

MINUTES OF ANNUAL MEETING - June 30, 2018

ATTENDANCE

Dan Novinski conducted a roll call and determined that there was a quorum for the meeting. Members attending the meeting and their votes included the following: Johnson (4), Manning (4), Cobb (4), McCarthy (4), Cole (2), Rose/Duty (2), Rotondi (2), Novinski (2), Roy (1), Cox (1), Lewis (1), Elliot (1), Payson (1), Rountree (1), Acher (1), Selvig (1), Borchers (1), Mead(1), Peterson(1), Fordahl(1), Schwank(1), Augustine(1), Swindlehurst(1), Maxwell(1), and Marsden(1).

BOARD CHAIRMAN ELECTION

Blake Johnson, the Board's new Chairman, opened the meeting via phone. Because Blake was not able to attend in person due to a previous commitment he asked Dan McCarthy to Chair the meeting. On behalf of the Board, Dan thanked Jim Cole for the tremendous job that he did as Chairman, and noted that the entire community understand and supports Jim as he deals with the issues that he mentioned in his recent note to the membership. On motion of Jim Cole and seconded by Dan McCarthy, the membership ratified Blake's election as Chairman.

MINUTES OF 2017 ANNUAL MEETING

There being no comments or amendments regarding the minutes of the 2017 annual meeting, the minutes were unanimously approved.

WELL WATER SYSTEM

Dan noted that, per advice from Hafferman Engineering, Inc. ("HEI"), that the Board had been operating under the premise that multiple well locations (9-15) would be available to the community to meet ground water needs. However, as noted in HEI's June 25, 2018 report, that was sent to all members prior to the meeting, the DEQ has changed its "deviation" policies and it now appears that there may be only 6 locations that the DEQ would approve as community well sites, and many of those locations need consents from adjacent land owners. Dan noted that developing a workable water plan would need to await pinning down a final list of all potential well sites, and that the HOA would be relying upon HEI to do that in consultation with the DEQ. Dan noted that Kurt Hafferman, from HEI, was present at the meeting and available to answer any and all questions from the members.. Kurt and the Board addressed a variety of questions, including the following:

How will the final well sites be determined? HEI will take the lead in contacting adjacent land owners and seeking their consent to having a well and/or a well protection zone on their land. HEI will also continue to look for other possible sites that may meet DEQ approval requirements. If some consideration (e.g., cash or rights to use the well) is needed to secure such consents, HEI will consult with the Board to develop reasonable and appropriate inducements.

What will happen when the final well sites are pinned down? A revised water plan will be developed and sent to all owners for their review, discussion and approval.

How long should this process take? HEI would like to have a revised plan ready in the next few months.

Why are all units being included in this plan? The Board determined that because the plan uses common property and all 50 units own 2% of common property, that all units needed to be treated equally and should have a right to connect to a groundwater system regardless of whether they are required to do so by the State.

Are all units required to participate in the water plan? No, owners can opt out but would remain responsible for meeting all State and County requirements.

What costs will the HOA be paying? Just the cost to develop a comprehensive water plan and securing approval from the State and County of such plan so that the building moratorium is lifted. The costs of developing new wells and water lines will be the individual costs of each owner who chooses to connect to the new groundwater system.

Why is this project not a community cost like the septic system? As explained in the Board briefing materials, because no regulatory order mandates such a system the HOA has no present authority to require any owner to construct a new groundwater system. It may, however, have such authority in a few years, but only with respect to the non-compliant units ordered by the state to move to a groundwater system

If 12 unit owners are ordered by the State to move to a groundwater system in the next 3-5 years, might there be a process where other owners who want to connect to the groundwater system at some point in the future might pay some of those costs. Yes but that would be entirely up to those owners. There would be no reason why those owners couldn't enter into well private agreements to accomplish such objective, and a number of owners indicated that they would like to do so.

Will this project effect the existing water rights of any owner? No and so long as each well pumps

less than 35 gpm and under 10 acre-feet volume per year, they would be eligible to receive an additional water right via a Notice of Completion of groundwater development with the the DNRC, and it would be honored as part of the pending water compact with the CSKT.

Can grandfathered units have a dual water system where well water is used for household purposes and surface water is used for irrigation? Yes but the two cannot be combined. Lawn and irrigation can continue to be used if they have no connection to the drinking water supply: the two sources cannot mix so there cannot be any valving allowing lake water into the drinking system.

Does the 3 points of diversion in the 1977 COSA apply to the entire community? Yes and the problem is that the community presently has approximately 13 points of diversion.

What issues would be involved with a well that would serve in excess of 15 users? It would be classified as a PWS (public water system) well; significant additional costs would apply and it would not be eligible for water rights via a Notice of Completion. Kurt indicated that it would be best to avoid this alternative if at all possible.

On the issue of deviations, do we know what they are and the probability of getting them? There is a 100 foot radius around a well, the well protection zone, also mixing zones, lines and septic

tanks must be considered. Kurt has 90 percent confidence in getting DEQ consent for the well heads. If a deviation is needed, extra casings can be required for sanitary conditions. The real complication is the requirements for the well protection zone as nothing can be done in that zone – no buildings, sewer or water equipment, or other structures.

What sort of costs will be involved in the project? Kurt identified the probable excavation costs: \$69.00 per foot for trench and paving; \$65.00 for drilling; \$30.000 for excavation only.

What can members do to help? Kurt noted that if a unit owner knows that they don't want to ever connect to the new groundwater system, that it would be very helpful if those owners could tell him now so that he doesn't have to go to the trouble of trying to design a system larger and more complicated than necessary. Kurt also noted that loans to help pay for the new system could possibly be obtained from the Montana Rural Water program and a revival of the WSD.

Could the Plan consider more seriously the single or shared well? Yes but there is still a need to drill; therefore, much of the cost is the same. It is still about \$25,000. It is difficult to undertake a cost/benefit due to the complexity of the location of the drilling. The shared wells need to be 50 feet from septic tanks and affluent lines. Kurt did not see many locations.

What is the above ground structure? It is about 8' x 8' in the interior and must be a weather proof containment for the electrical, pressure tanks, and pedestals.

In conclusion, Dan McCarthy advised that once Kurt nails down all possible well sites and secures the necessary consents that a revised plan will be developed. Upon motion from Dan, which was seconded by Nancy Lewis, the Board was authorized to continue work on the water plan, and, when complete, to bring it back to the membership for its review, discussion and vote.

Treasurer's REPORT

Dan McCarthy summarized the information contained in his report which was provided to the membership. Additional septic tank payments were received and a payment of \$6,000 from State Farm for defense costs. Legal expenses last year were approximately \$20,000; State Farm is paying for the defense of the Rys-Sikora lawsuit, and Timbrshor is paying for the prosecution of the counterclaim for approximately \$16,000.

It was moved and seconded that the Treasurer's Report and Budget for 2018-2019 be accepted, with the removal of the increase in slip fees, so that issue could be considered with the Dock Report. The motion passed.

DOCK REPORT

Jim Payson and Jim Cole presented information about the costs of repairing and replacing the docks. Discussion centered on the method of payment for these costs. Should they be paid for from the general fund or from the dock fund? Phases 4 and 5 to replace the marina will entail significant expense and only the users of the slips will pay for those phases. Phase one, along the cliff wall raises the question whether it is a community project or strictly a marina project. This issue needs to be decided. Steel, instead of untreated wood, will need to be used.

For the on-going annual repairs, we have run out of anchorable wood making replacement of planks difficult.

GROUNDS

Blake Johnson summarized the information contained in his report provided to the membership. 20 trees need to be cut or climbed. If the tree is warped with pink or orange, it will be climbed to cut off mistletoe. If painted, the tree will be cut.

ELECTIONS

With Blake Johnson taking over Jim Cole's position as chairman, Blake's seat is open as is Doug Rotondi's seat. There were nominations and seconds for Doug Rotondi, Mike Cobb and Sue Roy for these two positions. Members expressed their appreciation for people volunteering to become involved. Doug Rotondi was elected to another term and Sue Roy was elected to fill Blake's seat.

ADJOURNMENT. A seconded motion to adjourn was unanimously approved.