

**MINUTES OF THE SPECIAL MEETING OF THE
BLACK MOUNTAIN RANCH MEMBERSHIP
HELD AT BLACK MOUNTAIN RANCH
ON SUNDAY, OCTOBER 26, 2003**

ATTENDING: Mike Iviney, Dennis Jamieson, Vern Sawyer, Heather Wildgrove, Dawn Russell,
Linda Silverman, Ian Paisley, Hyla Botterill, Donna Cook and Dave Frank

ABSENT: None

STAFF: Tess Scarberry, Bessie Barter, Kelly Allen

Meeting called to order: by Mike Iviney at 12:10 p.m.

Invocation: Joe Elenbaas, Parliamentarian, gave the invocation.

Announcement of quorum: Mike Iviney, President, made the announcement of a quorum for the Special Meeting of the Membership.

Motion #1 to Approve Agenda.

Motion made by: George Harding, Coho 13/2313

Seconded by: Barb Morris, Shuksan 3/6503

Motion: Carried

**MOTION
CONSENSUS,
ACTIONS BY,
ETC.**

**MOTION #1
CARRIED**

Introduction of Head Table, Guests, Trustees: Mike Iviney introduced the Board of Trustee Members: Himself, Hyla Botterill, Donna Cook, Dave Frank, Dennis Jamieson, Ian Paisley, Dawn Russell, Vern Sawyer, Linda Silverman and Heather Wildgrove. Guests: Joe Elenbaas, Parliamentarian, Legal representation not present as of yet and Consultant from our Engineering Co., Mark Semrau.

President's Report: Given by Mike Iviney

Thank you all for attending this special meeting of the membership of Black Mountain Ranch to discuss the two options that are available to us to bring our water distribution up to state standards. Black Mountain Ranch is like a small town. We have one thousand sites or homes that must be supplied with the essential services, which include water, sewer and electricity. Similar to our homes, the Ranch must maintain these services to the standards set for health and safety. These standards, for Black Mountain Ranch, are set by the State of Washington. Again, similar to our homes, the costs associated with the provision of these services are paid by the homeowner, or in the case of the Ranch, the members. At home we pay through our taxes and our utility bills for these services, while here at the Ranch our only source of revenue is our dues. As we all know the Ranch is well over thirty years old. And as such, the systems installed to service the membership thirty years ago are beginning to wear out. These systems include our water distribution system, our electrical system and our sewer collection and disposal system. All of these systems require attention and are of great concern of this Board and future Boards. As you may recall, from the AGM two years ago, there was a proposal to replace both the water and electrical system. But, that was turned down by the membership. Out of that meeting a Power and Water Advisory Committee or PWAC was formed. Discussions between PWAC and our consultants, over the past two years, have resulted in a number of conclusions and recommendations. The water system is in need of upgrading to State standards, the State has required that the Ranch develop and submit a water management plan that will detail how the water system will be managed. Our consultants have advised us that the State will not accept a water management plan that does not include the upgrading of the system to standards. The electrical system is breaking down as well and requires constant repair. The question has arisen, "Why aren't we looking at doing both systems today as we did two years ago?" Upon review of the two systems the following was found. The water and electrical systems are presently both contained in the same trench. State regulations require that the new systems be physically separated, both horizontally and vertically. Therefore they cannot be contained in the same trench. This would mean excavation for the electrical system must be done separate from the water system resulting in relatively the same cost whether the work was done today or in the future. Digging a wider trench is an option, however, a contractor will charge based on the amount of work he has to do. Doubling the width of the trench will pretty much double the cost. To this end the Board and PWAC have decided that the water system is the most critical to be updated at this time, as it poses the most immediate threat to the health and safety to the members. In response to this decision, two options that are detailed in the invitation to the members and the notes handed out at this meeting were developed. Either option will insure that the water system is upgraded to state standards and the health and safety of the membership is insured. I hope that you all have had a chance to read over the options and the ramifications of each. To summarize the first option will be to perform some preliminary construction work consisting of the installation of 64 isolation valves.

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The testing and evaluation of the water system, utilizing those isolation valves and determining the extent of the system that can be retained and the amount of the system that must be replaced in order to meet the State standards. What this means is, once the evaluation is complete, some, all, or none of the existing system may be able to be kept to help supply the water. The second option is for the entire replacement of the existing system. This option will include the complete design of the new system and the installation of the new system, which would also include the installation of additional isolation valves. What these valves will do is allow us to isolate specific areas of the Ranch, so that when there is a problem the entire Ranch will not have to be without water. Both options entail excavation that likely cause damage to the electrical system as they are located so closely together in the ground. Repairs of the system, again as they are now, must be to State standards. Under State law a Washington State certified electrician must sign off on those repairs. The other service provided to the Ranch is the cable system provided to some members for their television service. Our contract with the supplier has been reviewed and the Board is of the opinion that the supplier will be responsible for this system. Once the outcome of this meeting is final the Cable Company will be contacted and advised of our plans. They will be consulted when the plans have been completed for the excavations and we anticipate no major disruptions to the members who are receiving this service. One of the most important issues related to the two options, other than securing the health and safety of the membership, is the cost. Option 1 requires an initial outlay of expenditures to perform the installation of the isolation valves, the testing and evaluation of the existing system and the design of the parts of the system that do not meet standards. The cost of this system is unknown at this time, until the evaluation has been completed. The cost could be less than, equal to, or greater than the cost of Option 2, which is the complete installation of a new system. Option 2 provides for the design and installation of an entirely new water distribution system, which through our consultant has been estimate at \$1 million. The additional \$200,000 in the informational packages is for the repairs to the electrical system caused by the construction only. It does not include replacement of any of the electrical system, only repairs to the system. Whichever option is chosen, the Board is planning on performing the work in phases. The actual time to complete the work will be determined based on the design of the system and the way in which the work is tendered to outside contractors. Phasing of this work will also allow us to pay for it over the same period of time. For more detailed information on the options I refer you to the letter of invitation that you received with your last bill, as well as the information sheet handed out to you this morning.

Before we go on with the discussion, I would like to mention a couple of things. First we have been hearing a lot about why are we fixing our water system now and that there is no problem with the existing system. There are some members who believe that the water system is adequate for our needs. Your Board and PWAC, with our consultant have investigated the regulations and how they affect the operation of our water system and have consulted with professional engineers trained in water management in Washington State and have concluded that there is no chance of a water management plan being accepted by the State, without plans for upgrading the system to their standards. I think we are all aware of the time, effort, and money spent by Gary and the Staff in addressing the water issues over the last couple of years. The frequency and severity of the system failures has been increasing at an alarming rate. The main break on October 5th and subsequent problems are the latest in an ongoing battle against the failing system. The event of October 5th shows that when our water system is down the Ranch cannot operate, due to fire protection issues and health issues, related specifically to the provision of potable or drinking water, and the provision of adequate sewage facilities to the members and staff. The Board, Management and Staff of the Ranch would be negligent in their duties if the Ranch was allowed to stay open when there is a situation that poses a threat to the health and safety of the membership and staff. I have heard rumors that there are some members who believe that all the water system failures that we have been experiencing, and specifically the incident October 5th were deliberate, in order to sway the membership into supporting the water system upgrades. If these rumors are true, I find it incomprehensible that any member would actually believe that Gary, the Staff or this Board would intentionally put the health and safety of this membership in jeopardy. Also, we are not here to discuss whether or not this work should be done today, we are here to decide how we will bring the water system up to State standards. With regards to the incident on October 5th, a number of questions have been raised regarding the use of contractors to perform this work instead of Staff, which may have reduced the delay in reopening the Ranch. Please be aware

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that the delay was in no way associated with the excavation or installation of the new main. The delay was in the delivery of the necessary valves and T's required for fixing the problem. They did not arrive on the Ranch until Thursday, Friday morning at the earliest we could get on to it. A contractor would have been waiting just as long as staff has for these parts. In fact, based on contractor costs, by utilizing our existing Staff to put this into place we have probably saved in excess of up to \$12,000 in labor costs. I would like to point out that beginning on October 5th, Gary and Staff were working 12-16 hour days without days off, and with out water supply to Gary's house or the office, in order to make sure this system was repaired and service restored to the Ranch. I hope you all have had a chance to look at the valve that is sitting outside the back door. That is the exact condition that that T was when pulled out of the ground, it was held together by nylon straps when concrete thrust blocks are the standard for insuring that system stays in place.

I would now like to take this opportunity to thank publicly on behalf of myself, the Board and the membership, all the Staff who participated in the actual repairs of the system and the ongoing communication plan to inform all of us of the status of the Ranch. (Break for applause) They include the crew working in the field doing the actual repair on the break, Gary, Phil, Beth, Rick, Clam, Kelly and Tyler. The office staff, in fielding questions from members and retaining some resemblance of normalcy to the day to day operation of the Ranch, Cherri, Marcy, Bessie and Tess. The Security staff for dealing with somewhat upset members at the gate and providing emergency access to members who needed it, Dennis, John and Dale. To Nadia for bringing water, coffee and food from her own home to insure that the staff was receiving proper nourishment. And specifically to our volunteer member, Peggy Richardson who did an extraordinary effort to keep the web site updated with all the relevant information. A job well done and thank you to you all. (Break for applause) If any of you actually came down to the Ranch during the closure, I think that you would agree that the entire incident was handled very professionally and that staff tried to accommodate members as best they could. Even though, in fact the Ranch was closed and access was restricted to staff working on the system.

I would now like to introduce Vern Sawyer, Board member and Chair of the Power Water Action Committee to make a few remarks.

PWAC Report: Given by Vern Sawyer, Chairperson

Thank you Mike. First of all I'd like to inform everyone that is not aware what PWAC stands for, Power Water Advisory Committee. It was formed immediately after the 2001 AGM. It was formed from member volunteers. We asked for and got thirteen members to come forward to spend a lot of time, at a lot of meetings, with a lot of people and a lot of information. And to go through it and lend their expertise to what they felt the Ranch should do considering the fact that we had to do something. At this time, I'd like to introduce those members:

Introduction of the PWAC:

Peter Abley, John Bridger, Pete Chesworth, Francis Donovan, Art Doyle, Klaus Ehlers, Warren Evans, Eric O'Dell, David O'Sullivan, George Russell, Bo Wiedeman, Mauro Hrelia.

They have put in a lot of hours both at the Ranch and we have had a number of meetings at home, called during the week. These people have gone out of their way to meet at Art's Office, or where ever, to discuss issues and have spent a fair bit of time. I think that you owe them a round of applause, whether you agree with them or not. (Break for applause)

PWAC Report Resumed: Vern Sawyer

The conclusion of the PWAC Committee, on the recommendation of Semrau Engineering, and the recommendation to the Board was to take option 1, and that is; install these valves, find out what we've got, and what we don't have. Determine exactly what we have to do, and then make our plan as to where to go from there. Right now we do not know exactly what the situation is. We may have to replace the whole system. We may only have to replace half the system. We may have other alternatives available to us. But to get started, find out exactly where we are, we have to put in these valves. Putting in these valves, and monitoring, will give us that information. And this is going to take some time; it is not going to happen over night. Once that is done, then we would formulate a plan that would solve the problem at the least expense. As opposed to Option #2, okay, so I'm not going to get into that right now. But Option #1 is the one that the PWAC has recommended to the Board. And with that I wish to make a motion.

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Motion #2 That the provisions of Option 1 as determined in the letter put forward to the membership, be the system to upgrade the Ranch water distribution system.

Motion made by: Vern Sawyer

Seconded by: Eric O'Dell

MOTION #2

Discussion:

Warren Evans, Columbia 8/4108: Perceives discrepancies in communication between the Board, PWAC, and the Engineering Company. Seems doubtful that the water supply system needs upgrading or replacement. Accuses Mike of lying, about BEK Engineering.

Mark Semrau, Semrau Engineering: Addresses confusion due to terminology, especially from the State. Management and Operations Manual is already completed by Gary. Small Water system management program has not been done, capital improvements to the system must be identified. BEK was not willing to do that, they are waiting for Semrau to finish his work before they finish the management program. The State operates in two different modes, facilitation and coercion. They are in a facilitation mode with the Ranch, as long as the Board continues to make progress in improving the system's reliability and safety (which is the two things the State wants) they will remain in a facilitation mode. If the Board decides to not move forward on those issues the State will step in, in a coercion mode and will dictate to the Ranch what they need to do.

Barbara Morris, Shuksan 2/6502: Larger units have been allowed and that is why we are having problems with our water and power systems. Understands or heard that just a T needed to be replaced, not a bunch of line. Will we loose our Grandfather clause and have to replace both our lines (power and water lines)?

Vern Sawyer, Board and PWAC: The reason we did the repair as we did, is that we had old pipes on one side of the road (30 years old). And we had brand new pipe on the other side of the road, from when we put this building in (the REC Center). Our Engineer recommended that we hook in to the new pipe while we were down. That's all that was happening.

Barbara: Do we have to replace those valves?

Vern: Do we have to bring our system standards up to the State and public water systems division in this area say we must? Yes, we do. It has to be done.

Barbara: Do we have that in writing from Whatcom County or the State, that our system is not up to standards? I understand that we just need to put a program to them that shows what we are doing now.

Mike Iviney, Board: That is what option 1 does for us. It provides for the evaluations that will show us what needs to be done to comply with those standards. As well, which is the most important thing, is that it provides all the members with healthy and safe water, it's that simple.

Barbara: I understand what your saying, but Option 1 also includes digging and once you start digging, once you have dug into those trenches then those lines have to be separated.

Mike: That is not our understanding. The installation and the testing will tell us what we have to do.

Barbara: Can we not do this program, which has been discussed here, and put it forth to Whatcom County at whatever cost, \$4,000 or \$10,000.

Mike: We have to do the program, not just write it. And the only way to test the system, as detailed in Option 1 is to isolation each section of pipe. Test it and evaluate the condition of it, before we can determine if it has to be replaced or if it can stay.

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Barbara: Do we have it in writing from BEK Engineering that says they will not do a program for us.

Mike: We have not asked them to, we are waiting for this break evaluation to be completed first.

Barbara: Why can we not ask them to do the program for us?

Mike: That is what we are talking about today, Option 1 is to do that program.

Barbara: No. Option 1 is to do digging!

Mike: You have to be able to do that. So move over to the next microphone. Oh, hold it please one second.

Mark Semrau: I can address a little bit of what she was getting at in regards to in the past few months you have had a couple of failed bacteria samples. The State requires you to investigate why you are having failed bacteria samples. And that was the primary reason that I was brought on. The thought of that is, because we have leaks in the pipe and we have anti-siphon, back-flow prevention devices that are allowing contaminated water to enter the water system. So the idea that of valving off the system is to identify those specific areas that have the highest leakage rates. We can try to assume that maybe those areas are where the contamination is most likely occurring. That's why we want to valve off the system. We have a system wide understanding of the leakage rate and we have anywhere from a 55 to 100 gallons per minute loss at any given time. So we know that we have massive leakage in the water system, and that leakage is evidence that contaminated water can get back into the system. Especially anytime we have to shut the system down for repairs or anything like that. So putting in the valves is going to allow us so get into the smaller areas of the Ranch, in order to identify those areas that have the highest potential of contaminating the system. And then go in and try to address those areas first. Also, it would identify those areas that don't have any leakage. In a sense we don't have to do anything with those.

Peggy Richardson, Skagit 3/6603: I have a question regarding option 1, as referenced on page 3 of the document signed by you, dated today, that begins "As you know Black Mountain Ranch is now over 30 years old". This is on page three, my concern is that by the time we get to the second section of numbers under option 1 where it is remarked unknown on three lines, does that mean that it could, in that section total more than \$900 as detailed in option 2?

Mike: The cost of option 1 will be determined once the evaluation is completed. It could be a lot less, a little less, it could be the same, it could run up to full replacement of the system. The upper end limit is a million for a brand new system, that is our estimate.

Randy Craig, Pebble Beach 21/0721: Could we impose a time limit on the questions?

Mike: I like to keep the floor open as much as possible. But again if we could keep the comments directed at the motion on the floor. I believe that everyone has a right to their opinion and some may be a little more long-winded than others, but I believe that everyone should have their say, yes.

Randy: Okay. I guess the reason we are here today is cause the problems we have had with the system. I think our choice in option 1 is to spend \$80 a site to have an evaluation. And the Option 2 is to just replace the entire system. I guess the Board or the PWAC is recommending that we do option 1 so that we can see what is required. And you just stated that there may be sections that may not need to be replaced, is that true?

Mike: We will know that once the evaluation is complete, yes.

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Randy: So I guess that if we are going to spend that \$80 now, option 2 is replacing the whole system at \$1000. So I guess if we vote for option 1, then we are hoping that we can save more than 8% of the existing water system. Otherwise you can vote for option 2 and replace the whole thing right now.

Mike: That is basically the question before you right now. Option 1 is further evaluation of the system to determine which sections of the distribution system are okay and can remain and which need to be replaced.

Randy: And does our staff or the consultants that we have hired. Do they have an opinion as to existing system, whether we can salvage more than 8-10%?

Mike: Until the valves are installed and the pipes are actually looked at. That is hard to evaluate, with the amount of the leaks that we do have in the system, we don't know the answer. Until we can actually do the testing, we don't know.

Randy: But we have had a number of leaks, I mean even the history. Even in the short 3 years that I have been here, it doesn't seem to be much of a question in my mind that there are leaks and there are problems. Spending the \$80 does not seem like a bad investment to find out what we need to do.

Unknown Woman Member speaker (tape change): What is the time frame difference between the two options? If we go with option 2, why are we not installing a new electrical system in a separate trench on the opposite side of the road? If we go with option 1, how many shut downs are we looking at and with option 2 can we keep current system going while building the new system and then at the end of construction have one shutdown to switch over?

Mike: The time frame for option 1 would be relatively quick. Installation of the isolation valves and analysis started, then depending on the evaluation of the system. Then the design of the new system would have to be developed which the time frame would depend on the extent of that design. Second question regarding the electricity, if we did put in a new system it would be put in to the new standard.

However, when we are installing that new system there will be numerous times that we will have to cross the electrical system. At every campsite basically and every intersection of the road, so there still may be damage to the electrical system that would have to be repaired. In regards to your third question, shut downs with a new system again would be based on the design, but there would have to be a new connection made to each campsite. Now whether or not we would use existing standpipes and the existing services, that would be finalized in the new design itself. But there would be numerous shut downs with both systems.

Vern: I will try to add to that. These shut down valves that we are talking about, are going to be there whether we go with the shut down and evaluation or a new system. These isolation valves have to go in no matter what, which way we go. What they will do for us, these isolation valves is help us know what we have to do from there. It will not solve the problem, its going to give us some idea what is down there and how we can address it most efficiently. And believe me everybody on this Board doesn't want to see the Ranch shut down, everybody on this Board doesn't want to see problems with the water system in the future. And if we could just go and design a brand new place and put it aside, that would be great. But we are going to do the best that we can in consultation with the Board, the PWAC and the Engineers to keep the disruptions to a minimum. What this option 1 is going to do is tell us what we have to do to bring the system up to grade.

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David O' Sullivan, Eagle 7/0207: I was also a member of the PWAC. With Mark's agreement here I am just going to go through a bunch of the items here and just give you a basic picture of what we are faced with here on our water system. On our water system we have about 6 different sections. We have a set of feed mains that comes out of the well on the golf course and bring water up to the reservoir, that is where we had the failure on October 15th, now repaired. We then have the section, which is the reservoir, the assessments that have been done on the reservoir shows that the reservoir is in good condition. We then have the distribution mains that take water from the reservoir out to the various streets if you want to call it that. Then we go from those distribution mains to an individual connection to each lot, and then we have a standpipe at each campsite. We have had problems with the feed mains in the past, tree roots and such, that problem has now been resolved. The reservoir, on inspection by the consulting Engineer was found to be satisfactory. However, we have a lot of leaks in the system. We do not know now where those leaks are coming from. We have very good indications where they are coming from, we do not know for sure though. One area that has been very weak is the little plastic nipple about 2" long that connects each lot connection into the main. Those have been failing at an alarming rate. The standpipes as you will all notice as you look at them, they all leak. And they were all old, I believe that when they were put in, they were second hand. So they are all 30 years plus. The big question lies in the distribution mains. I have been asking from the very start on the PWAC, as Vern can attest to. I did not believe that the distribution mains were in near imminent failure. That is my business by the way, I am an engineer. I work with a lot of the lower mainland municipalities replacing water mains and sewer lines. There are no municipalities in the lower mainland yet, who have started a program for replacing PVC water mains. The closest I could get is Delta who is looking at it at about the year 2017 – 2020, that is when they will start to replace some of their water mains, possibly. So my proposal at the time was essentially option 1, was to go in and valve. As Vern just eluded to, the valving has to be done, irrespective of whether we go option 1 or option 2. Because if you are going to go option 2 and replace the whole system, you will not do it in one shot, you will do it in various sections. Therefore, you have to valve off the remaining sections to keep them in isolation. So the valving, which is essentially most of the \$300,000 is not going to change. It is going to be static. The next item is when we do the valve installations, I had asked that we take out a section of the pipe and take them up to (I have already secured a number of laboratories in Vancouver) who will test that PVC pipe to see how it complies with the existing specifications for PVC. And has it degraded or is it still in compliance. That is the only item I would ask, whether you want to put into a motion or that would be part of the engineering I would think Mark isn't it? Yes. Otherwise, I totally support option 1, I think it is the best way to do it. I believe that if we have got \$400,000 in addition to that, the difference between option 1 and option 2, there are a lot of other areas of the Ranch that we could use that money on. Thank you.

Robert O'Neill, Columbia 6/4106: We were told that we have been mandated by the State of Washington to upgrade our water system, is that correct?

Mike: We have been required to produce a program that will insure the safety and health of the system.

Robert: Well, we are mandated to do that.

Mike: That is a requirement of the State.

Robert: Yeah, well I asked Gary Mitchell where the mandate was, could I see it?

Mike: Our engineer consultant would be able to provide that for you.

Robert: Oh, Okay then. I wrote to John Fieldman in Washington State, two questions. A. Has Black Mountain Ranch been mandated to upgrade the water system? And B. Can a water operational plan be done on the existing system? Can I give this to you to read the answers?

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Mike: You can, but I believe I already know the answers to those questions. Yes, we can have a water management plan for the existing system. Have we been mandated directly, no we have not. But, there are State requirements and there are standards that the health and safety of the water must be maintained. So as you heard from our consultant earlier they are in a facilitating process right now, while they are waiting for us to proceed with what we want to do in order to bring our system up to health and safety standards. If we do not go ahead and do not move forward, they will come in and tell us here is what you are going to do and here is your timeframe to do it.

Art Doyle, Cree 33/7033: Actually I am speaking for option 2 rather than option 1. I spent two years on the PWAC. Either way the system has to be repaired, there is a problem with the system. Arguing right now whether it should be done or shouldn't be done is redundant. There was a volunteer group of interested members that got involved with this committee. They were all knowledgeable. They discussed things with the Board, the engineering people, with the Ranch, reviewed the breaks. Some of these people here have talked about water breaks in other municipalities and everything else, it has nothing to do with the situation that we are experiencing here. The system is old whether we like it or not. It is fragile and brittle, it is failing and it needs to be fixed. Now, Option 1 is almost the same thing as option 2. Both systems, as Vern said, need the 64 valves. So whether we put them in on option 1 or 2 they are going in it is not going to be redundant work. I believe after being in this committee for two years, that in option 1 we are spending a lot of money to make the engineering companies and the people that are doing the assessments rich. They are going to turn valves on and isolate the different sections and we are going to have to replace the whole system anyway. I've already spent two years of my life arguing and meeting about this and I for one do not want to have to end up meeting here again next year to vote on whether another little section of pipe has to be done or not. I'd like to just see this thing over and done with. So, either way I am voting for option 1, but I'm also voting for option 2 with more force than I am number 1.

Verna Hauser, Fraser 18/4218: First of all, I'd like to suggest, this is the second meeting that I've been to where there has not been enough chairs. And it is something that everyone is interested. So I was wondering if in the future when we have important meetings, could we possibly rent some extra chairs, as it is obvious that we are all interested in these special meetings.

Mike: Thank you for that comment. We are limited to space, but it is something we will look into, yes.

Verna: With Option 1, I'd like to know if we go ahead with the first three \$100 monthly payments, then below that it talks about quarterly payments in 2004-2007. If we agree to Option #1, the initial \$300 output, are we also then agreeing that we will go ahead with the "unknown" after the initial is done.

Mike: This Board has tried to be as open as possible with the cost that is associated with this. Under Option 1 there will be additional cost, yes. They are not known at this time. Once the isolation valves have been installed and the evaluation and design have been completed, then we will know pretty much what the cost is going to be. That cost will then be provided to the members as to what the next step will be. It may be the \$75 per quarter, it may be less. But until we know that cost, yes, you are signing on for additional cost as well.

Verna: Okay, so whether it be \$75 or \$250 or what ever quarterly for who knows how long, we are actually giving the okay for what ever the cost of the "unknown", if we choose Option 1. Then whatever the cost, we are giving our okay at this vote to go ahead with that. The only difference being that you will inform us of what we will be owing each time, rather than getting a choice of saying "we agree or don't agree", is that right?

Mike: That is what we are asking today. Do we do the evaluation and then repair what needs to be repaired, or do we just replace the entire system?

Verna: Okay, but don't you think we should have a choice then because if then there are options to what way it can be done?

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Mike: There may be, there may be once we know what sections have to be repaired. And that will be phased into insure that we don't get hit with one big bill. It will be phased in over a period of time so that if three neighborhoods have to be replaced, they will be replaced in such a way that it will not effect the rest of the Ranch. And that we can insure that the costs are defrayed over a period of time.

Verna: Can we add to that; when the evaluation is done, that we have a meeting where we are told how much it will be. And if there are options, be shown the options and then let us choose which option we wish to go with as to cost and whatnot?

Mike: If we do Option 1, once the design of the necessary repairs is complete, all that information is totally transparent (it is available for anyone to look at). The cost associated with that will be known and presented to the membership. And if options pop out of that, yes, we will look at those, yes.

Verna: Okay, so when you say they will be presented to us, then we will be given the chance to vote on it or whatever.

Mike: That is something we will have to look at when we get the cost in. It may be a minimal cost and we can go ahead and do it. You will be informed on what the costs are and what options are available for payment.

Verna: Okay, because I really do think that we need to have a choice if the cost is great. I think we need to have some ability to give a yeah or a neigh.

Mike: Everyone sitting at this table with the exception of three, are all members as well and it effects us the same as it effects you.

Verna: Okay but what is the answer to that?

Mike: Of having a choice?

Verna: Yes.

Mike: The choice today is which way we go. Once the costs are evaluated on Option 1, yes, we will come back to this membership and advise you as to what those costs are.

Verna: And then at that time will we be given options?

Mike: We will present the options, yes. And if there are options to be voted on they will be put forward yes.

Verna: Thank you.

Mike: I move over to my left, name please.

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Larry Burden, Nooksack 19/4319: I'm looking for some clarification, because I'm not comfortable with Option 1. I am personally leaning towards Option 2 and I will explain that. But the clarification I'm looking for would be best answered by our Engineer. You mentioned Sir, about bacteria getting into our water system with the leakage and the breaks that we have. Most everyone in this room is Canadian and the word Walkerton certainly brings to mind potential problems. I'd like to know what type of bacteria is getting into the water system due to the failing system that we do have. Is there any fecal coliform getting into our water system? And I'll follow that up with a couple of more points before asking for your answer Sir. I'm leaning more towards Option 2, frankly the situation we are faced with right now (and I recognize the hard work that's been done by our committee over the last 2 years), and I don't pretend to be an engineer in any way, shape or form. But, it seems to me that the problems that we are faced with is the fact that our entire system, both electrical and water in this entire complex was pieced together in the first place. And my concern with going with Option 1 is that we may be throwing good money after bad. If we have a pieced meal system and we're taking a piece meal approach to trying to correct that and then down the road finding that piece meal is just adding to the problem and we are going to have to spend more money and replace the system. I don't like spending money any more than anyone else. But, I would sooner pay for a proper system and replace the system so it is up to code and will carry us into the future without any problems, than spend a lot of money to find out I have to spend more money further down the road. But, my biggest concern presently, we all know that the system is failing and we could talk about it all day long. But the issue that I'm most concerned with is the health of the water because this puts the Ranch and every one of us into a potential liability situation, should our water be bad and people get poisoned. So Mr. Engineer, I'll finish that and one further question to the chair, I'll sit down, is who is going to do the work? Are we going to get outside people who can do the work so our Ranch Staff can continue on with their duties? Because if we saddle our own Staff, then the Ranch is starting to fall apart, you know we are not seeing basic maintenance being done because they are constantly being shifted to other projects. I'd sooner see an outside operation come in with some guarantees that the work will be done timely, quickly, and properly and allow our own Staff to do the rest of their jobs that they are being paid to do.
(pause for applause)

Mike: I'll answer the second part first. It is the intent of both PWAC and the Board that whatever Option is chosen that the work will be contracted out, through a tendering process so that we do get the best value for our dollar.

Mark Semrau: It is my understanding that the bacteria samples that came back were positive (and the test is just a positive/negative test) it does not tell you how many organisms are in the sample or anything like that. It just identifies that there is at least one organism. So that test is a total coliform test, and you can take and further process that sample and tell if there is fecal coliform in there, or if there is E. coli, or any other, (basically) bacteria in there. It is my understanding that it was simply a positive result on the total coliform test, which is the standard bacteria sample, which is one of the samples submitted on a routine basis for the water system.

Giles Herbert, Cree 15/7015: I was a little confused when I walked in here and now I am even more confused. Between Option 1 and Option 2, approximately how many of these valves are we talking about here?

Mike: 64

Giles: 64, okay. Are you going to proceed, say you do about a dozen of them and find that the system is in a shambles, are you going to continue or are you going to stop and then decide to do Option 2 and put in the new system?

Mike: That will be the decision of the engineer in consultation with PWAC and the Board at that time, depending on what we find, yes.

Giles: So you are going to decide depending on what you find at that time?

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Mike: It depends on what we find. The introduction of the valves is based on the spine (I guess you would call it) of the water system. It is to make sure that each section of our system can be tested and evaluated. That way we can determine, does that section alone need to be replaced or does it meet standards necessary to provide us with healthy water? If the answer is yes, it's good, we leave it and move on to the next section.

Giles: Okay, so if the system is in bad disrepair, you'll be ripping out these valves and using them on a new system?

Mike: If that is the case, we find that the whole system is bad and needs replaced, then yes. We will salvage what we can on use for the new system.

Giles: Well then, I hope that you don't replace the 64, if you find out after a dozen or so. That is my only concern.

Mike: Okay, we are not replacing existing valves. I hope that you are aware of that. There are no isolation valves in the system right now. These would be new valves.

Richard Hugh, Pebble Beach 16/0716: I have two areas, I would like to address. The first one, I would like to make an amendment to Option #1. The second one is to the point of order. I will speak to the first issue first. I would like to amend Option 1 to read something to the effect that this resolution or the membership only authorizes a maximum of \$300 out of the dues.

Amendment: to add that the membership only authorizes a maximum of \$300 assessment for Option 1.

Amended by: Richard Hugh, Pebble Beach 16/0716 **Seconded by:** George Harding, Coho 13/2313

AMEND

Richard: Obviously there is quite a bit of concern and discussion from the membership that we do not want to leave an open bankbook that possibly goes beyond the cost of replacing the whole system. So, I think that is what the amendment speaks to. Another area of concern I have, even approaching option 1 is the fact that it has taken 3 weeks to repair one area of damaged line and your talking about installing 46 isolation valves. Potentially, I see 46 times 3 weeks, we could not be visiting this Ranch for the next year and a half. Could you speak to that please?

Mike: In response to that, the initial break in the main coming from the pump house to the road, once the parts were received, the repair was done in two days. Once the system was turned back on, other problems arose based on the air that went through the system, based on the ground conditions, other leaks popped up, that had to be addressed immediately. So, each one in of itself is a separate incident, but you tie them all together and yes, we have been without a proper healthy water supply for a couple weeks, yes.

Richard: In article 9 under capital expenditures, it says that there should be a duly called meeting. And I accept that this is a duly called meeting. But it says that there should be a motion made of the pending question. The problem that I see is that it says the membership shall be provided input in the notice that the President sends out. This says the purpose of the meeting is to have the membership provide input to the Board as to which option the membership prefers in order to bring the water system into compliance. My concern here is that this is not a notice to ask that capital expenditure is to be approved, it's a notice assuming that the membership has already approved capital expenditure.

(pause for applause)

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Mike: Yes, that point was discussed immensely and our legal opinion has come back to us that the replacement of an existing system is not a capital expenditure, on behalf of the Ranch. It is more of a maintenance issue of the Ranch. Therefore the definition of a capital expenditure does not apply, and that is why we are not voting on a capital expenditure. It is a maintenance issue. We have to maintain our water system as mandated and by not doing that we are not in compliance. So, based on our legal people's opinion, this is not a capital expense it is a maintenance issue.

Richard: Thank you. I will step down, waiting on the amendment.

Mike: Discussion on the amendment only, please.

Karen Pacheco, Cree 26/7026: I would like to speak against the amendment. I don't feel that we should strap our executive any further. I would like to ask the executive, did you need to have a meeting such as this and form subcommittees like PWAC and so on, to make your decision? Or could you have made your decision based on whatever knowledge you had or by accessing the consulting firms and so on?

Mike: In response to that, this Board (nor would any other board) did not have to come to the membership with this issue. This again has been provided to us by our legal counsel, this is not a capital expenditure, so we were not required to bring this to the membership. This Board would have been remiss in its duties by not bringing this information forward. We have tried to be as transparent as possible with the information. And we are looking for direction from the membership as to how to handle this.

Karen: Okay, well I would certainly like to applaud this Board for being so open, because you certainly didn't need to do that. (Pause for applause)

Back to speaking against the amendment, I feel that we should not be strapping the Board any further. And I would strongly encourage you to vote against the amendment. We don't know what the fallout will be, we don't want to keep coming to these meetings, there has been lots of advise sought, there has been supplementary committees and so on.

Norris Nevins, Shuksan 3/6503, Big Oak 28/2128: I'm voting for the amendment. I feel we were not given all the information in a timely basis. My opinion is that we should vote for the amendment, at least then we have some restrictions. This is a democracy and we as members here, have a say in the Ranch. I appreciate the Board and have always said so, that I appreciate their work. But I feel that it should be capped and it should be brought back to the membership and we should hear the report.

Amendment: Defeated

**AMEND
DEFEATED**

Mike: So we now revert back to the original motion, which is to proceed with option 1 in the repair of the water delivery system. And now we will have further discussion on Option 1. I'll start on my right.

Jan Johnstone, Big Oak 27/2127: I would first of all say that we are dealing with basic infrastructure here, with water and power. As a new owner here, I really do not feel that the dues reflect the real cost of running this Ranch. If you do not have a contingency fund set up to deal with these kinds of issues. I really think that in the future, the executives should look at setting up a contingency fund to take care of this kind of maintenance work. And secondly I feel that Option 1 could possibly create a two tiered community. Because if we do not replace all of the infrastructure, all the plumbing and electrical, we are going to have some areas that will have new plumbing and some areas that will have old. Which will affect the value of the site for resale, if you do not replace the entire system. And therefore, I would like to see the vote against option 1 and vote for Option 2.

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Sid White, Peace Portal 27/0627: I want to speak in favor of Option 1. It was rather timely to arrive at my campsite this morning from my home and discover a part of the road a few yards from our campsite, was cordoned off. It is the first time I had seen that in 28 years. Anyway, I talked to a fellow member and he said, "Guess what, Sid, there is another water leak in the road." And what you see coming out of the ground is water, by the way. I just wanted to say that I have put a great deal of thought into this. Like everyone in this hall today, I don't like spending extra money. However, I believe we have a great problem. I have respect and trust for PWAC, the Board of Trustees and the engineering firm. And therefore, I would respectfully move, because I think we have had sufficient debate, that the question be put.

Motion #3: To cease discussion and call the question.

Motion made by: Sid White Peace Portal 27/0627 **Seconded by:** Noel Guilbault, Sehome 8/6308

Motion: Carried

MOTION #3

CARRIED

Mike: We will now go to a vote on the original motion.

There was some confusion about what the vote was about, and the parliamentary procedure.

Unknown (member) speaker: A point of clarification, brother Chair? My understanding coming into this meeting was that there was no option. You either had 1 or 2, something has to be done. So if this one is turned down does that mean that Option 2 is automatically accepted? Or do we go the horrible route of discussing Option 2 and turning it down? Something has to be done here! We have piddled around long enough. Further to this, if the mover of the last motion would come up and resend his motion, then we could decide what we could do. Then we could decide to have the vote for Option 1 or Option 2. It was my understanding that is what we are here to do. I think it really behooves a decision from the chair or a consultation of the executive if necessary, but to maybe ask the mover of that motion to resend it. And we can start from scratch and then we can get something done here.

Mike: The motion to end discussion was pretty much unanimous, by the membership. Now, to answer your first question about Option 2, Option 1 is the motion on the floor now. Under our bylaws we are governed by Robert's rule of order, which cover this exact predicament. We don't have a choice we have to follow it. If Option 1 is passed, that is the option that we go with. If Option 1 is defeated, the chair will entertain another motion regarding either option. Then discussion will take place, amendments can be made, a vote will be taken on the amendments or the initial motion made after this vote. If Option 2 passes, we proceed with Option 2. If Option 2 fails, we do not have a decision by the membership and it then comes back to the Board. As I discussed earlier, it is the Board's decision as to how to proceed with this. The Board would have to determine to either choose an option and proceed with it, or to come up with some other avenue in order to get the decision made.

Joe Elenbaas, Parliamentarian: addressed the concern about what happens if both options are voted down. He explained that through Robert's Rules of Order, there is provision for going back and reviewing the Options and voting again. He encouraged the member's to vote their consciences, as to what they felt was in the best interest of the membership and the Ranch.

Motion #1: Defeated

DEFEATED

Randy Craig, Pebble Beach 21/0721: I would like to make a motion that we approve Option 2.

Motion #4: To approve Option 2.

Motion Made by: Randy Craig, Pebble Beach 21/0721 **Seconded by:** Karen Pacheco, Cree 26/7026

MOTION #4

Mike: We will now open discussion on the motion to proceed with option 2. Is there any discussion on this issue?

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Norris Nevins, Shuksan 3/6503: I was asking about what would happen once you've done the assessment and the cut off valves and whatever. And you come there and you say there is another \$900 assessment needed, would you.... Where did you get the figures from?

Mike: Sir, there is not an assessment done on Option 2. Option 2 goes directly to the design and construction of a new water system.

Norris: Yes I understand that, but where did you get the one million-dollar figure from?

Mike: The \$1million figure was the estimated construction cost put forward by our engineer.

Norris: Okay. And if it is less it will be done for less?

Mike: It will be done for less, yes.

Norris: And if it is more, what will happen then?

Mike: If it is more, what to do will have to be determined by the Board at that time.

Edwina Holecz, Rainier 16/6016: Mr. Chairman I have one question and it is in regards to Whatcom County. We all pay taxes to Whatcom County, would we be able to get any financial help from Whatcom County to do this?

Mike: One of the things we did look at was financing for this. We looked to the State, the County and everybody we could think of and to this date, we have been unable to get any funding for it.

Fay Waters, POCO Valley 6/0806: I would like to make a motion. I think we have discussed this enough and we should vote again on Option 2.

Motion #5: To cease discussion and vote on Motion #4.

Motion Made by: Fay Waters, POCO Valley 6/0806 **Seconded by:** Wayne Wilson, Nooksack 10/4310

Motion: Carried

MOTION #5

CARRIED

Motion #4: Carried

**MOTION #4
CARRIED**

Linda Daniels, Eagle 11/0211: I'd like to ask a question. I'm wondering whether the \$80,000 for the testing and evaluation will be removed from the overall cost.

Mike: That will be rolled back into the design of the new system and the total cost, like we said, if the cost comes in under the million, that is what it will actually cost. That would just be rolled back into the overall budget. Thank you everyone for coming. Before we go on, the Board will be here for discussion, if you have any questions. Come on up, we will discuss it. Bu as of now I would like to adjourn the meeting.

Motion #6: To adjourn the meeting.

Motion Made by:

Seconded by:

Motion: Carried

Note: The motion was made, seconded and carried. However due to the noise level, the names of the motioner and seconder are inaudible.

MOTION #6

CARRIED

NOTE

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MEETING WAS ADJOURNED AT 2:47 PM October 26, 2003

Executive Committee Member _____

Executive Committee Member _____