

BOARD OF TRUSTEES
HOLMES HARBOR WATER CO., INC.
14 NOVEMBER 2020

The November Meeting of the Holmes Harbor Water Co., Inc. Board of Trustees was called to order via Zoom (due to COVID-19 restrictions) at 10:12 a.m. by President Nancy Sharp.

In attendance: Nancy Sharp, David Paull, Cyndy King, Rick Waclawik, Carolyn Cliff and Sharon Dunn. Sarge Lester's absence is excused.

The agenda was accepted.

Congratulations were extended to Trustee Carolyn Cliff who has been elected to serve as Island County Superior Court Judge, Position 2. Carolyn informed us that due to this new responsibility she needs to resign from the HHWC Board, effective December 31, 2020.

Due to the Recording Secretary's absence the October Minutes will not be approved. Corporate Secretary Sharon has been asked to take the minutes.

TREASURER'S REPORT: Treasurer David Paull had sent his report to all board members prior to this meeting. Discussion took place about the format of the report. Discussion also took place about our current CPA and plans were made to search for a replacement. A motion was made/seconded and passed unanimously to approve the report and pay outstanding bills.

REPIPING PROJECT REPORT: Nancy reported that permits for the construction of the reservoir and arsenic treatment plant have been approved by Island County. We are waiting for approval by the WA State Department of Health.

ALLOCATION OF REMAINING GRANT FUNDS: Nancy reported that after the latest funds request to USDA, our contingency fund balance is \$221,166.79. We have received a cost proposal for the new reservoir and arsenic treatment plant for \$271,782.77. These are separate projects and we can decide to proceed with one or both. We have requested a breakdown by project from Corey Johnson which will be shared with the board upon receipt. We need to give Robert Bennion instructions on how to proceed with a change order to get construction underway.

If we submit a change order to USDA for both projects, we must demonstrate to them that we have sufficient funds to complete the work. We are not obligated to complete both, but if we decide not to pursue the second project, we cannot use the funds for another purpose.

We can submit a change order for one project and plan to reassess once that's completed. However, our grant funds must be spent within five years of the award date of August 1, 2017. Darla O'Connor told Nancy that she will start getting pressure to

spend the funds starting early next year and is reluctant to wait much longer to allocate funds. In any case the funds must be spent (not just allocated) or forfeited by the middle of 2022. Our remaining expenses will be mostly wetland mitigation, and it's likely that we will be able to cover only the 2021 expenses from the grant.

WETLAND RESTORATION: Comments by Nancy via email and transcribed into the minutes: Year 1 Monitoring: Jeff Ninnemann made a site visit in July for monitoring. We understood that he would make a second visit in the fall to prepare his report; however, he based his assessment on the July visit and submitted the report to USACE in October. We met all of the Year-1 Standards except invasive weed cover, which was higher than the 10% requirement. Jeff said that the USACE would not be very concerned about this as long as we are on track to meet all of the Standards by Year-5. He recommended that Shelterbelt plant some additional woody plants (these will not be counted in our 100% survival requirement but will serve as a hedge against loss) and reseed with some ground cover. We have not had any response from USACE on the original restoration report or the first year monitoring report. Ninnemann submitted an invoice via Element Solutions for approximately 50% more than the contract amount. Nancy had suggested that the board would likely approve the contract amount plus expenses. Jeff and Element Solutions accepted this.

Shelterbelt final maintenance visit and recommendations: Shelterbelt made a final maintenance visit on November 10 for the additional planting and invasive weed control, and we have paid their 2020 contract in full. They recommend that we try to do some invasive weed removal in early spring. We can do it ourselves, or hire someone locally at a much lower cost than having Shelterbelt do the work.

2021 Maintenance Contract: Noah Booker at Shelterbelt has sent a cost proposal of \$2,000 for 2021 maintenance to "maintain the overall site for noxious weed control with weed whacking, hand weed around each woody plant, use of a non-toxic deer and rabbit browse repellent on all plants, adjust and repair tree tubes, monitor for any problems, spring through fall 2021, with a minimum of two site visits". He indicated that he could probably hold the costs for years 3-5 to about this amount. This contract does not guarantee that we will meet all the USACE standards but Noah says they have not had a problem with this in the past.

Monitoring for Years 2-5: HHWC does not have a contract for the years 2-5 monitoring required by the USACE permit. Nancy contacted Saratoga Environmental, the firm that Jeff Ninnemann originally proposed to do this work, but they do not have expertise in federal permitting and said there isn't anyone on the island with expertise. They refer federal permit work to Jeff Ninnemann (now at his own firm, Canyonlands Environmental) or to Wetlands and Wildlife in Snohomish. Nancy has contacted both to see if they can provide us with a proposal and she will inform the board. Nancy will also ask Island County and Whidbey Camano Land Trust for referrals. The board did not make a decision today.

SYSTEM FLUSH REPORT: ASK DAVID

NEW BUSINESS: David reported Doug Kelly (Island County Hydrologist) has reported we have no seawater intrusion or impact and he is willing to add five connections to bring us to 85. David sent the board an email.

MEMBER COMMENT: None.

WRAP-UP: The Board needs to make a change order decision before our next meeting. David will email DOH and King Water information and Nancy will send information on other money sources.

Our meeting adjourned at 11:24 a.m.
Respectfully submitted,
Sharon Dunn, Corporate Secretary

Approved December 12, 2020