

Approved Minutes for the HICA Regular Board of Trustees Meeting on November 18, 2017 held at the HIY&G Club, respectfully submitted by HICA Trustee Scott Wilson filling in for Secretary Kevin Smith in his absence.

President Scott Holte called the meeting to order at 10:32AM PST. In attendance were VP Karen Conner, Treasurer Mike Immel, Trustees Darla Younce and Scott Wilson. Trustee Udo Gerz attended telephonically. Secretary Kevin Smith was unavailable.

Approval of Minutes

An amendment was proposed to strike/omit the Assignment of Board Committee Chairs from the minutes. There was no opposition. Darla Younce Moved to approve the minutes from the **October 21, 2017** Regular Board Meeting, Mike Immel Seconded. The Motion passed unanimously with Scott Wilson abstaining due to his absence from that meeting.

Darla Younce moved to approve the minutes from the **November 5th, 2017** Special Telephonic Board Meeting, Mike Immel Seconded. The Motion passed unanimously.

An amendment was proposed to include Darla Younce as present. Karen Conner moved to approve the minutes from the **November 8th, 2017** Special Telephonic Board Meeting, Mike Immel Seconded. The Motion passed unanimously.

Legal Report

Scott Holte reported that he had met with HICA Counsel on Friday 11/17. Pre-Trial Discovery is continuing. Former IM Chuck Motson was deposed for two days. Scott Holte's CR30(b)(6) Deposition is scheduled for December. Scott explained that the CR30(b)(6) Civil Rule applies to Non-Profits Corporations. The Plaintiff sends an Interrogatory with questions which are limited. Defendants are continuing Discovery and other potential actions are pending.

Scott Holte reported that he, Kevin Smith and Mike Immel had received a thorough update and explanation of the Audit status and process. It was noted that 60 boxes of HICA Financial Records that had been requested by the Plaintiffs' Counsel months ago had not been touched. HICA demanded the return of said information. It is now in the hands of of Angelina Burnett, HICA's Contracted Bookkeeper. Angelina is in contact with the auditor and the 2015 & 2016 Audit is moving forward.

Marina Loan

Scott Holte pointed out that the Marina Loan was included in the Budget. Funds are designated to be applied to the Marina Loan Principal.

The Special Marina Assessment terms out in 2018. Included in the 2018 Budget are designated funds to continue payments.

The Board has the Authority to use excess funds including collected delinquent assessments to pay down the Marina Loan Principal.

Additional funds may be available as a result of the Lawsuit outcome. Also, Funds placed in the Registry by the Plaintiff could become available.

Scott Holte also noted that a Refinance of the Marina Loan was an option being explored.

Island Managers Report

- **Maintenance Operations Position**

George Paris has resigned from his maintenance position and we have posted the job opening on our website under the Employment Tab. This is a full-time, year-round position. Because we are requiring this employee to live on the island, it may take a while to fill. Once we have enough candidates to interview, I will be putting together a hiring team for the initial interview process. Please refer any maintenance needs, questions, or concerns to the Island Manager and I will get them resolved as soon as possible.

- **Water Leak:**

I will let the Water Committee Chair update everyone on our water leak last week. I would like to thank Chris Inman, Chuck Bright, Chuck Motson, Karl Arhart, Rick Bennett, and anyone else who provided support to resolve this catastrophic leak. I truly appreciate all the owners impacted by this service break for their patience and understanding.

- **Stormy Weather is Here!**

We had our first windy weather of the season. You will see branches along the rights-of-way that we pulled from the road. We will most likely wait a bit longer to clean this up, so if you have a small saw some of the branches will make good firewood. Staff will clear these areas as soon as they can fit that work into their schedules. We continue to find homes that have left their water on. It is the responsibility of the owner to shut their water off. If a line or something breaks on your side, it can result in losing thousands of valuable water and an extremely high water bill. Please turn your water off at the street and if you can't remember if you did or not, please give the office a call and we will check for you.

- Water Meters Reading:

Our wonderful volunteers and staff have finished meter readings this past week. Duan is preparing invoices and you should be receiving them soon. As we get into the winter weather with muddy roads and high tides some meter reading may not happen until next spring.

- Fourth Quarter 2017 Billings:

Fourth Quarter Billings have been sent out to owners. The Fourth Quarter Billing is due on December 31st. We would love it if you can get your payments in as soon as possible. In addition, we will be preparing letters for owners who still owe Marina Improvement payments which should have been paid by the end of last year and balances owing for the Marina Expansion assessment which owner should pay off no later than the end of 2018. I will be sending a letter and statement to owners with balances to encourage them to pay off their marina assessments as soon as possible. This will reduce the interest you will be charged next year as well as help us pay down the Marina Loan.

- January 2018 Barge Run:

We will be taking email request for owners wishing to bring items to or from Hat Island on the landing craft. The Barge Run is scheduled for Tues – Thursday, January 16 - 18th. Contact the Harbormaster at: harbormaster@hatisland.com. If you have questions about this program contact the office and we would be happy to give you more information. Additional written information can also be found on the website under the Barge Services Tab.

- Collections Efforts:

The office is currently sending out letters to owners who are in arrears for assessments, marina assessments and other fees. We sent out Collection Letters to owners owing \$500.00 dollars or more. This effort takes a significant amount of time away from other needed duties in the office and around the island. We ask owners to please keep track of their payment deadlines. These deadlines are established by our Bylaws. If you move, change your email address we need to know. If you are unsure of your payment balances you can always give us a call. We do not have the staffing to have a regular call service to remind owner to pay their bills. We need your help. Also, we are finding that many people are viewing their invoices but are not printing them out. Duan is getting several complaints from people saying they have not seen their invoices or got one. What we find most often is that they or their spouse or housemate is opening the document and then forgetting to let the other person who may be paying bills know it has arrived. We are not happy with our invoicing system and are looking to change to a coupon book for next year for assessments only. Fee based programs like water bills, marina assessments, moorage and golf will still be invoiced in our regular system. We hope this will cut down the confusion with our billing system. Duan will be happy to print a statement of your account should you need it.

We will continue to issue Collection letters to owners who are in arrears. Our most recent letters to owners sent in late October have generated \$34,162.32

Discussion & Approval of the Marina Committee's Proposed Changes;

Proposed Marina Rules: Darla Younce Moved to Approve, Scott Wilson Seconded.
Motion passed unanimously.

Proposed Brochure: Darla Younce Moved to Approve, Mike Immel Seconded.
Motion passed unanimously

Scott Holte noted the Quality of the Brochure and its Merits.

Committee Reports

Water

Scott Wilson reported on the leak that took place on November 2nd noting that it resulted in the loss of approximately 36,000 Gallons in 2-1/2 Hours. Acknowledgement and thanks were given to Water Operator Chris Inman, Chuck Motson, Chuck Bright, Rick Bennett and Karl Arhart. Further recognition was offered to Island Manager Sandy Bettencourt who keeps everyone in the Community well informed on a continuous basis.

Also noted were the combined Water Production YTD Totals amounting to 3,329,789 Gallons. The status of the Water System is stable.

Treasurer's Report: P&L, Balance Sheet & Budget PowerPoint Presentation

Mike Immel highlighted last month's P&L and Balance Sheet, attached. This was followed by a review and commentary of the 2018 Budget PowerPoint, **also attached**.



Hat Island Community 2018 Budget Presentation from the Board of Trustees



Legal Supplement to Treasurers Report

Scott Holte noted that the outcome of the Lawsuit doesn't necessarily solve the HICA's Financial Shortfalls being made up by the Special Assessment. While there may be a windfall of cash, unless the By-Laws are changed the entire process can start all over again. The By-Laws must be changed so that Island Management can move more quickly to foreclosure when Property owners refuse to pay their annual assessments. Scott Holte noted that the Trial is scheduled to begin early March and is thought to last about two weeks. Also noted was the fact that several of the "Complaints" or Causes of Actions" by the Plaintiffs had been dismissed via Motions for Partial Summary Judgement filed by HICA and other defendants Counsel. The HICA will go to Trial to defend the Island. If all "Complaints and/or Causes of Actions" are dismissed by Plaintiff and/or the Court, the HICA will pursue recovery of all expenses, Attorney's Fees and/or all associated costs incurred by the Community.

Delinquent Assessments will be pursued separately.

Community Input

- Q. A question was asked about MS and the Marine Payments.
A. The 2018 Budget includes the portion of the Payment not covered by the MS Contract Payment.

Q. A member commented that he heard a representative of “H” declaring/threatening to sue the HICA seeking a response from the Board.

A. Scott Holte offered that the Board had responded previously legally. Also noted was the fact that all potential litigation is reported to our Insurance Company. This process taxes the HICA’s Legal Representatives, Board Members and Staff along with the Financial Implications.

Q. Is there a Budget Vote soon for the Special Assessment?

A. Yes, the Ballot will be out shortly and the Votes will be counted and declared at the next Board meeting on December 16th. Scott Holte commented on the unique nature of a Non-Profit and the impact the Sudden Valley Case had on an HOA’s ability to change By-Laws and increase/decrease/change Regular Assessments which requires a simple majority of ALL Members. In the case of the HICA that would be approximately 301 Votes. The typical vote count in recent Elections is about 150.

Q. A Member commented that an Audit should be conducted every year to prevent potential fraud.

A. It’s a Measure on every Budget Ballot. The HICA Membership decides.

A comment was made about revisiting the Vision of the HICA as a Residential Community bringing Enforcement to the Island.

Q. A Member asked what happens to Barb and Duan if the Budget fails.

A. There may not be a Barb or Duan if the Budget fails to pass.

On that note Scott Holte reminded everyone to donate generously to the Employee Christmas Bonus Fund via Cash, Check, ACH or Debit Card.

Q. A Member suggested that the HICA needed to be educated on the By-Laws and how/why to change them.

A. Everyone on the Board agrees and there will an Initiative/Campaign started in early 2018.

Q. A Member asked that the Budget be explained in simple terms.

A. Acknowledged and noted that the Basics are outlined in the first section of the Ballot.

It was noted that a non-vote is a no vote.

Scott Holte asked for a Motion to adjourn to Executive Session. Mike Immel so Moved and Darla Younce Seconded.

The Meeting was adjourned at 12:05PM.

*Minutes respectfully submitted by Scott Wilson, Trustee

*The HICA minutes are intended to be a reasonable summary of the 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 Board.

Hat Island Community Association

Profit and Loss

January - October, 2017

	<u>Total</u>
Income	
Annual Assessments & Fees Income	250,873.14
COMMUNITY INCOME	295,176.51
Operational Income	278.50
Other Operational Income	-2.81
Previous Year Collection Income	52,394.79
SPECIAL ASSESSMENT INCOME	252,479.35
Unapplied Cash Payment Income	166,018.79
Uncategorized Income	236.00
WATER INCOME	116,557.59
	<u>\$</u>
Total Income	1,134,011.86
Cost of Goods Sold	
5000-AB COGS - Marina Vending	196.99
5005-AB COGS - Ferry Concessions	169.58
5010-AB COS - Ferry Fuel	14,253.76
5015-AB COS - Gas	27,398.79
5020-AB COS - Diesel	1,953.11
5030-AB COS - General POE Parking	3,000.00
5035-AB COS - Barge Rental	38,546.28
5040-AB COS - General Dumpster Day	2,804.76
5045-AB COS - POE - Ferry Berth Rental	10,641.14
	<u>\$</u>
Total Cost of Goods Sold	98,964.41
	<u>\$</u>
Gross Profit	1,035,047.45
Expenses	
Administration	9,669.44
Insurance	77,196.78
PAYROLL	348,852.32
Professional Services	40,056.74
Recycle and Dumpster Day Dumpsters	676.13
REPAIRS & MAINTENANCE	105,387.25
TAX	11,159.21
UTILITIES	22,862.99
	<u>\$</u>
Total Expenses	615,860.86
	<u>\$</u>
Net Operating Income	419,186.59
Other Income	
7005-AB Interest Income - Delinquent Accouts	206.98
7010-AB Misc Income	0.00

Hat Island Community Association
Balance Sheet
As of November 17, 2017

	Total
ASSETS	
Current Assets	
Bank Accounts	
9999 Marina Invoice Clearing	253.89
Operating Cash Accounts	
1100 Cash Petty	231.00
1111 Bank FB Operating Ckg - 41606	424,844.75
1121 CCB Operating Ckg Acct #1744	62,898.13
1122 CCB Receipts Acct# 6064	6,302.04
1125 Merchant Services / Secure Pay	26,170.86
	\$
Total Operating Cash Accounts	520,446.78
Other Reserves	
1129 CCB DNR Bond Acct# 3316	1,511.81
	\$
Total Other Reserves	1,511.81
PCB - Capt. Res # 5771	221,907.55
PCB - Cash Reserves #5763	172,444.88
1110 Cash Reserve Employee Bonus	3,603.86
	\$
Total PCB - Cash Reserves #5763	176,048.74
PCB - Marina Acct #9741	16,491.17
PCB - ROP Acct # 5797	39,969.25
	\$
Total Bank Accounts	976,629.19

Friday, Nov 17, 2017 11:15:24 AM GMT-8 - Cash Basis