

Approved Minutes for the HICA Regular Board of Trustees Meeting on May 19, 2018 held at the Hat Island Yacht Club respectfully submitted by HICA Secretary Pro Tem Kevin Smith

The meeting was called to order by President Scott Holte at 10:32 a.m. Present were Secretary Darla Younce, Treasurer Mike Immel, Vice-President Karen Conner, Trustee Kevin Smith, and Island Manager Sandra Bettencourt. Trustees Udo Gerz and Scott Wilson attended by phone.

Approval of Minutes

Scott Holte asked for a motion to approve the minutes from the April 21, 2018 Regular Board Meeting, Mike Immel moved to accept the minutes, Darla Younce seconded. The motion was approved with Karen Conner and Kevin Smith abstaining because they were absent for the meeting.

Island Managers Report 5/19/2018 (Written)

Port of Everett:

The Port has extended an offer to take its key tenants on a bus tour to show all the construction on the Everett waterfront on two upcoming Wednesdays. They will be taking the group to the Seaport to see the modernization efforts, Fisherman's Harbor Construction and the Riverside Business Park activity. The tour should last about 1 hour and will be followed by lunch. If any of the Board would like to attend, I can reserve a spot for them or they can RSVP on their own.

We will soon be contacting owners who have and/or want long-term parking permits for the Port of Everett. For those who have been parking there all year the fee will be \$500.00, new permit holders will be prorated at \$250.00. We will be sending out notices soon.

Ferry Operations:

We are now staffing the vessel for full operations. Due to increasing numbers, we will need to look at moving our high season staffing to May 1st in the future instead of mid-late May.

Ray and his crew have been working on several repairs on the vessel and we will have a summary of costs for the Vessel Committee soon but it is looking like after all the repairs are completed it will be \$9 - 10,000. Work includes, but is not limited to: Repair Exhaust Leak (22 hours of work), Coolant Leak Repair, Replacement of Coolant (30 gallons), Electro Gard work, Panel Updates, etc. All required work is needed to pass the 5-year inspections (and to keep operating!). Ray and his team have made great strides and are to be thanked for their diligence. Their 5-year Coast Guard inspection is scheduled for 5th. This is a beefed-up inspection, which will include all aspects of operations (i.e.: review of maintenance/passenger logs, inspecting hoses, valves, and fire suppression systems etc. They are a dedicated team and it is expected that this inspection will go well.

Marina Operations:

We will be officially starting High Season next week. Barb and the Operations Staff (Chris, Roy, and John) have been working on marina projects. They have stabilized things, painted and polished the north fish cleaning station, and repaired some non-working electrical boxes on the dock. We still have one non-operational unit that may need to wait until fall because we will have to pull wire. Other projects that will be completed soon will be electrical box cleaning, dock repairs (such as re-nailing planks and

installing safety ladders). We will be looking at purchasing more ladders to outfit all areas with ladders. The ladders are ~\$200 and we need several more.

New Slip Reserve System: Barb has put in place our new slip reserve program. This system replaced the dock reserve signs that people had difficulty seeing. This system has been used on Friday Harbor with success. The sign out will still be from the Harbor Master Shack. There is a sign-out sheet where owners can write their departure time and flag number. The system is good all day until 6 pm. You no longer have to come back in 2 or 4-hour timeframes and if you need to stay longer than 6 pm, you just need to notify the Harbor Master or write it on your sign-out sheet. We are not pre-reserving spots for owners, it is still on a first come, first served basis. Thanks to Greg and Karen Conner for their donation to create this program.

Barb will be working with the Marina Committee to determine when a dock party can be scheduled and what projects they would like to accomplish this season.

General Operations:

With a full crew in place we plow into a long-list of projects for the season. Roy, John, and Chris have been working on projects all over the island, from filling potholes, watering down dusty roads, to other improvements such as:

- Lighting and Replacement in buildings (office, well houses, and RO) and along the Marina. Including changing to LED lighting that are more efficient and cost effective.
- Repair/Painting of the Fish Cleaning Station (North End)
- Electrical Repairs on the docks
- Start of Right of Way mowing and debris clearing
- Repair to the Maintenance Shop (branch damage to the roof)
- Repaired the Maintenance Truck (looking for some interior replacement parts for the door)
- Finish body work on the Flatbed Truck
- Install fuel shutoff valve on Backhoe

Roy is fine-tuning his Excel spreadsheet that I will be providing the Board at future meetings giving the status of projects completed and a list of projects plus their priority or estimated start dates.

Drainage Plan Program: We have had a slight setback on this program. The equipment that we ordered from Kubota was damaged and lost in route. The backhoe seat attachment and walking aerator will be scheduled for delivery on our July barge run. Brad is working with the Kubota owner on a discount for the aerator. We have no shortage of projects to work on. Roy is going to be reviewing the plan and will prepare for work to start once the equipment arrives.

Golf Course:

As Brad said at our last staff meeting: The Grass is Growing... and Growing! He is spending quite a bit of time on the course mowing. He has removed sand in the #4 Bunker and replaced sod on the # 5 & 6 women's tees. Hopefully during the summer after arrival of the new equipment he will be able to install another bunker near the 8th hole. Today, he is working with volunteers on the course to get the remaining winter debris cleaned up.

Water Operations:

See Water Committee Report. We just completed meter reading and invoices will be sent out shortly. This is moving much more smoothly with our great volunteers: Tammy Mason, Deb Payne, Steve and Toni Jefferies, Sharon Meadows and Bill Townsend, and Stan and Karen VanSpanje.

CEDCORE Site Visit:

Ray Myers, Project Manager for CEDCORE visited Hat Island on May 9th. Ray's role involves a site inspection of the items that are covered within the Reserve Study, evaluate their useful life, replacement years etc. Most of the items that are currently listed for replacement have been listed as on hold (based on funding availability). Ray oriented us all about the program and then accompanied our operational leads to inspect the equipment. Mr. Myers will be sending us a draft of his part of the project for our review as soon as it is updated in his system.

Collections:

We are receiving payments from some of the owners who are in arrears. In addition, we have arranged payment plans with a few owners. We are just past 30 days since the last set of collection letters were sent for the First Quarter 2018 and before. I will be meeting with the Board in Executive Session to discuss Collection Agency options. Next Monday, we will go through the list to see who has paid and who has not responded to our Collection Letter #1 or #2.

CCR & Rule Violation Enforcement Letters:

I have sent the first of my CCR/Rule Violation Letters to owners. The letters sent are warning letters with the exception of owners dwelling in sheds. As recommended by the Board, I will also be forwarding these parcels to the Snohomish County Planning and Development Department for further review. The County did inform me that when sheds are outfitted with stoves, other cooking facilities, sinks, and 220 power they fall into a dwelling category and need to be permitted as such. Other notices for other CCR or rule violations will be sent as needed. I will review the violations in Executive Session.

Future Project Work:

- Prepare for on-site Audit Visit (both staff and Board Members)
- Coordinate with Mike Immel (Finance Board Chair) to create the upcoming budget development calendar
- Finalize Staff Recommendations for upcoming Budget Cycle (June)
- Advertise for upcoming Board Elections (July)
- Coordinate June Puget Sound Y. C. Annual Meeting
- Finalize Port of Everett Berth and Parking Agreement work
- Other Operational Project Manager (i.e. Drainage Plan Work Schedule)

Submitted by: Sandy Bettencourt, Island Manager

Presidents Report:

Included three topics as follows...

Legal Report: Basically, no developments. The attorney for the major property owner has agreed to limit his latest discovery request to one question left for Judge Lucas. They plan to do a deposition and we are ready for it. More information to follow when available.

Status of POE Agreement: HICA representatives had another meeting with the port last week. A number of emails have followed. We have remained firm, yet fair, in our response and hope to finalize the agreement soon.

Report on meeting with the City of Langley and Port of South Whidbey: These two entities requested a meeting two weeks ago with HICA regarding future plans for a passenger ferry service. It was a very cordial, informative and interesting meeting. Interestingly, unlike us they have the ability to get grants from the government. Thus, they are interested in partnering with us in the future. In short, they would seek to buy a new ferry and HICA would lease it and provide the ferry service. The city of Langley would be responsible for repairs, etc. We would negotiate a fair fee for using the boat, staffing, etc. This would not be a moneymaking endeavor for either party.

This was also discussed with the Port of Everett and they were receptive to the idea. They have future plans to increase access to the waterfront with bus service and other things in 2019. After discussion with our attorney, there are no potential legal problems foreseen here. Udo Gerz, Board Chair of the Ferry Committee, is exploring things. One possibility was a Bremerton Ferry that has been taken out of service, but we believe it has been sold. This idea would be reminiscent of the old "Mosquito Fleet." Service would be daily and this could present a classic "win-win" for all parties. There may be other groups looking for similar situations in the North Sound, but this could dramatically increase our exposure in the area, marketing, and other things. More information will follow when available.

Submitted by: Scott Holte, Board President

Treasurers Report:

Included two topics as follows...

Financial Summary: the P&L and balance sheet were presented. Of note, \$23,746.20 was paid toward the marina loan principal. In addition, \$4,700 per month is a line item in our 2018 Budget for our monthly marina loan payment, augmenting the \$10,000 paid each month by the major property owner based on a prior agreement. Marina reserves are low, thus we are looking at ways to improve that account to have for "rainy days" as needed.

Status of Audit: things are starting to wrap up! Pending submission of a few necessary informational items, the auditor would like to visit Hat Island soon with the Board of Directors and office staff in attendance. Hopefully the final audit document will come soon thereafter.

Submitted by: Mike Immel, Board Treasurer

Water Committee Report:

Water produced in April:

	April	YTD
Wells	147,305	541,118
RO	71,900	293,880
Totals		834,998

During April the wells and RO performed well.

The production total from this month was similar to April of last year.

On the RO side of things we ran fairly well. We still do not have numbers from Case on the cost comparison of rebuilding the sand filters vs. switching them out to the Aqua Bol system. They did update me that they are working with Bol to see if they can sell us the Aqua Bol filter that they just pulled off of a cruise ship. They needed to validate its performance, which was excellent, but they need a bigger filter for their ship and we may be able to purchase the smaller one at a reduced price. I will provide an update when Case gets back with me.

The wells ran fine and the state tests were all good. The Nitrate test on the wells came back and was well within state limits. The RO will be due for this Nitrate test in July.

Chris Inman is planning on taking the WDM1 test in May or June.

Submitted by: Scott Wilson, Water Committee Board Chair

Marketing Committee Report:

The July issue of the Herald Business Journal is focusing on the Port Of Everett 100 Year Anniversary and Sally Cravens, their Special Sections Manager, is reaching out to Everett Businesses and Partners to express their best wishes to Port Of Everett in the form of sponsorship or advertising in that issue.

They are exploring the defining moments of POE's past and their future. There will be approximately 30K copies inserted into the Daily Herald for the July 3rd paper.

It is fee based:

The \$1500.00 sponsorship includes:

- 5 copies of the POE 1st 100 years
- On Screen Recognition at the POE Sail-in Cinema Movie Series
- Recognition at the Port of Everett's Sea Port Customer Appreciation Event
- A full page advertisement in the July edition of the Herald Business Journal

Other advertising rates:

- Full Page 6 col. (9.833) x 10" \$1200.00
- Half Page Horiz. 6 col. (9.833) x 5" \$699.00
- Half Page Vert. 3 col. (4.833) x 10" \$699.00
- Quarter Page 3 col. (4.833) x 5" \$399.00
- Eighth Page 3 col. (4.833) x 2.5" \$199.00

Booking Deadline is Monday June 18th. The Marketing Committee will be meeting tomorrow, Sunday May 20th to discuss and make a recommendation to the Board.

Submitted by: Darla Younce, Marketing Committee Board Chair

President Scott Holte called for a motion to accept the \$1500.00 sponsorship level for HICA. Mike Immel moved to accept the motion, Darla Younce seconded. The motion passed unanimously. It was noted that content would be for HICA only. The Island Manager will notify realtors on the island regarding the sponsorship opportunity in the event that they wish to participate on their own.

The Governance Committee is gearing up and the Finance Committee will be starting to work on the 2019 budget soon. The current lawsuit trial date is December 3, 2018.

Community Input

Bette Near asked whether Puget Sound Yacht Club rental dollars could be utilized as marina income and focused toward the marina loan pay down? The Board is looking into possibilities of that.

Destia Hermes was curious regarding our future parking situation and whether parking for more than 72 hours would still be a possibility? This is uncertain at present, standard 72 hour parking is available, but we will have to sort out parking beyond that time period.

Bill Wyatt asked for an update on the audit? We briefly reviewed the information previously presented.

Diane Smith asked if there was an actual marketing budget for things like the POE sponsorship. She was informed that there is not one and that items are discussed and approved on a case by case basis.

Lyle Whelchel had some thoughts regarding our transition to a cashless payment system for various island services. His and other questions were answered, there is no fee for these transactions using our square system. Online there is a 4% fee. We briefly discussed a letter we received on the subject as well. The community was reminded that in the absence of a credit card or check, they can bill their account, buy tickets for certain activities like golf, ferry, etc. Thus there are number of alternatives where issues exist.

Lori Christopher noted that with high season and increasing visitors, the ferry and its staff could be more welcoming, they are our ambassadors. Negative conversations have been heard. We will discuss this with our staff to assure professionalism on all levels.

Susan Dahl wanted to remind those who walk their dogs to please pick up after them, along the roads, on the dock, in community areas.

Sharron Meadows had questions about whether golf clubs are freight on the ferry or not? We will review our ferry policies and clarify things as needed.

There was a brief discussion regarding potential for future assessment changes given new laws relating to changes in the Sudden Valley Ruling. The community can rest assured that future assessments, however big or small, will be voted on by the community per our existing rules. The goal will be that regular assessments will be focused toward the operating budget in its entirety and special assessments will be utilized for other needs, like marina loan pay down, reserve funding, etc.

Adjournment

With no further business President Scott Holte called for a motion to adjourn to Executive Session to discuss legal and personnel issues and not reconvene into regular session. Karen Conner so moved Mike Immel seconded. The motion passed unanimously. The meeting was adjourned at 11:25 a.m.