

APPROVED REGULAR BOARD OF TRUSTEES MEETING MINUTES JANUARY 21, 2017

Respectfully Submitted by HICA Secretary Scott Wilson

The meeting was called to order by President Scott Holte at 10:30 AM. Board Members present were VP Karen Conner, Treasurer Mike Immel, Trustees Darla Younce and Scott Wilson. Udo Gerz attended telephonically and Kevin Smith was absent. Also in attendance was Island Manager Sandra Bettencourt.

The first order of business was the Approval of Minutes from the December 17, 2016 Community Meeting to Ratify the 2017 Budget. President Scott Holte detailed the outcome of the Ballot Measures where all three had passed. He then revealed that after a review of the Statute it was determined that the measure related to a deferment of the audit had in fact not passed due to an insufficient amount of yes votes.

Mike Immel motioned to approve the minutes from the Association Meeting and the Board Meeting held on Dec 17, 2016 and Darla Younce seconded. The motion passed unanimously. VP Karen Conner abstained. Island Manager Sandra Bettencourt reported that the 2017 1st Quarter Assessments had all gone successfully to the ownership.

Treasurer Mike Immel reported that an Audit Firm had been solicited from Oregon and that both 2015 and 2016 would be included. Mike reported that the HICA 2014 Financials had been submitted to the firm so they could draft a proposal. Mike also reported that an in-house Retreat/Workshop had taken place on January 12, 2017 including Island Manager Sandra Bettencourt, Office Manager Duan Harding and our Outside Bookkeeper Angelina (last name). On the agenda was finishing the 2017 1Q Assessments, Audit Preparation, closing out 2016, training and reviewing the Chart of Accounts. The Treasurer concluded his comments with a detailed review of the 2016 P&L to Budget and Balance Sheet. A general discussion followed.

President Scott Holte provided a Legal Report stating that all available Board Members had attended a Pre-Mediation Session in downtown Seattle on Monday the 16th of January in Preparation for the then scheduled Wednesday January 18th Mediation which was cancelled by the Plaintiffs. Scott stated that we are now preparing for Trial.

President Scott Holte reported on the various Committee Chairs and Members.

President Scott Holte provided the Long Term Strategic Planning Report on behalf of the absent Committee Board Chair Kevin Smith.

Golf Committee Board Chair Mike Immel reported that a Golf Course Clean-Up is scheduled for June 3rd between 9:00 and 12:00. Burgers and Beverages are to be served afterwards.

Marketing Committee Board Chair Darla Younce reported that additional members to the Marketing Committee were being solicited.

Vessel & Equipment Board Chair Udo Gerz reported that a meeting had been scheduled with more details following in February.

Water Committee Board Chair Scott Wilson updated the Committees Priorities for 2017.

Committee Reports were followed by Community Input

A community member inquired about 50 Lots available for sale not being marketed. Mike Immel challenged the allegation. A vigorous discussion ensued with several property owners weighing in with insight and opinion. It was concluded that the Island Manager, Staff and Treasurer would provide a detailed report on what was available to

sell relative to usability, salability, tax status, assessment status, Green Belt/Environmental Implications, required Community Approval, etc.

A community member expressed concern over the changing parking status in Everett; and recommended that Property Owners make these concerns known in masse to the POE Commissioners. Scott Holte concurred and expressed his own concern for the POE's plan for the future which has apparently been approved by the Commissioners. The plan is not friendly to the HICA. The member stated it was time to make a stand at the POE Monthly Commissioners Meeting held the 2nd Tuesday of the Month in Everett and that the HICA request a review with POE and DOT Officials regarding HICA Ferry Access. A community member suggested that the HICA put a Legal Stake in the ground to challenge the parking plan which is not friendly the HICA Ferry Riders.

A community member expressed appreciation for the Board's attempt to Mediate; and also wanted clarification on the fact that no new legal expenses were being incurred. President Scott Holte confirmed but added that we had a "Wasting Policy" where available funds are declining.

Mike Immel made a motion to adjourn to Executive Session. Darla Younce seconded. The Meeting was adjourned at 11:30 AM.

*The HICA minutes are intended to be a reasonable summary of the Community and Board's deliberations and actions. The minutes are not a verbatim record of everything said at the meeting. The minutes include all actions taken by the Community and Board.

Hat Island Community Association

Balance Sheet

As of January 1, 2017

	<u>Total</u>
ASSETS	
Current Assets	
Bank Accounts	
Operating Cash Accounts	
1100 Cash Petty	\$231.00
1111 Bank FB Operating Ckg - 41606	\$221,503.81
1112 Bank FB Operating Invstmnt - 25755	\$0.00
1121 CCB Bank Operating Ckg Acct #1744	\$17,713.17
1122 CCB Bank Operating ACH Acct# 6064	\$3,310.47
1125 Merchant Services / Secure Pay	-\$1,574.33
Total Operating Cash Accounts	\$241,184.12
Operating Cash Reserves	\$0.00
Other Reserves	
1117 FB Bank RO Sys Acct #25797	\$29,087.33
1129 CCB Bank RO DNR Bond Acct# 3316	\$1,511.50
Total Other Reserves	\$30,598.83
PCB - Capt. Res # 5771	\$153,862.17
PCB - Cash Reserves #5763	\$937.73
1110 Cash Reserve Employee Bonus	\$0.00
1113 FB Bank Cash Reserve Acct# 5763	\$67,377.59
1114 Bank FB Insrnc Reserves	\$7,665.00
Total PCB - Cash Reserves #5763	\$229,842.49
PCB - Marina Acct #9741	\$68,465.26
PCB - Sweep Acct #5755	\$4,266.88
Total Bank Accounts	\$574,357.58

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January – December 2016 Balance Sheet

Hat Island Community Association

Profit and Loss

January - December 2016

	Total		Budget
Income			
Annual Assessments and Fees			
4100 Annual Assessment	\$253,337.29		\$283,200
4101 Annual Membership Fee	\$3,933.01		
4102 Special Assessment - General Operations	\$275,920.16		\$276,764
4104 Special Assessment - Cash Reserve	\$59,868.19		\$60,000
4106 Special Assessment Capital Reserve	\$99,140.16		\$100,000
4109 Rev Gnrl Rgstrn Vhcl Annual	\$41.66		
4400 Annual Water Maintenance Assessment	\$73,118.41		\$81,300
4405 Special Water RO System Assessment	\$960.00		
Total Annual Assessments and Fees	\$766,318.88		\$801,264
Operational Income			
Barge and Dumpster Day			
4160 Rev Gnrl Srvc Barge	\$67,266.80		\$54,000
4161 Rev Gnrl Srvc Dumpster Day	\$3,960.00		\$29,000
Total Barge and Dumpster Day	\$71,226.80		\$83,000
Ferry			
4511 Rev Ferry Trip Book	\$29,521.00		
4512 Rev Ferry Trip Single	\$66,472.12		
4520 Rev Ferry Charter	\$2,711.50		
4551 Rev Ferry Slc Concessions	\$1,607.00		
Total Ferry	\$100,311.62		\$70,000
Fuel, Sand and Gravel Sales			
4151 Rev Gnrl Slc Sand/Gravel	\$2,200.86		
4162 Rev Gnrl Srvc Materials Dlvry	\$920.00		
4611 Rev Sales Gas	\$29,011.96		
4612 Rev Sales Diesel	\$2,879.21		
Total Fuel, Sand and Gravel Sales	\$35,012.03		\$54,000

Golf			
4710 Rev Golf Annual	\$14,350.00		
4711 Rev Golf Round Member	\$7,330.00		
4713 Rev Golf Round Guest	\$6,820.00		
4720 Rev Golf Cpn Books	\$1,750.00		
Total Golf	\$30,250.00		\$31,000
Marina and Apartment Rental			
4310 Rev Marina Moorage Annual	\$68,204.29		
4311 Rev Marina Moorage PSYC	\$7,380.00		
4321 Rev Marina Moorage Daily	\$9,031.20		
4323 Rev Marina Moorage Guest	\$8,543.72		
4327 Rev Marina Dock Power	\$2,466.05		
4340 Rev Marina Rntl Apt	\$3,735.00		
4351 Rev Marina Sls Vending	\$485.50		
4360 Kayak Rental Space	\$250.00		
4399 Rev Marina Misc	\$226.06		
Total Marina and Apartment Rental	\$100,321.82		\$95,000
Water			
4450 Rev Water Sls Usage	\$48,686.83		\$33,700
4490 Rev Water Connection	\$20,000.00		
Total Water	\$68,686.83		\$33,700
Total Operational Income	\$405,809.10		\$366,700
Other Operational Income			
Other Operations Income			
4153 Adverting Web View Income	\$792.00		
4159 POE Parking Income	\$9,204.92		
4169 Credit Card Fee Income	\$42.42		
4196 Legal Fees Billed to Owners	\$30.00		
4197 Lot Transfer Fee Income	\$2,580.00		
4199 Other Misc General Income	\$250.00		
Total Other Operations Income	\$12,899.34		
Total Other Operational Income	\$12,899.34		
Returns/NSF	-\$5,115.28		
Services	\$0.00		

Total Income	\$1,179,912.04		\$1,167,964
Cost of Goods Sold			
Cost of Goods Sold			
5159 COS Gnrl POE Parking	\$20,950.00		\$20,000
5160 Barge Rental COS	\$42,510.12		\$40,000
5161 COS Gnrl Dumpster Day	\$2,181.09		\$2,000
5351 COS Marina Vending	\$340.27		\$500
5551 COS Ferry Concessions	\$379.74		\$500
ferry	\$18,848.60		\$38,000
5611 Gas COS	\$15,938.41		\$15,000
5612 Diesel COS	\$1,586.71		
Total Cost of Goods Sold	\$102,734.94		\$116,000
Total Cost of Goods Sold	\$102,734.94		\$116,000
Gross Profit	\$1,077,177.10		\$1,051,964
Expenses			
Berth			
7410 Rental Berth	\$10,883.97		
Total Berth	\$10,883.97		\$12,000
Insurance			
7100 Insurance Prprty/Lblty	\$67,856.69		
Total Insurance (Chg. In 2016 to prepaid accounting)	\$67,856.69		\$110,000
Labor			
6000 Salaries & Wages	\$341,639.82		
6110 PR Tax FICA	\$26,585.82		
6130 PR Tax FUTA	\$637.22		
6150 PR Tax SUTA	\$2,771.70		
6160 PR Tax L and I	\$12,318.86		
6200 Payroll Service Fees	\$969.25		
6210 PR Bnft Med Ins	\$5,400.00		
6220 PR Bnft IRA	\$2,320.95		
6225 Travel - Mileage - Boat Trips	\$1,388.57		
6230 Other Employee Benefits Expense	\$194.50		
Total Labor	\$394,226.69		\$384,000
Legal Expenses			

5196 Legal Billed Members Expense	\$6,583.86		
7150 Legal	\$62,229.78		
Legal Fees - Refund RSUI	-\$25,584.35		
Total Legal Expenses	\$43,229.29		\$100,000
Maintenance, Repairs, Small Tools (includes Ferry Repairs)			
7015 Apartment Rental Expenses	\$1,114.68		
7140 Landscaping	\$3,855.30		
7200 Maint	\$24,375.08		
7205 Maint Vessel Annual Haulout	\$19,260.31		
7210 Materials	\$16,173.03		
7310 RO Fund Repairs	\$6,998.71		
7320 RO Insurance Claim Costs	\$411.00		
7415 Rental Equipment	\$221.56		
7450 Repairs	\$295.76		
7750 Tools Noncap	\$163.53		
Total Maintenance, Repairs, Small Tools (includes Ferry Repairs)	\$72,868.96		\$75,000
Managers Unfunded Expenses			
6804 Mgr Unfunded Exp - Golf	\$136.41		
6806 Mgr Unfunded Office Expenses	\$474.37		
Total Managers Unfunded Expenses	\$610.78		
Office Expenses			
7060 Dues & Subscriptions	\$2,268.33		
7070 Education	\$959.95		
7220 Misc Exp	\$4,159.46		
7260 Postage & Delivery	\$1,861.46		
7270 Printing	\$4,287.61		
7280 Telephone Expense	\$1,065.72		
Total Office Expenses	\$14,602.53		\$8,000
Permits and Testing			
7250 Permits & Licenses	\$2,082.47		
7720 Testing	\$1,613.48		
Total Permits and Testing	\$3,695.95		
Professional Services, Accounting and \$3K Capital Reserve Study			
7000 Other Professional Fees	\$26,285.50		
7005 Professional Fees - Strategic Planning	\$6,500.00		

7010 Accounting Expense	\$2,200.00		
Total Professional Services, Accounting and \$3K Capital Reserve Study	\$34,985.50		\$67,000
Recycle and Dumpster Day Dumpsters	\$607.76		
Supplies and Consumables			
7090 Gas and Diesel	\$4,510.63		
7500 Supplies Consumable	\$7,968.89		
7520 Supplies	\$20,848.65		
Total Supplies and Consumables	\$33,328.17		\$40,000
Taxes			
7600 Tax Excise	\$9,887.46		
7610 Tax Property Personal	\$2,100.74		
7620 Tax Property Real	\$11,917.36		
Total Taxes	\$23,905.56		\$25,000
Unapplied Cash Bill Payment Expense	\$2,473.82		
Uncategorized Expense	\$3,231.08		
Utilities, Electric and Telephone			
7050 Disposal Dumpsters	\$4,384.52		
7080 Electricity	\$17,254.90		
7700 Telephone	\$5,689.73		
Total Utilities, Electric and Telephone	\$27,329.15		\$25,000
Total Expenses	\$733,835.90		\$846,000
Net Operating Income	\$343,341.20		\$321,964
Other Income			
Interest and Collections			
8210 Interest Income Bank	\$759.76		
8310 Late Fees Members	\$1,148.00		
8410 Misc Income	\$76.08		
Total Interest and Collections	\$1,983.84		
Total Other Income	\$1,983.84		
Other Expenses			
2015 carryover bills			\$6,940
7020 Bad Debt Expense	\$12.00		
9020 Interest Expense	\$5.03		
Bank and Credit Card Fees	\$99.10		
7030 Bank Charges	\$732.41		

7040 Credit Card Discounts	\$303.49		
9010 Finance Charges	\$71.59		
Total Bank and Credit Card Fees and other	\$1,206.59		\$6,940
Interest Expense - Marina Loan			
Total Interest Expense - Marina Loan	\$0.00		
Total Other Expenses	\$1,223.62		
Net Other Income	\$760.22		
Net Income	\$344,101.42		\$315,024
Reserve contributions			
4104 Special Assessment - Cash Reserve	\$59,868.19		\$60,000
4106 Special Assessment Capital Reserve	\$99,140.16		\$100,000
R.O. Reserves	\$25,203.08		
Audit Reserve	\$30,000.00		\$30,000
Pre-paid insurance	\$66,166.08		\$42,143
Net profit	\$63,723.91		\$82,881
Extenuating income not budgeted			
2015 legal legal refund received in 2016			\$25,584
legal funds budgeted and not spent			\$38,054
water hook ups received and not budgeted			\$20,000
profit to budget			-\$757

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