1,775.00	
Office Equipment/Supplies	\$ 372.55	\$ 420.00	\$ 231.92	\$ 420.00	
Bank Fees	\$ -	\$ -	\$ -	\$ -	
Insurance	\$ 5,115.29	\$ 5,500.00	\$ -	\$ 5,500.00	
Legal Expenses	\$ 1,732.50	\$ 3,000.00	\$ 2,804.50	\$ 3,000.00	
Engineering Expenses	\$ 1,857.10	\$ 5,000.00	\$ 1,083.75	\$ 5,000.00	
Financial Management (Pearson Monthly)	\$ -	\$ -	\$ -	\$ 8,400.00	New budget 12 months
Financial Management (Accounting other)	\$ 8,869.52	\$ 10,293.00	\$ -	\$ 1,000.00	less billing
Monthly Water Management			\$ 3,438.47	\$ 8,975.00	
Water System Maintenance	\$ 38,214.27	\$ 11,909.00	\$ 1,344.00	\$ 5,000.00	flushes/parts, etc...
Water System Repair/Work Orders/parts			\$ 26,201.00	\$ 25,000.00	
Misc Parts & Equip	\$ 822.12	\$ 1,000.00			
Arlington Electric/Generator	\$ 4,306.28	\$ 4,353.00	\$ 163.60	\$ 800.00	
Fees/Permits	\$ 390.80	\$ 500.00	\$ 20.00	\$ 500.00	
Utilities - SNO PUD & Propane	\$ 3,048.74	\$ 4,323.00	\$ 831.53	\$ 4,323.00	
Federal Taxes	\$ 182.00	\$ 150.00	\$ 231.00	\$ 275.00	
Beach Bldgnd Repair	\$ 6,155.27	\$ 2,000.00	\$ 200.00	\$ 8,000.00	
<b>TOTAL EXPENSES*</b>	<b>\$ 79,992.69</b>	<b>\$ 57,984.00</b>	<b>\$ 38,127.11</b>	<b>\$ 85,729.00</b>	

Reserves \$ 6,886.00 10% Dues Inc TF reserves  
 INCOME LESS EXPENSES + RESERVE TRANSFER \$ (18,804.52) approximately \$151/unit

Attacha (2)