

Timbrshor HOA 2023 Chairman's Report

The Board and I began this Fiscal Year with a number of goals and objectives for the 2022/2023 period as shared at last year's Annual Meeting and in the first Chairman's Community Update (July, 2022). Those goals and objectives included:

- Complete Holistic Review And Reconsideration Of Water System Plan & Approach
- Begin Development Of A Shoreline Master Plan
- Improve Community's Financial Stability
- Modernization Of Community's Financial System
- Begin Development Of Modernized Governing Documents

Those were quite an aggressive set of goals and objectives considering the Board is 100% made up of volunteers, many of whom have full time obligations, extensive professional responsibilities, medical and personal challenges, and all live remote from Timbrshor. We worked hard towards nearly all these goals and objectives this year, meeting monthly (and periodically more often depending upon working committees), as well as addressed numerous items of normal and one-off Community needs that arose throughout the year. The items addressed by your Board throughout this year have been complex, required hours of consideration, discussion, historical research, consultation with outside expertise, and innovative solutioning.

Water System

Completing the design, development, and operationalization of a functional water solution for Timbrshor remains this Board and our Community's top priority. And it is our most complex issue to resolve given the nature of the situation, its history (dating all the way back to the original Developer's failure to perform), the governing regulatory bodies, and the need to secure a solution that is cost effective to build, realistic and reliable for serving our part-time Community, and manageable to maintain. With 31 non-compliant sites (according to the State DEQ) in our Community that are needing a water solution (only 18 of which are undeveloped), securing a solution is absolutely necessary. At last year's Annual Meeting we committed to furthering the work on ultimately reaching a viable solution. Here are a number of updates:

Water Committee: As shared in late July of last year, we formed a Water Committee made up of members from each of our impacted/vested segments (those who are compliant and non-compliant, developed and non-developed). This group of Community members (Holly Giarraputo, Lorin Peterson, Mike Cobb, Tom Roy, and Dan Novinski), along with myself, dug in early in the Fiscal year to devise a course of action to include selection and retention of legal representation who could consider our historical and present day situation to see what avenues might be available to us beyond simply designing, building, and operating a new water system for the 31 non-compliant sites. The Committee also considered learnings along with way pertaining to our Community's existing Surface Water Rights, alternative water supply solutions, and navigated the extension of our well-based water solution previously devised.

Legal Guidance: As shared earlier this year, the Board and Water Committee reviewed, interviewed, selected, and ultimately contracted with Worden Thane out of Missoula as our legal advisors. We consider numerous other firms before selecting and reaching agreement with Worden Thane. Once retained, the attorneys went to work completing their due diligence

including meetings with Board members, Water Committee, water engineers, and various involved entities. They also carefully reviewed our existing Surface Water Rights to confirm what work would need to be done in order to amend the filing of those Rights associated with use in a future approved water solution. Unfortunately changes could not be made to the Rights themselves at this time due to the on-going “stay order” in place while the CSKT Water Compact continues to be remediated. Lastly, the legal team considered and advised on avenues for possibly seeking full, partial, or negotiated compliance relief from the governing bodies. In the end, they confirmed that while there were historical lack of oversight and performance of fiduciary responsibility by these governing bodies, it is not fiscally responsible nor reasonably likely that we would come anywhere close to achieving such relief. Instead we would just waste more money, time, and likely receive enforcement/compliance actions in return from the entities. Instead, they encouraged the Community to continue to work with the selected Water Engineers (Hydrometrics) to navigate the complexities and devise a workable solution using well, surface, or even water tanks (cisterns) in a hybrid design while advocating for us to continue to keep Hydrometrics, rather than the lawyers, as our primary interface to the governing bodies.

Well-Based Plan Extension: You may recall that our April, 2020 conditional approval for the Community-wide well water solution was set to expire in April of this year. Seeking an extension used to be a fairly simple, administrative exercise until recent legislation was passed which required us to re-submit our entire well-based plan for re-review and approval. One nuance in the legislation and DEQ requirements for resubmittal was that it had to be done by the “original” water engineer which also meant we had to approach our former planner (Kurt Hafferman, Hafferman Engineering Inc.), agree to set aside the prior difficulties, and secure his help to assist. Thankfully, with the skillful negotiation of Board member Dan Novinski, we were able to secure his services and re-submit prior to the April 2023 deadline. Just a few weeks ago we received re-approval of that plan with a full three years for compliance. Such re-approval came without any new restrictions, regulations, compliance, or enforcement actions, all which were risks in the process.

Water Source Options: Earlier this year, our Water Engineers sat down for a face to face meeting with DEQ members to discuss considerations for using Surface Water to serve as our primary water source. While the discussions were productive and determined that indeed we could use Surface Water as a source, to do so in a Community setting such as ours requires us to meet various State and Federal water quality regulations and as a result, the systems to be used would be complex in their design, challenging in their operational requirements (including on-site, daily reporting by certified water engineering), mandate usage of chemical (chlorine based) treatments. All very difficult for a part-time Community like ours. We are pursuing a conceptual design for how this could be done in small sub-set areas in our Community where remoteness/distance from well sources make distribution lines expensive. Additionally, there is a secondary alternative to consider, which is the selected use of water tanks much like how homes not connected to city-supplied natural gas receive propane for heating, cooking, etc. A modern water tank solution is very cost effective (as compared to the Surface Water or Well Water) and once installed, simply requires a contract with a certified water hauler like you would for propane. This may very well prove to be a most reasonable solution given our objectives for cost efficiency, lower operating complexity, etc. over everything we have explored to date. We are underway having our Water Engineers complete a conceptual design for a sampling of our Community using water tanks as an alternative to Surface or Well. And lastly,

when it comes to our well-based solution, we would be smart to consider design changes to the approved wells #5, #9, and #4 including seeking ways to lower the number of living units attached to a well in order to drop below the Public Water Supply designation. Having a well with 10 or fewer living units reduces the complexity of design, components required, and on-going operational maintenance/reporting. All of this to say, the focus for the months ahead will be all about design work on these alternatives to ultimately bring our non-compliant Owners options for how they might receive water. And we have time to do so as the body governing the issuance of drilling permits and securing new water rights (the Flathead Reservation Water Management Board) has not yet finalized their application form, let alone the process for applying and securing permits. However, we need to have our overall planning taking shape quickly so we can move when the FRWMG is open for applications.

Shoreline Master Plan

As discussed at last year's Annual Meeting, one of our Community's greatest assets is our Shoreline and its associated infrastructure (beaches, marinas, ramp, etc.). The value of this asset is something that we all have a vested interest in whether we just enjoying looking out at the Lake, walking along the shore, sitting or sharing a meal alongside the water's edge, experiencing the lake from our non-powered craft (paddleboards, kayaks), lounging at a beach, swimming in protected areas, or engaging the lake with our boats, jet skis, hydrofoils, and more. As you have seen in recent Dock Committee updates, our infrastructure is aging, needs immediate repair/replacement, and no longer holistically meets the needs of our diverse Owners. Thus we undertook the first step of this strategic project by retaining a planning consultant, Paul Bishop, earlier this year and kicking off the project. Co-led by Dock Committee members Art and Jill Nichols, along with myself, we have been busy getting the planning effort underway, developing/issuing/reviewing the Owner survey, and starting to frame out the improvement work into two phases. Phase One will focus on immediate improvements that our quick to implement, require little in the way of permitting, are fiscally reasonable, and have immediate benefit for the Community. Phase Two will focus on the complex marina areas where we need to fully replace the current infrastructure due to its condition and fit for purpose. We will have a detailed presentation shared at the Annual Meeting and distributed thereafter.

Improving Community's Financial Stability

As proposed, discussed, and agreed upon at last year's Annual Meeting, under the guidance of our talented Board Treasurer Molly Manning, together we moved to make the fiscal investments necessary to stabilize our financials now to ensure appropriate viability going forward. While you all helped by contributing more in the way of increased annual dues, the Board also worked hard to manage our approved budget in all the areas we possibly could even though we faced rising costs and unplanned expenses. Please refer to the Treasurer's report for full details.

Modernization Of Community's Financial System

This Fiscal year saw us move Timbrshor's financial management from a paper based/spreadsheet based system to an official accounting software system used by many small businesses and Associations, QuickBooks. Molly put in significant time to configure the system, set up the accounts, complete the electronic linkages, and develop standardized reporting. This will continue to pay dividends in future years by making the management of our financials easier and even more accurate thanks to this level of automation.

Development Of Modernized Governing Documents

This particular strategic initiative needed to take a back seat this year given all the other improvements and critical items requiring Board attention. We do need to keep this at the forefront of initiatives for the Board and find ways to leverage available time and resources to tackle this important area. Our governing documents simply do not provide the Board the ability to effectively manage a community such as ours and will continue to be a challenge to this and future Boards in dealing with current day issues.

Concluding Comments

While there was a lot to focus on this year as a Board, we also marked some somber milestones as we lost some legacy Community members who had substantive impacts on Timbrshor. Jim Payson, Alice Borchers, and most recently, Loraine Payson, all were lost this last year and with them, big pieces of Timbrshor history. We are grateful for their contributions and impacts.

Right after the Annual Meeting we will be having our first-in-a-long-while Community potluck/BBQ hosted by Troy and Crystal Ault. In years gone by, there used to be an annual event many of you will remember- the Fish Fry! The Ault's approached the Board and all agreed to see if we might restart this annual tradition albeit without the fish! Please join for today's meal and be sure to thank the Ault's who planned and paid for this year's event, along with the logistical help from Board member Sue Roy.

We are a 100% volunteer Community. Nothing here happens by paid staff or management. Whether it is on the Dock Committee, the Grounds Committee, or the unsung people who worked on cleaning up from the daily bear/trash encounters, restoring beaches for usage after storms, and more. It takes each one of us. And it takes each one of us taking care of, coordinating, and thinking about each other first to find ways to live well together. We don't all agree, we each have different perspectives, uniquely personal expectations, diverse experiences, and yet we merge and blend together in a simply amazing place called our "cabin at the lake." The Board and I are here working hard to navigate as best we can in developing solutions to the challenges we face in the Community and our hope is that together we can create a legacy that endures. Let's work together to build upon, not pull away from, that legacy.