

DRAFT Minutes for the HICA Regular Board of Trustees Meeting on December 15, 2018 held at the Hat Island Yacht Club respectfully submitted by HICA Vice President Darla Younce

The meeting was called to order by President Scott Holte at 10:30 a.m. Present were Vice-President Darla Younce, Treasurer Kurt Kassahn, Island Manager Mike McCarthy, Secretary Tammy Mason. Trustees Udo Gerz & Scott Wilson were on the phone. Trustee Kevin Smith was absent.

Prior to the Regular meeting President Scott Holte announced at the Community meeting the results of the 2019 Budget ballot as follows: The 2019 Budget passed with 96 yes votes and 32 no votes. The waiver of an audit with a review instead passed with 91 yes votes and 38 no votes.

Approval of Minutes

Scott Holte asked for a motion to approve the minutes from the Regular Board Meeting 11/17/2018 Darla Younce so moved, Kurt Kassahan seconded. The motion was approved.

Presidents Report:

Announce Appointment to Committee Chairs and Members:

Equipment and Vessel Committee

Board Chair: Udo Gerz; Community Chair: **TBD**

Committee Members: Jim Moore, Rick Bennett, Ray Brown, Ray Stephensen, Dan Jensen, Chuck Motson, Lyle Whelchel, Cheryl Pettersen, Craig Harris and Terry Flores.

Finance Committee

Board Chair: Kurt Kassahn; Community Chair: Alan Dashen

Committee Members: Ginger Harmon, Mike McCarthy (Island Manager) Kimberley Gleeson, Mike Immel, Scott Holte (Board Member), Dan Jensen.

Golf Committee

Board Chair: Darla Younce; Community Chair: **TBD**

Committee Members: Ron Near, Larry Bender, Joe Ebner, Shirley Allen, Ann Salvadalena, Brad Tinius, Greens Keeper.

Governance Committee

Board Chair: _____; Community Chair: Karen Conner

Committee Members: Bill Townsend, Cindy Gregory, Turie Holte.

Long Range Planning Committee

Board Chair: Kevin Smith; Community Chair: Chuck Motson

Committee Members: Dennis Dearing, Bruce Kolpack, Tom O'Day, Kurt Kassahn (Board Member), Mike McCarthy (Island Manager).

Marina Committee

Board Chair: Udo Gerz; Community Chair: Dennis Dearing Committee Members: Dennis Dearing, Jerry Dahl, Jim Murphy, Bill Townsend, Philip Spagnoli, Sharon Meadows, Barb Conwell (Harbormaster).

Marketing Committee

Board Chair: Darla Younce; Community Chair: Lori Christopher

Committee Members: Sharon Meadows, Bill Townsend, Kim Gleason

Water Committee/Drainage (Subcommittee)

Board Chair: Scott Wilson; Community Chair: Jay Peterson; Committee members: Jay Peterson, John Holte, Chuck Motson, Chris Inman, Water Operator.

Legal Report: (Written)

1. Surowiecki, Britten & Borromeo v. Hat Island:

Trial Court: Judge Lucas granted the Plaintiffs' Motion for a Voluntary Dismissal of the remainder of their claims in the lawsuit. The Judge, however, struck the language "without costs" from the Plaintiffs' proposed Order of Dismissal. At the same time our legal counsel, together with counsel for the previously dismissed Defendant Motson, filed a Motion for Attorney Fees and Costs. Specifically, the Motion seeks \$593,071.00 for HICA's fees, \$240,932.00 for Motson's fees and \$111,086.00 in costs (mostly related to thousands of pages of document productions). Subsequent to the Meeting on Saturday a hearing on the Motion for Attorney Fees occurred on 12/20/18. **Judge Lucas ordered an award of attorney fees and costs in excess of \$900,000.00 for the Defendants and against the Plaintiffs Surowiecki, Britten, and Borromeo "jointly and severally."**

Court of Appeals: Surowiecki has filed a Notice of Appeal to the Court of Appeals, Division One.

1. Division H lawsuit: There is no update to report. The attorney representing the Plaintiffs has been on leave, but has agreed to a mediation of the dispute in early 2019. The trial is set for June 17, 2019.
2. Division J lawsuit: Our attorney is preparing a motion for a Summary Judgment of Dismissal in early 2019. We do not believe there are any disputed issues of fact. There is no dispute about the Association's governance and assessment structure prior to Surowiecki's purported amendment. There is no dispute as to what Matt has done. Accordingly, all the court need do is apply the law to the undisputed facts, but there is no guarantee of success.

4. Foreclosure lawsuit: Our attorney is moving forward early next year with a Summary Judgment for the amount owed against the lots. If successful, we will proceed to a Sheriff's sale of the lots.

Island Manager Report to the Board of Trustees December 15, 2018 (Written)

eCONDO SERVICES – TRANSITION UNDERWAY

HICA continues to retrieve records from eCondo Services and rebuild QB Online files. HICA has successfully assumed all accounts payable and billing responsibilities. The office has commenced collection activity which will accelerate substantially in January. Members of the community have been understanding of glitches resulting from the transition. Rebuilding of owner accounts has been delayed by the slow transfer of uncashed checks to HICA.

AUDIT STATUS

Without further assignments from the Auditor, the HICA office should conclude its work on the pending audit by mid-January. The workload on this project has expanded substantially since October. The remaining items for inquiry include multiple years of owner account write-off documentation, multiple years of capital asset write-off documentation and attorneys' fees. The necessity for accurate baseline numbers has resulted in the need to research as far as 2007.

ACCOUNTING SOFTWARE RESEARCH

Working with Board Treasurer, Kurt Kassahn, we have been investigating the suitability of available software to meet the future accounting needs of HICA. Several members have contributed their perspectives in this process. We are primarily examining software specifically designed for complicated HOA's while also looking at the capacity of our existing QB Online system and QB Desktop. We are in the second round, re-reviewing the most likely candidates. We expect to present a recommendation to the Board in early January.

ISLAND TRANSPORTER BUS

The Island has purchased a 2007, 13 passenger Ford Bus, with a handicap lift for use on the Island. The transporter will be used to take people to and from the Ferry. Use of the bus should help to minimize long term parking demand in the marina area. The purchase price of the bus was \$4500. Although it has high mileage, a mechanic's inspection of the vehicle was positive. We were able to prevail upon the owner to reduce the original asking price and install a new battery. The bus will arrive in January.

SNOHOMISH COUNTY PUD

Snohomish County PUD has been active on the Island recently and we have experienced several outages in connection with their work. They are still working to locate and repair the break in the three-phase

electrical supply cable. The cement anchor which was suspected to have damaged the cable has been removed, but was determined not to be the location of the break in the cable. PUD is now predicting that they will find the break within 25' of the cement anchor location. The generator to run the R.O. system has been installed and is operational. The next PUD visit to the Island has not been scheduled. PUD has been discussing the need to design and plan for a replacement cable installation.

SAFETY IMPROVEMENT FOR AIRLIFT NORTHWEST LANDING SITE

Recently, Signature Tree Service was hired by HICA to trim trees adjacent to the golf course, and cut down an additional six trees on the Island. The two trees were trimmed on the 3rd fairway of the golf course to increase the safety of the landing area for at the request of Airlift Northwest (which provides emergency helicopter evacuation services to Hat Island). Six dead trees were removed from the swampy area of Lots A76 and A93 (both owned by HICA) to eliminate a threat to Wellhouses #5 and #6.

REPAIRS TO THE RO SYSTEM

Chris Inman has identified the need to replace the Variable Frequency Drive at the R.O. Plant. This is a controller unit that coordinates water pressure with the initiation of the operation of the high-pressure pump to avoid damage to the system. The existing VF-Drive shows evidence of corrosion but may have also suffered a surge due to the recent power outages. We are currently comparing the cost of repair versus replacement. A replacement unit will cost approximately \$3,000.

WATER MAINTENANCE

Next week, Chris Inman will be taking the test for his Water Treatment Plant Operator No.1 license. Assuming a positive outcome on the test, HICA will be able to reduce its annual expense of the retaining an outside operator. Best wishes to Chris on the 21st!

POE AND FERRY SERVICE

We have concluded our negotiations with the POE to update the content of the User Agreement in connection with the Ferry moorage. We anticipate signing the new agreement next week. The most significant change eliminates the separate garbage enclosure (and related expense) and allows passengers to use the existing POE garbage containers.

REDUCED OFFICE STAFF

The office manager, Duan Tinius will be on vacation until the first week of January. Her absence has caused a reduction in services available at the HICA office. Your patience is appreciated.

Respectfully submitted,

Mike McCarthy, Island Manager

Committee Reports: (If any)

There were none

Community Input:

Due to the fact that the secretary's car was broken into, her laptop and notes stolen the community input was not recorded for this meeting.

Adjournment, No Executive Session.

With no further business Scott Holte called for a motion to adjourn Darla Younce so moved Kurt Kassahn seconded. The motion was passed unanimously the meeting was adjourned at 11:30 a.m.