



# Hat Island Community

## Business NEWS

Official Business News Publication for the Hat Island Community

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## Presidents Message

Hello Fellow Island Residents,

This time of year our thoughts turn towards our veterans. Last year, we were fortunate to have people donate for our granite memorial which we plan on commemorating during our Memorial Day ceremony.

This month is also a special month for all Mothers. I wish each and every Mother a happy and pleasant Mother's day.

Don't forget on Sunday May 25th is the Fire Bunnies Pancake Breakfast from 7AM—11AM at the Hat Island Fire station! Hope to see you there!

The Board has been very busy with different issues. Not a lot to report but hope to have some good news regarding the Ferry.

Take Care

Gary Duffner, President

## June Business News Submission Deadline

**Business News June Edition**

**Deadline: May 23, 2014**

**For Board Approval**

[hatviewpoint@gmail.com](mailto:hatviewpoint@gmail.com)

# Hat Island Community

Business  
NEWS

Official Business News Publication for the Hat Island Community

## Board Meeting Minutes March 15th 2014 (1 of 3)

Community notice was provided on March 10, 2014 for the March 15, 2014 Regular Board meeting. The meeting was held at the Blue Heron Room in the Waterfront Center of the Port of Everett, Washington, and was called to order at 10:35 AM by Gary Duffner, Board President. Vice President Mike Zyskowski, Treasurer Larry Bender, Secretary Karen Conner, and Board members Alan Dashen and Kerwin Manuel attended in person. Board member George Harmon attended via teleconference.

### Minutes from February 15, 2014 Regular Board Meeting:

Revisions to the meeting minutes were discussed.

Mike motioned to approve the February 15, 2014 minutes with the discussed amendments. Kerwin seconded.

Voting results:

Yes: Kerwin, Larry, Mike, Gary, Alan, Karen, George

**Motion unanimously passed.**

### Announcements:

Gary announced that Gail Hoekendorf, chair of the Port of Everett Parking Committee, and committee member Ross Johnson will be the point of contact for the Port of Everett as well as the Community. Gail and Ross will be in coordination with the Port of Everett regarding the upcoming changes and will provide updates to the Community.

### Committee Reports:

- Finance Committee
  - Cynthia Petrie, committee chair, presented the report. Membership is at maximum capacity with twelve members.
  - The committee requested that the Board approve their 2014 goals as outlined.
  - The committee recommended that the Board provide to the staff a methodology for paying the additional \$65K towards the marina loan principal, keeping a reserve of 3 month's payments aside.
  - Cynthia clarified that the Finance Committee modeling for paying down the marina loan to the 2018 goal of \$500,000 did not assume that any funds were received from Puget Sound Yacht Club.
  - It was recommended that the Board provide clarification to the staff on payment guidelines for the car fees such as due date, penalties for non-payment, etc.
  - The Board was requested to address policy changes needed to realize the additional marina revenue from outside/public users as proposed by the Marina Committee.
  - The Finance Committee will present an overview of actuals versus budget in the regular July Board meeting and the next FAQs will come out by end of April.
- Equipment Committee
  - Dennis McLeod, committee chair, noted that the first meeting will be March 29.
- Technology Committee
  - Kerwin, committee chair, received an updated bid for gas card reader system. The bid was reduced by ~\$1K down to \$7K. It is not known if a gas card reader would save money by avoiding check cashing fees and it was being investigated strictly from a convenience standpoint.
- PSYC Committee
  - PSYC has the final proposal from the Community attorney and their response is hoped for by middle of April.

# Board Meeting Minutes

February 15th 2014 (2 of 3)

The Island Manager was requested to send the current draft of the agreement to the Board.

## Correspondence:

Larry Wick read a letter in which he recommended that the trees on the edge of the bluff be cut, and left in place, on the Community property along the switchback road leading down to Conwell Park. He noted that the cost for risk reduction tree cutting would be far less than reconstructing the road if a larger slide occurred. Larry offered to bring someone over and back to do the work.

The Island Manager agreed with the recommendation as long as the trees were left vertically and not left parallel to the grade. It was also noted that there are hazardous trees on the road to Division N and other areas.

Alan indicated that permits may be needed.

Alan motioned to authorize up to \$5000 to address hazardous trees on Community roads down to Division H and Division N and other Community areas (including the cost of any needed permits). The funds are to be expended once at least one bid is received and deemed acceptable by the Island Manager and the President.

Voting results:

Yes: Kerwin, Larry, Mike, Gary, Alan, Karen, George

**Motion unanimously passed.**

## Committee Reports continued

Vessel Committee

Board understanding is that committee is assessing options and associated cost for presentation to Board. Community vote would be required for any action to be taken.

Communications Committee

The Business News, without the Treasurers Report, is to be hosted on the Community website.

Mike motioned to update the Communications Policy to limit the number of letters to one per person per Viewpoint.

Voting results:

Yes: Kerwin, Larry, Mike, Gary, Alan, George

No: Karen

**Motion passed.**

Marina Committee

Dennis Dearing, chair, will present policy options for additional revenue opportunities as well as proposed updates to the marina rules in the April meeting.

Water Committee

The Island Manager will present to the Board, in the April meeting, the cost to replace the production meters, install nine investigative meters around the island, and install an interrogative communication on M tank.

Three goals for water use reduction are needed by July 1 when the annual report is submitted to the state.

## Old Business

Enforcement Policy

Island Manager has resent the Enforcement Policy to the Board after the last meeting.

The Enforcement Policy will be discussed in the April Board meeting.

Insurance Policy

The Island Manager sent to the Board the Community attorney review and recommendation regarding the Community policies.

Kerwin is looking at different insurance quotes and the levels of coverage.

The insurance options and the Community attorney recommendations regarding policies will be discussed in the April Board meeting.

Golf Fees for Children

It was noted again that the website is correct for golf fees for children.

The Island Manager will pursue getting the sign updated.

## New Business

Alan will draft a motion for the April meeting regarding methodology to pay down the marina loan to the 2018 goal.

## Board Meeting Minutes February 15th 2014 (3 of 3)

### Community Input:

#### Marina Assessments

Community member asked how many owners have paid their marina special assessments.

The rough approximation is 1/3 of the assessments are paid off, 1/3 are being paid on time, and 1/3 will be paid in an extra 5 years.

Gary motioned to adjourn to executive session to discuss the below agenda items and reconvene into open session.

#### Personnel

#### Collections (legal)

Voting results:

Yes: Kerwin, Larry, Gary, Alan, Karen, George, Mike

**Motion unanimously passed.**

### Meeting reconvened into open session at 2:07 PM.

Alan motioned to authorize the Island Manager to proceed with payment agreements and suit on certain property owners as discussed in executive session.

Voting results:

Yes: Kerwin, Larry, Gary, Alan, Karen, George, Mike

**Motion unanimously passed.**

Karen motioned to adjourn. Gary seconded.

Voting results:

Yes: Kerwin, Larry, Gary, Alan, Karen, George, Mike

**Motion unanimously passed.**

### Meeting adjourned at 2:08 PM.

## May 2014 Board Meeting

### The Hat Island Community Meeting

**Date:** May 17, 2014

**Location:** Hat Island Yacht Club

**Time:** 10:30 AM

*All residents and property owners are invited to attend.*

## 7th Edition of Frequently Asked Questions

*Welcome to the 7th Edition of Frequently Asked Questions (FAQs) re: HIC Finances  
December 2013-April 2014*

The purpose of this edition of FAQs is to discuss the Hat Island Community (HIC) Finance Committee (FC) goals for 2014. Please send questions to [HICFAQs@gmail.com](mailto:HICFAQs@gmail.com).

**IMPORTANT:** Please remember that the FC makes recommendations to the Board, but we **DO NOT SET POLICY!** Our goal is to hash through possibilities, weigh the pros and cons of each, and present what we think are the best alternatives for Board consideration. The ideas communicated from the FC are not approved as statements of fact until the Board makes its final decisions and/or revenue and expenses are realized. For example, HIC and the Board make decisions on funding sources and how they will be applied to Marina loan principal and interest.

### FAQ #1: Who is on the HIC Finance Committee?

Current members are Cynthia Petrie (Chair), Larry Bender (Board Member/Treasurer), Alan Dashen (Board Member), Ginger Harmon, Barbara Harris, Jann Kaufmann, John Melgaard, Madeline Progner, Jon Rypdahl, and Kevin Smith. Mandy Melgaard is scaling back to an advisory capacity due to increased work responsibilities, so she will no longer be doing FAQs. We're still maxed out with our large group, but if you have specific expertise or if you are one of those valuable non-numbers people who would enhance our efforts, please call Cynthia.

### FAQ #2: What are the FC goals for the upcoming year?

***We established these FC goals for 2014 and presented them at the Board meeting in March:***

1. *Work with other Island Committees through the summer in developing a 2015 budget for recommendation by the FC to the Board in the fall;*
2. *Monitor marina loan balance to ensure tracking with the pay down of principal included in the budget;*
3. *Monitor the overall 2014 budget, including new car fees, increased marina income and accounts receivable;*
4. *Research and recommend replacement financial software with implementation scheduled by year end;*
5. *Continue with periodic publication of the FAQs to provide ongoing financial transparency to HIC;*
6. *Monitor capital reserve accounts/budget and coordination with the capital reserve study;*
7. *Work with the Island Management Committee (Kevin Smith, Chair) in analyzing and recommending transition of bookkeeping/bill-paying services upon Melody's retirement in March 2015;*
8. *Update the 2013 salary study for internal FC use in developing the budget;*
9. *Review plans developed by the Vessel Committee to ensure completeness of financial projections; and*
10. *Continue to provide an FC report to the Board, either written or in person, generally monthly.*

### FAQ #3: What is the current status of the FC's primary goals for the upcoming year?

#### **2015 Budget:**

*The FC will present the budget development timeline to the Board at the May meeting.*

#### **Marina Loan**

*The 2014 budget includes two components related to the pay down of our Marina Loan:*

1. *Income from Marina Assessments: At the March meeting, the FC recommended to the Board that a reserve of 3 months of regular marina payments (approximately \$45K) be held at all times in the marina account and that the Board instruct Management to pay all excess funds*

## 7th Edition of Frequently Asked Questions

towards loan principal on a quarterly basis at a minimum. Based on this recommendation, as of the end of April, approximately \$100,000 should be paid towards principal as soon as possible.

2. *Funds from General Operations: The second part has to do with the additional \$65K of principal payments that are budgeted for 2014. \$45K is to come from general operating funds and \$20K from increased marina income. As we advised at the March Board meeting, we believe the Board will need to provide active guidance to Management. We highly recommend that this budgeted principal amount be paid as early as possible. The FC will provide the Board with specific options for payment at the July meeting as part of our six month analysis and review of the year-to-date budget status.*

As we have stated before, the FC strongly recommends that the marina loan be paid down to a \$500K balance by the end of 2018. The modeling we have done does not include any substantial settlement payment from PSYC. Therefore, meeting the \$500K goal is not dependent upon receiving funds from PSYC.

### 2014 Budget

Larry Bender, the current HI treasurer, has described the budget as a "shoestring budget". The FC concurs. Barbara Harris is monitoring accounts receivable and other income items. We plan to present the Board with a financial overview of six months "actual vs budget" at the July meeting so everyone will know where we stand on meeting our budget for 2014, including the status of the Marina loan.

### Vehicle Fees

The budget reflects vehicle fees of \$37,250, i.e., \$125 per vehicle. Please note – this is the source of a substantial portion of the marina loan principal pay down! Many of you "self-assessed" your payments – thank you! For those who did not pay based on the January spreadsheet, vehicle fees were billed to everyone on April 8th. Please remember to send in your payment! Failure to collect may result in HIC defaulting on payments, reduced staffing or services, or a special assessment. In response to a recent HICFAQs mailbox query, the intended use of the fee is/was to benefit general operations.

### Capital Reserves

Our capital reserves remain a significant concern to the FC and we will continue to monitor inflows and outflows. As noted in our March report to the Board, the \$50K that was paid from the Capital reserve account in November when the marina loan was transitioned to permanent financing was not ever classified as a "loan" to be paid back to capital reserves from marina assessments. 100% of marina assessments are slated to be paid toward the loan principal and interest. The idea was that the equipment remains on Hat now that the marina is finished, and can be funded by Hat. The budget reflects \$60K contributions to the capital reserves from the general operating fund and \$15K from the sale of equipment.

### New Financial Software

Barbara Harris and John Melgaard are leading the effort in researching new software. The FC plans to present recommendations to the Board at the June meeting. Barbara plans to be on the Island most of the summer and will work closely with Melody on implementation and transition. Our goal is to achieve total conversion by year end at the latest.

### FAQ #4: How do I get my questions to you so they can be addressed in future editions of the FAQs?

Please send your inquiries to [HICFAQs@gmail.com](mailto:HICFAQs@gmail.com), and be sure to tell us how to contact you if we don't understand your question. Please do NOT send any FAQ requests to any of our personal or business e-mail addresses.