

BIMC BOARD OF GOVERNORS AND BIMC HOMEOWNERS ANNUAL MEETING MINUTES

JULY 2, 2011 ENRIQUEZ HANGER, BLAKELY ISLAND

Board Members Present:

Sally Elliman, President

Barb Sullivan, Secretary, Vice President, Property Manager

Jim Fergus, Treasurer

Doug Davidson, Water Commissioner

Jim Dovey, Roads and Airport Commissioner

Roger Brown, BCF Liaison

Bob Breidenthal, Fire and Waste Commissioner

Sally introduced our new caretaker Bill Schlink and his wife Sue, and the new independent store operators Terry (absent) and Diana O'Hara. Introductions were made of the new members Jeff and Penny Howlett, David and Teresa Litt, and Berend and Carla Friehe.

San Juan County representative Jamie Stephens gave a brief speech discussing how the county is trying to deal with the solid waste issues.

President Elliman called the meeting to order at 9:40 AM with roll call of the BIMC Board. A quorum had been reached.

*Barb Sullivan moved to adopt the agenda. It was seconded and passed unanimously.*

Sally addressed the four points of orders and one personal privilege by Pam and Gary Roats from last year's annual meeting.

*Libbet Richter moved to approve the minutes from the July 3, 2010 Annual Meeting. It was seconded and passed unanimously.*

A moment of silence was give for the passing of Harold Bartram and Ina Matthews.

Many expressions of appreciation were given for all of the many volunteers on the island.

Sally Elliman read the notice of: Safety, Road Right-of-way, and Buffer strip.

Announcements were made of the upcoming weekend events.

## **Presidents Report:**

Sally read a summary of the lawsuit Roats Vs BIMC prepared by the lawyers:

I want to provide a brief update on the lawsuit filed by Gary and Pam Roats against the BIMC. The San Juan County Superior Court dismissed Roatses' lawsuit without providing any of the relief that Roatses sought. The Court found, among other things, that the Blakely Island Covenants are valid restrictive covenants, that the BIMC has acted within its authority with regard to the BCF and the marina, and that the board can conduct telephonic Board meetings (i.e., by conference call). Judge Eaton, however concluded that the BIMC did not provide proper notice for 18 Board of Governors' meetings between April 2006 and May 2009. Nevertheless, he found that all of the Board's decisions during those meetings remain valid and that the Roats are not entitled to any further relief or award related to this claim.

With all of the claims now decided, Judge Eaton designated the BIMC as the prevailing party in the lawsuit, entitling the BIMC to an award of its attorney fees and costs to recover the Roatses' delinquent assessment. Judge Eaton heard oral arguments regarding the attorney fee award on June 24<sup>th</sup> and will make a decision as to how much the Roats must pay the BIMC in the coming weeks.

The Roatses have already appealed the trial courts decisions, and BIMC has cross-appealed. An appeal is likely to be heard by the Court of Appeals this upcoming winter. We expect a decision from the court of appeals next spring.

She reminded people of the annual assessment policy, and noted the Board orientation and training that will take place On Wed. July 6, 2011, and the Board meeting immediately following the annual meeting, on July 2, 2011.

Sally gave an explanation of the 'Restricted Fund' the board is hoping to implement for the purchase of a new water treatment plant.

## **Commissioner reports:**

Secretary's Report: Barb Sullivan

This year, my goal as secretary, was to try to limit the number of correspondences you receive from the BIMC. I am enclosing many things along with the minutes: fire drill announcements, post office forms, and now the BCF minutes. So even if you can't bear to read the minutes (and I can't say I blame you for that) please check some of the other info that is sent with the minutes.

Keeping current e-mail addresses continues to be a challenge. I have many addresses that bounce back to me every month. I have tried to contact these people by phone as well as by letter, but still remain unsuccessful in some circumstances. This year there will be a form that I need each family to fill out,

giving me permission to send you information via electronic mail. Please fill these out during, or even before the meeting and give to me at the end of the meeting. Thanks.

Any suggestions on how to improve the BIMC's communication with you will be accepted.....although implementation could be hindered by my technical abilities!

Treasurer's Report: Jim Fergus

Jim updated his published annual report with this report:

We had to borrow \$10,000.00 from our maintenance reserve as we were \$12,000.00 over budget due mainly due to legal expenses. It will be our first priority to replace that \$10,000.00 as assessments are collected. Jim made a request to increase our upcoming budget by \$20,000.00 to cover this shortfall and allow some leeway for next year's budget.

Water Commissioners Report: Doug Davidson

The water system has received much scrutiny this year due to the change in personnel operating our system. It has been a topic of much conversation as well as concern to many BIMC members and it should be. The water system is key to our everyday life and enjoyment of the island. Blakely Island is one of the few islands that normally has an abundant supply of good quality water, but however good our water is in its natural state it still needs to meet all state Department of health requirements and regulations. This not only requires specialized equipment such as a flocculent and coagulant tank, filters and injection pumps but specialized operators that are certified by the state and know how to operate the system and notice and correct problems before they can cause a health risk.

The departure of the Davis's, who had primarily operated the water treatment plant for the last 18 years caused the board and particularly myself to review the operation and explore alternatives to how the system had been run and operated in the past. The water treatment plant operation is an important function of the caretaker however other duties are just as important and in the selection of a new caretaker all needs of the community were considered. Since the new caretaker did not currently have a license to operate the type of treatment plant we have, we contacted a number of contract operators licensed by the state to provide the services we need to meet the state requirements. After receiving proposals we selected the company that could offer the best services, backup and emergency response as well as at the most reasonable and contained cost.

At the time of this report they have been providing operational oversight and operating the water treatment plant for 3 weeks. They are getting to know both the operation and getting to know our new caretaker and fill in caretaker and their strengths so as to prepare us to take over the primary operation of the water treatment plant as soon as we can secure the necessary licenses for the caretaker and fill in caretaker.

One of the benefits of the operational oversight is the knowledge these professionals bring to us regarding the operation of the plant and the questions they ask. They asked a simple question regarding why the plant was operated so often and why we only utilized 1/5th of the large storage tanks volume before refilling it. This simple question was reason for Bill and Terry to question why it was operated that way it had been and in reviewing this they found it was due to the plumbing of the backwash pump and its only source being one of the small reservoirs. This simple question has us now thinking of how we can either install a 2nd backwash pump supplied from the large reservoir or tie the existing backwash pump into the supply line from the large reservoir. Neither of these would be simple but when completed would allow us use an additional 60- 70,000 gallons of water from the large storage tank which would give us significant more time between operation of the treatment plant and a much larger margin of safety.

During the hand off to Bill, the new care taker, & Terry we printed out the old AutoCAD drawings of the plat and its infrastructure. During the training session Jim, Bill and Terry have hand drawn in the changes so that they reflect the current system. In the future we will have these changes entered into the AutoCAD drawings for our permanent records and generate new prints for future use and reference. This will show all the new meters as well as the cross connection control device locations.

Cross Connection Control – All services have been installed and inspection report completed and turned in and approved by the state. The project is finally completed. We now just have to have the devices inspected on a yearly basis to meet state requirements. Any additional new services that are connected to the irrigation system will need to install a CCCD and have it inspected to stay in compliance. Personnel and Operation We have applied to the state for a temporary level 1 license to be issued to our caretaker so that he can operate the plant with the oversight of the contract operator and hopefully by the time of the annual meeting we will have received it. Terry Pence is preparing to take the exam for the level 2 license and should be able to get his level 2 license by end of the year.

Our water treatment plant is nearing 30 years old and is showing its age. It has done a wonderful job over the years but has little in the way of automation which causes significant man hours to operate as well as possible increased chemical usage. The future I urge the community to recognize that the present water treatment plant will need to be replaced in the next 3 to 5 years and that we should start setting aside funds to pay for this so that we are not hit with a large assessment all in one year. During the next few years we will be exploring the cost of a new treatment plant as well as the feasibility of drilling wells and eliminating the treatment plant. Either way it will be a significant expense to the community and it would be better if we had money set aside for these options so that we can plan accordingly and not subject BIMC members to a huge assessment all in one year.

Water Usage The biggest usage of water we see is when a pipe in a house breaks, or a toilet inlet valve gets stuck open or a hose to a washing machine bursts. These can easily use 5,000 to 10,000 gallons before our caretaker can find the leak and turn it off at the source. Please shut off the isolation valve to the house when leaving for any extended periods of time (particularly in the fall, winter and early spring). Please conserve whenever possible and please do any watering on weekdays rather than the busy weekends. Any significant watering must be done using the untreated irrigation water. If you have a desire to connect to the irrigation water supply system please contact the water commissioner for costs and guidelines.

Doug added verbally to his written report that the Sanitary Survey that was conducted in June was rigorous. There were 11 areas for improvement. 2 are operational and 9 are infrastructure in nature. Anyone wishing to see a copy of the Sanitary Survey should contact Doug.

Fire and Waste Commissioner: Bob Breidenthal

Over the past year, Jim and Margo Davis organized monthly fire drills. The attendance has been good, with lots of volunteers learning how to run both the old truck and the CAFS foam system on the new truck. Thank you to all these generous volunteers. Who knows, some day they might save a home or a life. With fire as the biggest threat to our island, well-trained volunteers are our best defense.

Jim installed two new sirens, one at the north end and one at the south end of the plat. The new sirens are automatically slaved via radio to the old one at the fire station. So now everyone within the plat should be within earshot of a siren. Let us hope that the sirens will only be used to call volunteers to our monthly fire drills.

Jim and Margo renewed the supplies in each of the fire boxes on the upper island. Pre-positioned supplies could be crucial in fighting a wildfire there. For many years, San Juan County had been paying the barge fees to haul our waste away. Recently, however, the County decided to quit paying those fees. Our representative on the County Council, Jamie Stephens, has been contacted in order to request that the County restore the barge fee payments. Signed by many Blakely-ites, a letter was delivered to him, pointing out that the County receives much more in property taxes than it spends here. Representative Stephens has accepted our invitation to attend the Annual Meeting to briefly discuss the issue.

I failed to reach two of my goals this year. I did not renew the fire extinguisher at the Blakely Terminal. Also, I failed to persuade anyone to get a ham radio license. In a major disaster like a Cascadia earthquake event, electric power will be out, possibly for months. Cell phones and land lines will be dead. Yet when all else fails, there is still ham radio. In order to communicate with the outside world, it would be good to have a few hams on the island. They would also improve our communication capability for smaller emergencies, such as fires on the upper island, where cell phone coverage is spotty.

Property Commissioner: Barb Sullivan

This job ramped up considerably with the resignation of the Davis's in mid-December. Much time was spent finding a variety of community members to serve on the "hiring committee". We believe we have found the perfect caretaker in Bill Schlink. Bill and Sue Schlink come to us from Vendovi Island where they were the caretakers for the past 10 years. Bill is currently working on obtaining his water licenses and working closely with Terry Pence and the Water Oversight Company.

The months training that Bill has had with the Davis' has been very beneficial, and I thank the Davis's for their cooperation in that department. The Schlink's are currently spiffing up the Caretaker's house and making it their home.

I look forward to our new relationship with the Schlink's and Bills help in caring for our island.

Roads and Airport Commissioner: Jim Dovey

The roads on Blakely Island are in great shape, as should be expected. In order to keep them that way, all residents should keep the pine needles from accumulating on the road edges in front of their lots. The runway has some cracks that will need to be filled. I hope to put together a pilot volunteer work group to use the crack-filling machine to accomplish this during the summer months.

BCF Liaison: Roger Brown

The Blakely Community Facility or BCF is a legal entity created by the BIMC to manage the Blakely Store and fuel operation that the community leases from the Crowley family. This lease has a 25 year term with 20 years remaining. For the last two years, the store/marina/fuel operation has been managed by Glen Tompkins from the BCF as no independent operator expressed interest. Glen and the other BCF members, employees and volunteers were able to earn a net profit from the operation that will be turned over to the BCF and will be used principally for capital improvements. The Blakely community owes a large debt of gratitude to Glen for his tireless efforts in managing this vital community asset. Glen took it upon himself to keep the operation alive the last two seasons for all of us to use and enjoy. This year we have new operators, Terry and Diana O'Hara. They are independent operators, investing their own capital and time to run the store/marina/fuel operation as a profit-making venture. They have entered into a series for annually renewable one-year leases and are excited to be a key part of the Blakely community. Please welcome them and patronize the store! As before the BCF maintains responsibility for the fuel operation, buying the fuel inventory, insuring the facility and paying the DNR Lease, making improvements and repairs to the fueling operation, and insuring compliance through third party inspections. The O'Hara's as our new store operators will transact fuel purchases and remit to the BCF the fuel revenue net of merchant fees. As you use the fuel facility, please note the safety instructions and spill response supplies. If you have questions or suggestions for the Blakely store/marina/fuel operation, please pass them along to the O'Hara's or a BCF Board Members who will be introduced at the annual meeting.

Blakely Community Facility: Ned McCall

Ned introduced the BCF members: himself, John Davidson, Paul Ellis, Curt Gilbert, and Roger Brown as the BIMC liaison. Ned reported that there has been \$191,000.00 given from the BIMC to the BCF. \$55,000.00 has been spent on maintenance. \$25,000.00 was used to buy Ken Parker out, including about \$10,000.00 dollars in fuel. Add to that current assets of cash, accts receivable and fuel inventory, that totals about \$120,000.000, and we have accounted for all of the money. We are not asking for any capitol contributions this year.

Discussion and questions ensued including questions about the lease with the O'Hara's, the type of fuel at the dock, parking and the collection of revenues.

Caretaker's Report: Bill Schlink

Since I've only been here a few weeks, I don't have a lot of input to this year's annual report. I would however like to introduce my wife and myself. We came from serving as caretakers of a private island (Vendovi Island). We served the Fluke family there on Vendovi for over ten years. Sue has a background in banking and loves to garden. I am a retired submarine auxiliaryman. We've worked as caretakers in the San Juan Islands for the past 15 years. Sue and I are very happy to be here and are looking forward to many enjoyable years getting to know everyone and making this beautiful island our home.

**Other Reports:**

Upper Island Report: BC Crowley

The San Juan Preservation Trust in conjunction with the Crowley family has purchased the 100 acre property commonly known as the Springmeyer property. The road to the North Shore has been blocked by a very large tree, and unless you are very good at backing up long distances, it might be best to not take your vehicle on this road. BC reminded us to make sure that we, and all of our guests, understand the rules of the upper island.

SPU Report: Leroy Hubbert:

SPU processes about 160 students on their Blakely campus in the spring. We get the return students in the summer, about 65 in number. We are very fortunate to have this pristine area to offer to students.

CPR, AED, First Aid information: Deb Davey

Black first aid boxes are outside of her house, including epi pens.

The AED's are located in the fire truck, in the caretaker's house, at the Phil Bridge home. Deb stressed that you can do no harm with the AED so you should never hesitate to use it.

**NEW BUSINESS:**

Sally reminded the community why it is important to revise our governing documents. Some of these reasons are:

- I. The Governing Documents are Outdated
  - \*The Articles of Incorporation were filed in 1961 under Chapter 24.04 RCW, Washington's non-profit corporation act then in effect. Chapter 24.04 was repealed in 1969.
  - \*The Amendment would organize BIMC under the current Washington Non-Profit Corporation Act (Chapter 24.03 RCW)
- II. The Governing Documents Must Conform with Washington Law

\*Washington law says that a nonprofit organization organized under Chapter 24.03 RCW cannot issue stock to members or make any disbursement of income to members.

\*Washington law requires that the BIMC include a “dissolution provision.”

\*Washington law requires that while two or more offices may be held by the same person, the president and secretary must be held by different people.

\*BIMC cannot end with the word “Inc.” or “Incorporated”.

III. The Governing Documents Should Be Consistent with BIMC’s Makeup and Objectives

\*BIMC’s notice requirements should be consistent with the Homeowners’ Association statute, Chapter 64.38 RCW, providing that the BIMC shall provide notice between 14-60 days in advance of a special meeting.

\*BIMC should allow for notice by email for anyone who wants it that way.

\*The “purpose” of BIMC identified in the 1961 Articles of Incorporation is outdated and should be revised to better reflect the purpose for which BIMC exists.

Sally asked for a motion to adopt the seven BIMC Bylaw amendments. Mary Ellen Hogle stated that she had a problem with one of the bylaws and would like to vote on them individually. It was decided to pull the Article 4, Section 2 amendment out of the group of 7 and vote on it individually.

*Mary Ellen Hogle made a motion to reject the amendment to Article IV, section 2. The motion was seconded. Discussion ensued and a paper vote (yellow ballot) was taken. The vote rejects this amendment to the Bylaws: 75 for rejection, 27 against rejection by final ballot count.*

*Nancy Chapman moved to adopt the 6 other Bylaw amendments. The motion was seconded, and the vote taken (green ballot). 78 votes were cast to accept the amendments to the other 6 Bylaws; 22 opposed, by final ballot count. These amendments to the Bylaws are accepted.*

Sally asked for a motion to adopt the amendments to the 7 Articles of Incorporation. *Lisa Burkhart moved to adopt the amendments to the 7 Articles of Incorporation. It was seconded.* Discussion ensued. The vote was taken by orange ballot. 77 votes for adopting the amendments to the Articles of Incorporation and 23 against by final ballot count.

In the confusion about what constitutes a 2/3 majority it was decided to get legal opinion and you will be notified by email/mail of the results.

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### UPDATE AND FOLLOW-UP TO ANNUAL MEETING:

Following the July 2 Annual Meeting, the Board consulted with BIMC's legal counsel, Lawrence Costich and Milt Reimers of the law firm Schwabe, Williamson & Wyatt. The attached memorandum contains their legal analysis and conclusion. In summary, Messrs. Costich and Reimers concluded that approval by two-third of the members present at the Annual Meeting was required to accept the amendments to the Articles of Incorporation pursuant to Washington's Nonprofit Corporation Act (RCW 24.03.165).

At the Annual Meeting, 77 votes were cast to accept the amendments to the Articles of Incorporation; 23 against. Accordingly, the motion to adopt the amendments to the 7 Articles of Incorporation was approved and accepted.

\* \* \* \* \*

The vote on the Homeowner's Manual was postponed.

Sally asked for a motion to approve, ratify, and confirm all acts taken from July 4, 2009 to the present by any officer or member of the BIMC Association to effect and carry out the intent of the BIMC Association under General Authority. *Henry Reents so moved, it was seconded and passed unanimously.*

*Ben Dole moved to adopt the BIMC fiscal year from June 1 – May 31<sup>st</sup> to Oct. 1 –September 30<sup>th</sup>. The motion was seconded and passed unanimously.*

*Mary Ellen Hogle made a motion to recommend that the BCF also move their fiscal year to match the BIMC's. It was seconded and passed.*

### **Budget:**

Sally reviewed the BIMC 2011-2012 proposed budget. She asked for questions on the proposed operating budget. There were none.

Sally had Doug Davidson explain and answer questions on the Capital Budget. Doug clarified item 6061 to read a "restricted domestic water treatment plant replacement fund". A 'guestimate' for the replacement of the water treatment plant itself is probably around \$100,000. to \$150,000. and that is just for the equipment alone. Additional expenses would arise if we needed a new building to put it in, possibly up to \$300,000.

*Mary Ellen made a motion to approve \$7,500.00 to upgrade the water treatment plant. It was seconded and passed unanimously.*

*Henry Reents moved to approve \$10,000.00 for major caretaker house improvements. It was seconded and passed unanimously.*

*John Davidson moved to fund \$44,800.00 to be put in the Restricted Domestic Water Treatment Replacement Fund. It was seconded and passed unanimously.*

*Donovan Burkhart moved to approve the proposed operating budget. It was seconded and passed unanimously.*

### **Nominations and Elections:**

*Margaret Mills moved to accept all the board member nominations: Jim Dovey, Coralie Meslin, and Mary Ellen Hogle, and collectively elect them. It was seconded and passed unanimously.*

**Old Business:** None

*Tony Enriquez moved to adjourn the meeting at 12:37 PM. It was seconded and passed unanimously.*

Respectfully Submitted,

Barb Sullivan, BIMC Secretary

