

P.S.A.
ANNUAL MEETING MINUTES
July 8, 2006

The meeting was called to order by Ron Moon. There were approximately 94 members in attendance.

A non agenda discussion ensued regarding the validity of proxy vote ballots. Proxy vote ballots included the following items:

1. Election of new board members
2. A request by Jack Fisher to have his yearly water dues waived in exchange for the maintenance he performs on the water system.
3. Approval of 2006 budget which included a \$3000.00 per lot assessment for the purpose of system upgrades.

Ron Moon stated that ballots were mailed with name and lot numbers on them. They were to be returned with name and lot number in order that the board would know who was voting. Eight ballots were returned without name and lot number on them. They were still counted. Six of eight voted "No" on the annual budget. Members mentioned that they were told by a past board member not to put a name and lot number on ballots.

A general discussion followed concerning whether votes should be confidential and if the election was valid or not due to budget changes that occurred after the ballots were mailed. It was determined that election was valid since those receiving the incorrect budget information voted no anyway.

The June, 2006 Paradise Estates Connections newsletter provided information to the Association regarding the agenda as well as a complete rationale for the \$3000 assessment. This newsletter was provided to both the proxy voters as well as the attending members of the July 8, 2006 annual meeting.

John Roney stated proxy ballots were sent out with the wrong budget and that amended budgets were available at this meeting. Amended budgets were also sent to absent members in time to cast their votes. All 8 votes without lot numbers were still counted (6 against and 2 for the special assessment).. John stated that some mistakes were made in sending out the ballots. These mistakes were discovered and the situation was corrected by sending out replacement ballots. Fourteen ballots were returned that had the wrong budget information. Thirteen of the fourteen voted "No" on the budget. Ballots that were sent out correctly had Dee Ann Kline and Don Glenn's name crossed off.

In other business

- **Approval of 2005 meeting minutes:** A motion was made to approve the minutes as written. Ann Brisell seconded the motion. The motion carried.

- **State of the Association:** Ron Moon gave the report. The Association has been working on the well system which was not adopted in 1999. Research was conducted on the information and engineering done at that time. Notices were sent out requesting how many water connections each member had to each piece of property. The total came back at about 92 pieces of property that were already connected to the water system. The system is allowed 98 by the standards set out by the State of Washington for the two well systems and two water towers that are currently in use. The water committee with the water superintendent contacted two engineering companies and solicited a cost to put well # 3 on line and other modernization to be completed over a six year period. The price that came back from J.B. Engineering out of Silverdale for a consulting cost of \$2,800.00 and 4,300.00. According to the State, PSA is qualified to have 98 connections. Anymore hookups would be illegal.

Upgrades to the third well would include:

- An emergency generator at the bottom of the two holding tanks
- Upgrade to the line systems to including larger diameter pipes.

P.S.A is working with JB engineering and the state to become an Individual Water Company. This would eliminate the need to apply every six years to the State of Washington to be able to pump more water into the system. The proposal package to complete this project would be over a six year period and could cost as much as \$700,000.00.

It would be completed in two phases. Phase one would be build out of well three, with pump, pump house, electrical connections and transmission lines.

Phase two would include connections to new fire hydrants and water meters. The purpose of the water meters would not be to charge for water use, but to chart total water use and monitor for line breaks.

Two other phases were mentioned. No details were given.

Payment options for the above proposal were discussed: A one time payment of \$3,000.00 or \$600.00 per year for the next 6 years, (\$50.00 per month). Operations management charges are in additional to these costs.

The following options are available to members:

1. Vote no on the budget. Result: Board will cancel contract with JB engineering. Rescind application with State of Washing to become an Individual Water Company. No upgrades will be conducted on well #3. The water system would then be taken over by a public utility as directed by the State for non compliance.
2. Vote yes on the budget. Result: The board would continue with JB engineering, become an Individual Water Company and proceed with upgrades.

A discussion ensued on the budget, the ballot issues and the above proposals, the quality and quantity of the system, ballot procedures, and cost of publicly contracted water system vs. a privately held water system, as well as State compliance issues and possible fees for new construction.

The proposed 2006 budget was passed by majority vote. New board members are: Darrin Porter, John Wardean, Perry Wynn, Robert Koenig and Tim Vack.

- Financial Report: Attached.

- **Water Report:** The water report was given by Larry Parazski. A copy of water the quality report was made available at the meeting. The condition of system lines and the history line breaks was given. However Larry pointed out that P.S.A is blessed with great quality water. Well number one, built in approximately 1962 is not operational. Well number two was put into service. The casing from well number one was salvaged. Well number one now has the capacity to pump 40gpm. Existing water rights grant 235gpm. That amount will never be increased because water rights are no longer being granted. Number two well is now the main well. When number two goes down for service, number one is the back up. Number one and number two well can not operate simultaneously. The number three will be a separate facility. It is 600 feet from the existing site. Well number three, with 235gpm capacity will come close to providing enough water for a 190 lot build out. However, in order to guarantee that number a 250,000 gallon storage tank will be necessary. The well number three site has the physical size to house this storage tank. It is estimated that in approximately ten years time this size storage tank may be needed. When well number three comes on line it will have the ability to run in tandem, simultaneously with well number two. Well number two and three will feed into two tanks with a total storage capacity of 114,000 gallons. This storage capacity should allow up to approximately 140-150 lot build out. This plan has been verified by JB engineering and is approved by the State. The permits and water rights are in place. The water right to develop lots four and five expires in 2011.
- **Facilities Report:** John Vitzhun gave the facilities report. The sports court will be completed by next spring.
- **CCR Report:** This report was not given do to lack of time.
- **Old business report:** This report was not given due to lack of time.