

APPROVED Minutes for the HICA Regular Board of Trustees Meeting on August 18, 2018 held at the Hat Island Yacht Club respectfully submitted by HICA Secretary Darla Younce

The meeting was called to order by President Scott Holte at 10:43 a.m. Scott introduced the Board and apologized for the delay and technical difficulties. Present were Vice-President Karen Conner, Secretary Darla Younce, Trustees: Kevin Smith, Udo Gerz and Scott Wilson. Not present: Island Manager Sandra Bettencourt and Treasurer Mike Immel.

Approval of Minutes

Scott Holte asked for a motion to approve the minutes from the July 21, 2018 Regular Board Meeting, Kevin Smith moved to accept the minutes, Scott Wilson seconded. The motion was unanimously approved.

Scott Holte asked for a motion to approve the minutes from the special telephonic Board Meeting Held on June 19th 2018. Darla Younce so moved Scott Wilson seconded. The minutes were approved unanimously.

No Island Managers Report 8/18/2018

Legal Report: (Written)

Update on lawsuit by a group of Division H owners against the HICA:

On 8/24/2018 at 9:30 A.M. in the Snohomish County Superior Court two motions will be heard:

1. HICA's Motion for Summary Judgment to determine two issues.
 - (a) Whether the Division H CCRs and the Division H plat require the Association to maintain the "road." And
 - (b) A ruling that HICA does not own a fee title interest in any of the non-community Division H lots.

2. The Division H owners have filed their own Motion for Summary Judgment.

The Association filed its motion some time ago to obtain a ruling, in essence, on the "ownership" of the "road." It was hoped, based in part upon the original complaint filed by the Division H owners, that the matter could be decided quickly with much less cost.

In response the attorney for Division H, who had a health issue, requested a 60-day continuance, which was agreed to by our counsel. Thereafter, the attorney for Division H filed an amended complaint, adding an "equitable" claim. The result is that it is unlikely that the case will be decided in a summary manner and the Association will continue to incur attorney fees and costs defending the lawsuit.

Submitted by: Scott Holte, Board President

Treasurers Report: (Written)

P & L looks to be on pace and nothing unusual to report. They are attached to these minutes.

Balance Sheet: Highlights: - Capital reserves - \$312,151, Cash reserves - \$202,811, Marina reserves - \$84,694, R. O. reserves \$55,746, Total reserves are \$655,403. Compared to total cash in the bank at \$1,324,334. That means that 49.5% of cash is now in reserves!!!!

eCondoServices is progressing. Like any transition, it will take a lot of questions, a lot of (patience). Everyone must cooperate and do everything possible to make this work for the future of the island. If you think back to the transition from AcPac to QBO this was a long process. Everything will be fine as long as everyone does their best to make this successful. Next month’s financials will be the first from them. Also, funds are gradually being moved to the new accounts to pay bills, make payroll etc.

Submitted By: Mike Immel Treasurer

Committee Reports:

Water Committee Report: (Written)

Water produced in July:

| | July | YTD |
|--------|---------|-----------|
| Wells | 290,518 | 1,252,141 |
| RO | 328,240 | 1,065,850 |
| Totals | 618,758 | 2,317,991 |

During July the wells and RO performed well.

The production total from this month was ~8% more than July of last year

On the RO side of things we ran fairly well. Case has contacted the state and the AquaBol filter is fine with them as long as an engineering firm OK’s its use. Case is working with Gray & Osborne who was the original Engineering firm we used to build the RO to get their OK.

The wells ran fine and the state tests were all good. We did do the yearly state required Nitrate test on the RO and we are waiting to get the results from Edge.

On the quarterly update for water loss compared to the same quarter last year we are at 26% which is higher than the 22% from the same period last year. In gallons unaccounted for we were at 126,476 in this quarter of 2017 and we are at 174,637 for the same quarter in 2018 which is Feb- May.

Submitted by: Scott Wilson, Water Committee Board Chair

Community Input

Sharron Meadows – asked about the Board’s plan to cover the business of the office and when Duan would be gone. Scott Holte said that Duan has agreed to stay until the end of September and continue with transitioning to eCondoServices. Sharron also asked about the water billing invoices. Since we have a tiered billing system depending on the amount of water used. Will there be a breakdown of usage included in the invoice? Those breakdowns help owners understand their water usage. Scott Holte replied that we know there will be adjustments to reports and invoices as well as other processes worked through the office. We are envisioning that the new Island Manager would have some say on how the island is run.

Evon Peace G108 stated that when they bought their lot it was their understanding that basic water was \$10.00 per month. Water is charged on a per quarter schedule based on usage.

Bill Wyatt H45 Will ALL payments be made to the new company? Answer: Yes. We will have Sandy send out another reminder.

Ginger Harmon A35 Said that the most important thing in the letter was to change the address where to send monies. **Kevin Smith** reminded everyone that we are only 18 days into this process. **Bill Wyatt** said that Mike Worthy was having trouble contacting eCondoServices to ask for assistance with his payment plan. **Pam McCarthy** said that she had a good experience communicating with eCondoServices through email.

Barbara Harris M39 Reported that she received five (5) welcome letters and asked the Board to have them re-write the welcome letter to address our structure. Scott Holte Said that Duan and the office have been continually working with eCondoServices and have had multiple correspondence daily.

Bill Wyatt H35 Asked how bad was the theft in the office that made us transfer service? **Karen Conner** replied that there was absolutely No Theft. Q & A regarding the transfer of service was attached to last month’s minutes and they are also available on the website.

Linda Ebner – How is the 2015 audit coming along? Scott Holte replied that the Audit firm has asked us to follow up on 10 more questions and we have made it a priority to get those answered.

Charlene Day J23- said that she observed a young adult riding a ATV recklessly on the beach over clam beds and would it be possible to have signage to help deter such behavior? **Scott Holte** said if we could pass a rule we could do it. We did pass a fine policy that Sandy worked on in the long range planning meeting. **Charlene** noted that science has evolved that proves riding ATVs on clam beds hurt the eco system. **Scott Wilson** said that he raised two young men on this island and what it comes down to is parenting. Parents are responsible for teaching their children to be respectful to the environment. **Barb Conwell** reminded us that a lot of elderly use ATV to access the beach as well as the south end community. **Chuck Motson E17** stated that the owners on this island own down to extreme low tide and the community does not have the authority to place signage. **Tom O’Day** disagreed with that. **Dan Jensen** – Doesn’t the community own Conwell Park? At least put a sign there.... All that being said, Scott Holte asked for a motion to adjourn to “Meet the Candidates” and then into executive session with no reconvening.

Darla Younce so moved. Udo Gerz seconded. The meeting was adjourned at 11:15 a.m.

January - July, 2018

| | <u>Total</u> |
|--|------------------------|
| Income | |
| Annual Assessments & Fees Income | 221,199.83 |
| COMMUNITY INCOME | 244,265.73 |
| Other Operational Income | 180.01 |
| Previous Year Collection Income | 80,351.84 |
| Services | 25.00 |
| SPECIAL ASSESSMENT INCOME | 278,505.70 |
| Unapplied Cash Payment Income | 101,274.60 |
| Uncategorized Income | 666.12 |
| WATER INCOME | <u>90,639.56</u> |
| Total Income | \$ 1,017,108.39 |
| Cost of Goods Sold | |
| 5000-AB COGS - Marina Vending | 95.28 |
| 5005-AB COGS - Ferry Concessions | 183.56 |
| 5010-AB COS - Ferry Fuel | 14,660.81 |
| 5015-AB COS - Gas | 16,976.53 |
| 5020-AB COS - Diesel | 2,230.83 |
| 5035-AB COS - Barge Rental | 30,049.75 |
| 5045-AB COS - POE - Ferry Berth Rental | <u>9,001.88</u> |
| Total Cost of Goods Sold | \$ 73,198.64 |
| Gross Profit | \$ 943,909.75 |
| Expenses | |
| Administration | 9,045.06 |
| Insurance | 40,704.06 |
| PAYROLL | 244,717.84 |
| Professional Services | 70,254.11 |
| REPAIRS & MAINTENANCE | 60,941.96 |
| TAX | 14,496.10 |
| UTILITIES | <u>15,765.43</u> |
| Total Expenses | \$ 455,924.56 |
| Net Operating Income | \$ 487,985.19 |
| Other Income | |
| 7000-AB Gain/Loss Sale of Assets | 31,250.00 |
| 7005-AB Interest Income - Delinquent Accouts | 133.17 |
| 7015-AB Reserve Accounts Interest | 1,012.00 |
| Marina Assessments | 431.51 |
| Reserve Revenue | 131,281.29 |
| SPECIAL PROJECTS - DONATED INCOME | <u>1,625.00</u> |
| Total Other Income | \$ 165,732.97 |

| | |
|-----------------------------|----------------------|
| Other Expenses | |
| 7020 Bad Debt Expense | 0.00 |
| Interest/Penalties/Other | 29,338.22 |
| Reserve Expense | 29,005.98 |
| Total Other Expenses | \$ 58,344.20 |
| Net Other Income | \$ 107,388.77 |
| Net Income | \$ 595,373.96 |

Thursday, Aug 16, 2018 04:41:46 PM GMT-7 - Cash Basis

Hat Island Community Association Balance Sheet As of July 31, 2018

| | <u>Total</u> |
|---|------------------------|
| ASSETS | |
| Current Assets | |
| Bank Accounts | |
| 1100 Cash Petty | 55.00 |
| 1111 Bank FB Operating Ckg - 41606 | 625,643.31 |
| Total 1111 Bank FB Operating Ckg - 41606 | \$ 625,643.31 |
| 1121 CCB Operating Ckg Acct #1744 | 28,923.53 |
| 1122 CCB Receipts Acct# 6064 | 707.42 |
| 1125 Merchant Services / Secure Pay | 9,504.49 |
| PCB - Sweep Acct #5755 | -19.26 |
| Total Operating Cash Accounts | \$ 664,814.49 |
| Other Reserves | |
| 1129 CCB DNR Bond Acct# 3316 | 1,512.24 |
| Total Other Reserves | \$ 1,512.24 |
| PCB - Capt. Res # 5771 | 312,151.05 |
| PCB - Cash Reserves #5763 | 202,811.60 |
| 1110 Cash Reserve Employee Bonus | 3,603.86 |
| Total PCB - Cash Reserves #5763 | \$ 206,415.46 |
| PCB - Marina Acct #9741 | 84,694.03 |
| PCB - ROP Acct # 5797 | 55,746.72 |
| Total Bank Accounts | \$ 1,325,333.99 |
| Accounts Receivable | |

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