

**Approved Minutes for the HICA Regular Board of Trustees Meeting Held in the HI Yacht & Golf Club on July 15, 2017 – Respectfully Submitted by Scott Wilson, Secretary**

The meeting was called to order by President Scott Holte at 10:40AM. Present were VP Karen Conner, Treasurer Mike Immel, Secretary Scott Wilson, Trustees Darla Younce, Kevin Smith, Udo Gerz and Island Manager Sandra Bettencourt.

The first order of business was the approval of the Minutes from the June 17, 2017 Regular Board Meeting. The President called for a motion, Darla Younce so moved and Mike Immel seconded. The motion passed unanimously.

**Island Manager Report (submitted by IM)**

**From the Office:**

Staff continues to work on 3<sup>rd</sup> Quarter Assessment invoicing. The second quarter grace period ended today, all payments not in the Office Mailbox on Monday or postmarked after the 15<sup>th</sup> will be assessed the \$25 dollar late fee according to the Collections policy. If you are unsure of your account status and what to know balances owed on Assessments, Water billings, or Marina Loan Assessment balances, please contact Duan Harding, at the HICA office.

**Hat Express Ferry**

The Hat Express Ferry is out of service due to a mechanical problem with the vessel's throttle system. The vessel master, Ray Brown had been working for the past few days to isolate the problem. He is in communication with the company that installed the equipment and with Pacific Power experts on this system. Unfortunately the main contact is out of state currently. We will keep the Board and Community informed of our progress. We quickly secured services of a Passenger transport company. Unfortunately, this Saturday's evening runs are cancelled due to scheduling glitch. The Captain apologizes for this error. Service on this limited passenger vessel (can only take 22 passengers) will proceed for tomorrow. We have sent an updated community email with the revised schedule, and have updated the ticker and Facebook/Twitter with our latest information. We are on standby for this coming Thursday's run and will let you know where we stand as soon as possible.

### **Dumpster Day:**

We are moving forward today with the annual Dumpster Day program. It will be held from 12:00 noon to 4:00 p.m. Depending on room in the dumpsters after this event, we will be scheduling another Dumpster Day in August due to the Ferry cancellation today.

### **Fines Policy and Procedures:**

I would like to request support from the Governance Board Chair and Committee to assist with developing a Fines policy for our Community. There has been some work done in this area, however it has not been completed and I can use the assistance of the committee to evaluate this program. If this is not possible, I will work to give the board my recommended policy and fines schedule for their review.

### **CCR Compliance Violations**

Now completing nearly 1 ½ years as the Island Manager, I am keenly aware of several lots that are in violation of CCR's . Before I move forward with some of these violations, I think it is time for the Board, Management, and the Architectural Control Committee to meet to discuss the CCRs, violations such as: camping in sheds, attractive nuisances (that are safety hazards), using community areas such as right of ways for long term parking or storage of items and so on. These violations if left unmanaged and enforced will erode the island's guiding regulations for the community and our ability to manage this small island resource effectively. I am recommending if possible for this group to meet this summer if at all possible.

### **Call for Candidates:**

We have sent out several notices in regard to the upcoming Board elections this September 30<sup>th</sup>. The Community meeting was moved from the 3<sup>rd</sup> weekend of September due to Tides and Ferry schedule conflicts. Please mark your calendars.

You must submit your application for office (there will be two-Three Year terms) by Friday, July 28<sup>th</sup> at 3:00 PM in the office. You can email your candidates form by that deadline.

We will be hosting our 2<sup>nd</sup> Annual “Candidates Forum” on Saturday, August 26<sup>th</sup> 10:30 am (following the Regular Board Meeting). This date has also been moved from August 19<sup>th</sup> to the 26<sup>th</sup> due to Tides and Ferry scheduling.

IF you have questions about this process or in general, please contact the Island Manager or Board President.

### **Fire Safety:**

I would like to continue to remind the community that we are under a Bun Ban. The island is extremely dry and this presents a safety concern for our community. The Fire Department will do its best to respond to your fire, however, this can be very difficult in dry conditions. Please report all fires to the office or fire department. Please contact 911 and let them know you are on Hat Island in Snohomish County. There is another Hat Island, near Anacortes.

### **President’s Report**

Scott Holte noted 51 days without rain and the subsequent result being extreme dry and dusty conditions on the Island Roads. He offered some mathematical calculations relative to distance and time required which resulted in a reasonable plea to simply SLOW DOWN to avoid raising unnecessary dust.

### **Legal Report**

Scott Holte reported that the recent Mediation did not lead to a successful conclusion. A question from an attending member was asked about the September 11, 2017 Trial Date. Scott Holte noted that the Preassigned Judge (Lucas) was not available for that date. A new Trial Date needs to be scheduled based on Judge Lucas’s Calendar. It could be late 2017 but more likely early 2018.

### **Treasurers’ Report**

Mike Immel noted that of the 924 Lots which are owned by 564 Members the average lot pay rate of 575 was being sustained.

Also noted was the moving of the Insurance Reserve Funds to General Cash Reserve which is an ongoing effort to consolidate Reserve Accounts.

Expenses are in alignment with the Budget.

Mike Immel, Sandy Bettencourt and the Finance Committee are discussing setting up other Reserve Accounts in an effort to achieve the Goal as identified in the Reserve Study of \$1 Million.

A Member asked what the Marina Loan Balance was. Mike provided the answer \$1,155,452.

A Member asked where the PSYC \$ goes. Mike responded that it goes into Operating Cash.

Mike also noted that the Finance Committee is looking at options for the Marina Loan. Consideration is being given to setting up a Special Marina Loan Reserve.

A Member asked why the PSYC Funds couldn't be applied directly to the Marina Loan. Mike noted that was a good idea but also noted that the Budget, approved by the Community, did not reflect that. A new Budget Ballot would be required to redirect payments.

For clarification Scot Holte provided a detail explanation of the difference between Budget Ballot versus a Bylaw Change Ballot.

It was noted that Budget Re-Allocation requires a vote. At the end of the day funds can't be removed from one account and reallocated to another without a vote.

### **Water Report (Submitted by the Water Operator)**

Scott Wilson asked Water Operator Chris Inman (in attendance) to walk through the recent work on the 6" Distribution Line and Leak Detector Installation.

Chris Inman's Written Report to the Board Water Chair as follows;

#### **Water produced in June:**

	<b>June</b>	<b>YTD</b>
<b>Wells</b>	<b>168,503</b>	<b>1,078,593</b>
<b>RO</b>	<b>171,370</b>	<b>590,400</b>
<b>Totals</b>	<b>339,873</b>	<b>1,668,993</b>

**During June, the wells and RO performed well.**

**The RO's pressure gauge was replaced along with a fitting for the output pressure side. Case says that they recalibrate these pressure gauges for \$100.00 so I will send the old one in to them so we have a spare. This beats the \$1950.00 price for new. The RO is up and functional.**

After emptying the 850' of 6" line 3 times, 1250 gallons each time, we finally got the new shut off valve installed along with the leak detector meter. George, John and myself built a box with stairs so we can access the valve. The old line we cut out looks good for as long as it's been in the ground.

I've started keeping track of our authorized and unauthorized unmetered water use. Some examples of these would be backwashing the sand filter, waterline work and flushing, Fire Department use. Trying to get a clearer picture on where our water is going. So far, this year we've used 9000 gallons for Backwashing, 7500 for waterline repair and flushing, 6500 for the Fire Dept. These are examples of authorized unmetered water use.

We've got Joe Barbee from Evergreen Rural Water scheduled to come out on July 21<sup>st</sup> to help us with our required Cross Connection Control Plan.

### **Finance Committee Recommendations – Deferred to Next meeting**

### **Marina Committee – No Report**

### **Marketing Committee – No Report**

### **Vessel Report**

Mike Immel stated immediately that the Board needed to provide direction regarding the acquisition of a new Island Ferry. Because of the continuous and expensive maintenance of the Hat Express the Community needs to decide the short and long-term plans for Island Transportation. The options are (1) Status Quo, (2) Rent and (3) start the process immediately of securing a long-term permanent solution by acquiring an efficient, modern, versatile transportation Vessel.

Udo Gerz again made a call for more Ferry Selection Committee Members which was successful.

### **Community Input**

A Member inquired about the POE Parking Plan.

Sandy Bettencourt responded that the POE Agreement announced last month was pending until the conclusion of the Summer Season underway which is now in the middle of the Fresh Paint Festival. The plan is to Moor the Hat Express in front of Anthony's in the South Marina with 40 Spaces @ \$500/Year supplied on a "Use or Lose it" basis. Additionally, two more spaces would be provided for future potential Shuttle Vehicles.

A Member noted that in the previous agreement HICA Member had to pay early and many didn't.

Scott Holte shared that in the negotiation process a POE Official commented that "the POE had a Legacy Relationship with hat Island".

A Member noted that that the Board should secure the 40 Spaces regardless of Member Registration.

Mike Immel responded that this would be in the 2018 Budget.

Scott Holte asked if there was no further business he would entertain a motion to adjourn to Executive Session to discuss Legal Matters reconvening at a later date to be determined.

Darla Younce so moved and Kevin Smith seconded.

The Meeting was adjourned at 11:43PM.

# Hat Island Community Association

## Profit and Loss

January 1 - July 14, 2017

	<u>Total</u>
<b>Income</b>	
Annual Assessments & Fees Income	198,219.29
COMMUNITY INCOME	192,742.60
Operational Income	131.95
Previous Year Collection Income	49,148.05
SPECIAL ASSESSMENT INCOME	375,316.83
Unapplied Cash Payment Income	109,027.65
WATER INCOME	96,870.73
<b>Total Income</b>	<b>\$1,021,457.10</b>
<b>Cost of Goods Sold</b>	
5000-AB COGS - Marina Vending	45.44
5005-AB COGS - Ferry Concessions	125.14
5010-AB COS - Ferry Fuel	10,975.63
5015-AB COS - Gas	19,254.90
5020-AB COS - Diesel	1,953.11
5030-AB COS - General POE Parking	2,500.00
5035-AB COS - Barge Rental	18,076.62
5045-AB COS - POE - Ferry Berth Rental	7,065.84
<b>Total Cost of Goods Sold</b>	<b>\$59,996.68</b>
<b>Gross Profit</b>	<b>\$961,460.42</b>
<b>Expenses</b>	
Administration	4,388.22
Insurance	55,218.50
PAYROLL	223,759.15
Professional Services	22,299.28
REPAIRS & MAINTENANCE	78,368.28
TAX	19,930.44
Unapplied Cash Bill Payment Expense	14,749.24
UTILITIES	13,443.62
<b>Total Expenses</b>	<b>\$432,156.73</b>
<b>Net Operating Income</b>	<b>\$529,303.69</b>
<b>Other Income</b>	
7005-AB Interest Income - Delinquent Accouts	56.21
7015-AB Reserve Accounts Interest	440.85

Marina Assessments	6,794.20
Other Income	112.35
<b>Total Other Income</b>	<b>\$7,403.61</b>
<b>Other Expenses</b>	
Bank and Credit Card Fees	128.39
Interest Expense - Marina Loan	32,885.39
Interest/Penalties/Other	121.52
Reserve Contribution	55,411.36
Reserve Expense	6,132.55
<b>Total Other Expenses</b>	<b>\$94,679.21</b>
<b>Net Other Income</b>	<b>-\$87,275.60</b>
<b>Net Income</b>	<b>\$442,028.09</b>

Friday, Jul 14, 2017 09:01:16 AM GMT-7 - Cash Basis

Hat Island Community Association

Balance Sheet

As of July 14, 2017

	<b>Total</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank Accounts</b>	
Operating Cash Accounts	599,807.24
Other Reserves	1,511.81
PCB - Capt. Res # 5771	212,830.81
PCB - Cash Reserves #5763	90,892.24
PCB - Marina Acct #9741	18,684.99
PCB - ROP Acct # 5797	36,714.48
<b>Total Bank Accounts</b>	<b>\$960,441.57</b>

Friday, Jul 14, 2017 09:11:53 AM GMT-7 - Cash Basis