

Chiwawa Communities Association
Annual / Spring Member Meeting
14400 Chiwawa Loop Road, Leavenworth, WA 98826
April 26, 2025, 10:00 AM

Matthew Oaks President
Judy VanEyck Vice President
Mandy Stocker Secretary/Treasurer
Dave Lowrie
Lance Jones
Kris Jones
Roger Thomas
Bob Barr
Bunk Bunkelman

Meeting called to order by Matthew Oaks at 11:06 AM

There were 62 members in attendance in-person and 16 on zoom. 150 absentee or in-person ballots were received / cast.

Matt requests: Are there any additions or recommendations for the agenda? None proposed

Matt asked prospective board members introduce themselves.

Sonya Kraski- Property owner in CRP for 18 years with husband Steve and has been visiting the community for over 40 years. Opportunity to serve on the bylaws and covenants last year and that piqued her interest in serving on this board. Has served on many boards and in the court system and believes she could contribute.

Tami Mckee- New members moved in in October, has had a goal to recreate and possibly retire in CRP. Has board experience Would be honored to work with all of you and build. Has been on previous boards.

David Bodmer: Just shy of 10 years, spent a lot of time in community. I appreciate the community and look forward to the opportunity to maintain the community.

Lance Jones: Wanders the neighborhood with Grandson. Lance Filled in the remainder of Art Alleys term and would like to continue with the board. Background 10 years with state law enforcement and remaining working years at Boeing.

Members in attendance in person and via zoom; met quorum criteria.
Online polls are open for voting, please cast ballots in a timely manner.

New member introductions:

Quick introduction of new member, Erin Hochschild. Welcome new members!

Approval of previous September 2024 meeting minutes:

Motion to by approve by Theresa Platz, Mike Borman seconds. Approved.

Water System Administrator update:

First round of PFAS has been done and should come back within six weeks. IOC, Nitrates, monthly coliforms, all tests have come back satisfactory so far. PFAS will happen again in September. We are looking for the forever chemicals in this testing. Testing has been put online. Testing schedule is heavy this year. Next year is lead and copper testing (every 3 years). 2024 water use 33,167,350 down 1,070,533 gallons from 2023. We had a big cold and a fast warm up. seven houses were leaking. One leak on our side and the others on home owners side. The temporary hold on Pine Tree was our leak. It has been dug up, re-piped, the flush stand was rebuilt, and it was fixed. Repaving will happen when they have other jobs up here. Our daily rate during that time of year is 50,000 gallons. During those leaks, we were at 90,000 gallons a day, we are back down to average. We are back to normal now. During the leaks, we figured out that some of the meters weren't reading because the batteries are getting old. We have 190 meters that didn't read. Master Meters are going to warranty 25 and prorate some of the others for replacement. Flushing has been done for standpipes/fire hydrants. The blue dots on the road, all valves are exercised and painted to know they were complete. Had our tank cleaning done in March, which happens every 5 years. The report came back this week. It had .5" of sediment at the bottom in 5 years. Which is very good. There was some corrosion in the tank, as it is close to 30 years old in the fill pipe, exit pipe and ladder. The manufacturer Baker Silo tank has been contacted for an estimate. This is not an emergent repair. The concrete part of the tank is in excellent shape. We put in variable frequency drive systems. will slow start the well pumps instead of immediate on and off. It saves the motor and pump which will give us a longer lifespan. We were going to do the fire hydrant extensions, chose to pause that and handle this instead. We also paused the video cameras as this was more important. Went to a conference in April for emergency preparedness. Small systems are required to have an up-to-date emergency preparedness protocol in place.

Secretary/Treasurer:

Current financials:

Total bank account holding as of this week: 542,034.97
Capital reserve: 73,165.02
CD's: 131,138.03
Checking: 36,381.85
Mosquito: 3,508.68
Savings: 297,841.39

Reserve Deficit: Budget vs. Actuals for 2024 came back short \$27,729.17 of our projected Reserve Funding Projected \$248,926 vs. Actual \$221,186.83. The exact numbers can be found on the website. The difference was insurance cost increase and the well pump motor failure that went out. Moving forward we are tightening the budget to make up for the reserve deficit to replace the reserve funds.

Financial Review Committee:

By January 15th we are required to have a community member look at our books. It does not need to be extensive. Michelle Brown donated her time to look at our books. Findings can be found on the website. She is a retired CPA (although she no longer holds her license). Michelle worked at a large public accounting firm for 29 years specializing in income taxes and consulting on income tax matters. She regularly performed income audits for clients. She spent the last 3 years of her career as VP of tax at a large global transportation corporation. She handled all things tax related for them, including how a wide variety of taxes impacted the financial statements of the company. Michelle will speak to her findings via zoom.

Michelle Brown: She has a long career in public and private accounting roles. I am not holding myself as a current CPA and did not do an audit, compilation, review, or AUP. The board hired Clark Nuber; a highly respected firm to do AUP. They will make sure we have the right processes. Michelle did a deep dive. Was given full access, nothing not allowed to see in the books and records to feel comfortable that the books are fair and reasonable. Michelle started with interviewing Brad Rich (who looked at the books last year) then interviewed Matt and Mandy to understand their roles as well as other community members like Dan (water administrator). Spent time with bookkeeper. There is a difference between president and manager. He does not get paid for president role and does not submit hours for president. The manager's position is a completely different role and is a paid position. The board has come close to hiring for the manager position but ended up falling through as there is fear of litigation. They are still hopeful to hire someone. Michelle looked at the ins and outs of transactions. There have been concerns about insurance and legal fees from Michelle and wanted to check into her concerns. She did not look at the underlying invoices as that fall under attorney/client privilege in an active lawsuit, So did not review the details, but wanted to see the total pages that they did indeed come from law firms and also that the insurance

company did exist. In the year over year review, the attorneys' fees in 2022 were \$5,500 (rounded), in 2023 fees were \$92,500, in 2024 fees were \$49,500. Fees dropped in 2024 because in the spring, lawsuit coverage was taken over by the insurance company. They are not currently paying for litigation fees, but they are paying for HOA related legal fees that are associated with updating the bylaws. Insurance cost increases started in 2022 at (roughly) \$5,500, then \$24,000 to \$50,000 in 2024. Those are significant costs. Legal and insurance combined is a \$220,000 increase total. If we did not have such high legal fees, eventually our insurance could go down and just in the last 2 years we could have put 220,000 into our reserve account. Reviewed GL, PL and balance statement. Michelle inquired if there were new vendors set up as that is a common way to defraud. There were no new accounts/vendors. She looked at bank reconciliations, year-end bank statements, some reconciliations, reviewed the reconciliation process and made recommendations for improvement. What the board says is on the balance sheet, is in the bank. Michelle tied some of the larger costs back to invoices to make sure there was actually a company that we were paying. She looked at this year's P&L compared to last years and did the same on balance sheets from year over year. She reviewed the number of lots with vs. without water and tied that back to revenue that was reported. Recalculated and reviewed depreciation expenses; it looks accurate and is being charged into the income statement properly. Michelle also looked at ADJ's. Adjustments were mostly due to reconciliations and were small amounts. After reviewing finding, she believes that the books and records were sound, there were no errors that were complexing, there was nothing that looked like there were efforts to defraud. All feedback and suggestions were met with enthusiasm. They really are doing everything to improve their processes. Everything was fair and accurate. The suggestions have been implemented.

Mandy: Thank you, Michelle, it was great meeting you and getting to know you. We are really lucky to have you in our community.

AUP findings: We hired Clark Nuber to do an AUP for 2023 and will do our 2024 beginning in May. The biggest recommended the creation of a policies and procedures document, which we were already working on and completed earlier this year. When the AUP is done this spring, they will review the policies and procedures. They recommended we improve reconciliation's, which has also been done with the help of Michelles education and recommendations. All recommendations from Clark Nuber and Michelle have taken effect and are now a part of our process.

Reserve study update: We will begin the process for next year this June and will have the report available before the fall meeting.

The website is up and running smoothly now after some initial hiccups. There are around 190 members who are logging in and using the website. There is a calendar

under the about section You will find announcements, document section, and the calendar that provides zoom links to board and member meetings, as well as any event offered through the board. All announcements, documents, financials and important information can be found in the document section under 'ABOUT' . The goal was to be as user friendly as possible.

We are still working towards e-communication. Our mailing costs went up this year largely due to the by-laws update. We hope they will go lower next year if the by-law update is complete. We have around 40 members who have yet to state if they are willing to move to e-communication. Alone, the spring member packet for those who are considered mail only costs \$40 per packet to mail. The website has so much information and what is not on there, you can always reach out to us for what you would like to see. If possible, please consider moving to electronic correspondence.

Matt: Mandy started this website process back in October, it was many months of working with the vendor with creating and tweaking and updating. It was no short task to make that happen. It makes our community better. We can't talk about the website without acknowledging the photos. Tom Croy offered to use his photography on the website. The photos are phenomenal. Thank you for giving your time and creativity to us. You set the bar high when we submit photos. Thank you for sharing your talent with us.

Old Business:

Board comments: No comments

Matt: E-communication; Mandy touched on. If you are in person. If you are in person and signed in on the sign-up sheet. If there is a blank next to your name, we do not know your status for communication. Please indicated Email, mail or both. If mail correspondence is your comfort zone, we will continue to honor that. If you have not logged in yet, your login is your email address that is associated with CCA or your first and last name, lower case, all one word. You can request to reset your password to gain initial access. Reach out if there are any issues.

Adopt-a-highway: Bunk: Thank you for the help. Scheduled for May 31 8AM meeting at station 92. We had a dozen last year and it went really smooth. You know who you are- thank you! It takes about 1.5 hours. If you can come out, would love to see you May 31st!

Firewise: Matt: The mircogrant approval came 2 days ago for \$4,000. Kris King is phenomenal. We will also get a portion of a \$10,000 grant through Cascadia Conservation District. Starting May 1 for one month. There will be a roll off dumpster at

the Becker property. The grant funding documentation is due by 1 June. There will be a sandwich board placed. Please do not bag material so it can go into the grinder or composter. Pinecones, pine needles, branches. For bigger logs and stumps, reach out to Matt directly. Chipping through the fire Department has been reduced this year. Timesheets will be posted on the website to be printed and hard copies at the office. Filling in the time card is essential to receive those grants. The grant lends to approximately .30 min per household, please include contractors and your personal time. Turn those in by the end of June.

Bridge work: Have not gotten an initial project cost yet. KPFF still has not given one. The USDA rep is encouraged that we may be eligible as a small water district for a no interest loan or a grant. Part of the process will be making sure we are registered with the right state and federal entities to receive grant money. The work is not scheduled to start until 2026 at some point. On the April 30th and May 1st there will be some digging on 3 corners of the bridge for 2 days. Dan will need to be on sight for that as it is near our water line.

Swag order: Would someone would like to take this on as a volunteer? T shirts, sweatshirts, hats, beanies. Once we have 12 of one item, we can place an order.

Independence Parade/Snowman contest: Mandy: Independence parade is June 29th this year. It will always be the Saturday before the 4th of July. It has been so fun to see the creativity that happens. Potluck follows the parade. Recommend a motorized vehicle for your parade route. It would be a long walk. Snowman competition was successful. Thank you, Tracy Franks, for that idea.

River access: This years gate code is 2024. It did not change from last year. If you do not have your parking tags that say CCA, reach out. True members and families are allowed access. Please keep your pets under control. On a leash or under your command/control is the law. Please be thoughtful of others. Not everyone enjoys or is comfortable with pets, please be mindful of that.

Legal update: written legal update from Megan Starks read by Matt:

Trial was continued to 9/24/25. The parties initially sought a brief continuance to accommodate mediation. Despite the parties only asking the court for 6 weeks, the court continued the trial to 9/24/25. This is because the judge will be spending the next several months on a non-trial court rotation and not available to preside over the trial until the fall.

A hearing on several discovery motions was held on 2/7/25. The judge rules that an additional set of discovery served on CCA was not appropriate, alleviating us from any

obligation to respond to it. The judge did order us to provide more financial records and ballots. We had previously provided everything we had in our possession, but supplemented the production because additional documents were requested after obtaining the last 7 years, roughly, of records from our bank.

CCA filed a motion for summary judgment. Although the court did not agree with several of our positions and believes the case should proceed to a jury trial, the motion practice was strategically beneficial and provided our attorneys with additional helpful information.

The parties agreed to mediate the case in February. Unfortunately, after reviewing the materials, the mediator concluded that without a better understanding of the Plaintiff's desired outcome, he did not believe mediation would be successful and withdrew. CCA maintains its position that a reasonable resolution without proceeding to trial is in the best interest of all involved. Our attorneys are working with the Plaintiff's attorney to find another mediator willing to take the case, once we have an articulated list of demands.

New Business:

Board Comments: No comments

Water Assessment rates: We look at local comps; who is charging what for water? Leavenworth just increased. Just to have a meter hooked up to their water system, it is \$900 per year, not to collect water, just to be attached to their system. Our water rates are industry standard and comparable. We do have a unique situation with having overhead for other items.

Insurance costs: Insurance renewal is in June. We will likely have a quote before our June meeting.

Thousand Trails Partnership: Phenomenal deal. Hopefully members will utilize it at \$10 per day for a whole family. The ranger station has an updated list of members. Give them your name and address to take part.

Water shut off: Two members have not made their payment. We do have their water shut off and they have not made any attempt to reach out to us. We are moving \$250,000 from Cashmere Valley Bank to WaFd to maintain the best level of FDIC insurance. WaFd may be able to support us as a feeder to be able to take more funds under insurance. These will be strictly in CD accounts.

Becker land: As we move forward, there will be a discussion at each board meeting in the coming months, please submit comments and questions and attend board meetings this year.

The annual report was not ready for everyone. We felt it was better to wait for new board members were established, to save cost on printing.

The Consumer confidence report can be seen online. Any mail only people will receive a hard copy shortly.

Member Questions/comments 2 minutes each person pre-statement read by Matt:

Question on e-communication:

Hanzelka: My ask is where there is a change or an update, can it notify us.

Matt: The agreement with the website company was that as soon as we make announcements, it is supposed to automatically send it to all members signed up online. That was one of the initial glitches during the initial role out. The app behind that function was unable to do that. The work around is that they pre-fed it into a secondary system. The dilemma is that every time we send an announcement out, we have to send it to the general population. 40 people that are still receiving physical mail and deserve to receive the same communication. The second we put something online, we are also obligated to send it to those mailer members. It is critical that we make sure that is handled equally. I know it is frustrating that the mail only will see items before or after the electronic, but we try to be as fair as possible to both electronic and physical mail members

Q: can these announcements be online?

Matt: Yes, they can be found under 'ABOUT' and then the announcement section.

Q: 40 people mail, have you talked to them, what do they say, why not email? Do they not interact with computers?

Matt: Correct. They do not.

Mike Stanford: Can you restate the legal update? Why did the mediator refuse to mediate? What was his reasoning?

Matt: referred to the previous recited written statement: Unfortunately, after reviewing the materials, the mediator concluded that without a better understanding of the Plaintiff's desired outcome, he did not believe mediation would be successful and withdrew.

Q: What is the thing about the Becker land?

Matt: What do we do with that land? do we sell? Do we develop? How do we maximize that asset to our members benefit?

Q: I thought we were already doing that.

Matt: When we get a comments from members we discuss it. When we get a member comment, we bring it back to the board and address it.

Dave Spicer: Outside of A/C privilege. what are the key issues still pending on the lawsuit?

Matt: The key issue, what we have talked about is Intentional Infliction of Emotional Damage and the desire to be compensated for that.

Q from Zoom: Reiterate how homeowners without a vehicle. How do they get brush to the site?

Matt: Call me. We can meet onsite and we will figure out how to take care of you.

Q: Heidi and Grady Auvil: when will we be discussing reserve study findings and funding model?

Matt: Expect it in late June or early July board meeting. There will be an announcement for when those meetings are set.

Q: R. Hanzelka: Mail only members; how many have you had contact with. The two members with non-payment, have you had contact with them? For mailing members, maybe they have not been here for a long time, and they are not contactable? Out of those 40 how many have you contacted and of the 2 non-payments, have you had any phone interaction with them or actual back and forth contact with them.

Matt: When is the last time we spoke with the mail only folks? Within the last 90 days.

R. Hanzelka: All of them?

Matt: Yes, Notably, there was a typo on the mail only ballot, Mandy or I had to reach out to all of them regarding the typo. We either left a message or talked to them.

Additionally, going back to last years vote of not being confident that the contact information was who they said they were, (13 people) we have made actual contact with contact.

R. Hanzelka: Can we charge them for the mailing fees?

Matt: No. That is a part of our overhead fees. If that is something you would like us to look into, charging individual members, we can discuss that.

Matt: 2 members who have non-payments. Contact has been made. Hierarchy on State Reg standards: They must be 60 days past due. They have 30 days to pay their bill, another 30 days after that. Mandy has specifically reached out to each member roughly every 2 weeks. We have now sent certified letters. This is a 90 day process before we move to the point of shutting off water.

Q: Kim Diener: Becker property located?

Matt: On Kinnikinnick drive. Hang a right at the fire station and you will see it on the left hand side away from the fire station on the left hand side.

Q: Walheim: Is this a question and comment period?

Matt: Yes.

C: Walheim: As plaintiff I had no idea that this was holding up the case; this is news to me. We have no idea why the mediation got cancelled, and had plans to stay the night. we lost money on that as we had 3 days notice with the dog and everything. It was cancelled on a Friday and it was scheduled for a Monday. Apparently we just got a new email requesting a new mediation. A lot of our emails have not been answered. As far as the emotional distress there has been no discussion about that, that is news to me.

Q for Dan: Do you know, I read the report online, that is great. Do you have a plan for the replacement for the asbestos concrete pipe? They should be coming to the end of their useful life.

Dan: All piping on the other side of the bridge and other side of the bridge is c900 or schedule80. There are sections all over the area that have been replaced with plastic pipe. The reserve study that we did, we went through all the footage. As to what is each type of pipe there is. Without having the map in front of me, I can't tell you. The Asbestos concrete pipe most of the time has a 80-100 years for longevity. That being said, It is concrete pipe and is very durable, but fragile if you hit it with a backhoe. In the reserve study it says how much we have in feet and the longevity of the pipe.

Matt: We have just a shy of 8 miles of pipe, not all of it is asbestos concrete. The plan to replace the pipe is notional. We have to find out which funding sources are available, which we are doing now. First step is funding it. Right now, is in coordination with the pipe going across the bridge.

Second, those are pretty reaching statements when it comes to litigation and we will leave it at that.

C: Michelle Brown: After having spent a lot of time on financials and personal concerns adequate reserves for repairs or replacing an ailing water system. I don't know if these are adequate options; but often as a reader of financial statements I will look to see if there are other assets that can be used in the event we need a large chunk of funds, if we can take a debt against the water system, land or sell the land. I am deeply concerned about legal fees and insurance. I just ask members to please use every other means possible to try to come to agreement on disagreements as it is extremely expensive to use the courts to settle disagreements.

Matt last new business item:

We received a letter dated March 4th 2025 from the Dept. Of Ecology regarding SO8 well that was drilled 2018. The letter states that we did not fill out our initial paperwork properly and we will have to reapply to have SO8 well covered under our surface water rights. It took several calls and emails to find out how to move forward. The moving forward is that the application goes to Chelan County Water Conservancy Board. Then it goes to the Dept of Ecology for final recommendation. It took them from 2018-2025 to get back that response from the Dept of Ecology. We will re-engage and resubmit that paperwork. The Dept of Health recognizes our well and recognizes it as if it is part of our regular system. The water is still coming out correctly.

Q: Can we keep using the well?

Matt: As I understand it, Yes.

Q: Do we have an indication as to why it was brought up now? Dept. of Ecology never got back to us, but the Conservancy Board Approved everything. We went through the process properly. It was the Dept of Ecology who never got back to us. Why now?

Matt: They are backlogged, just getting to it. The initial was because it is a new well that wasn't on the initial. As we regard our water system, we are under a surface water right as that is our original right because our water is affected by the river. In 2008, The original 6 wells went from true surface water taking it from the river to ground water effected by the surface water. We have to add it as if it is a whole new entity, not just changing the designation. That is how it was explained to me. Talk to me in about 3 weeks and I will have a better explanation as I get further into this. The Water Conservancy Board has people that will help us walk through that.

Covenants, By-laws, audit, motion:

Matt: Has everyone online and in the audience cast their ballots?

9 online, 91 absentee, Less than 50 ballots turned in. We do have enough ballots for a quorum for audit and board member votes, but not enough ballots to vote on the bylaws. Per state law, if the association does not receive enough ballots to vote to establish. The board can vote to extend the vote not to exceed 11 months. Sufficient number of votes to approve or pass is 51% per bylaws and current statute. We do not have the 157 ballots to approve. Matt puts up a recommendation that the board makes a motion to extend the time to return ballots. Lance makes motion to extend the time through the fall meeting. Judy seconds. Motion was amended to 7 days prior to the fall members meeting to tabulate ballots, Judy seconds. Ballot submission has been extended to 1 week prior. If the board votes to extend ballot process (unless the owner revokes it) the vote stays valid. No re-vote is necessary if you have already voted. The reason for continuing forward is nothing is changing on the by-law update. We have had multiple review and question/answer sessions, we only need more members to vote for or against the update. Board approves motion.

Matt: Both votes for audit and board members will move forward today. We will have an answer later today.

Natt: Many thanks for Roger Thomas and Bob Barr, long time board members. Thank you for your years of service to the community.

Motion to adjourn by Kevin Stavang second by Mike Boreman, approved

Adjourned at 12:37PM

Meeting Minutes taken by Mandy Stocker


Mandy Stocker (Oct 1, 2025 10:56:28 PDT)