

Approved Minutes for the HICA Regular Board of Trustees Meeting on May 18, 2019 held at HIY&GC respectfully submitted by HICA Secretary pro tem Kevin Smith.

Vice President Darla Younce called the meeting to order at 10:32 AM. Also present were Treasurer Kurt Kassahn, Trustees Scott Wilson, Udo Gerz, and Kevin Smith, and Island Manager Michael McCarthy. President Scott Holte and Secretary Paula Bafaro were not in attendance.

Vice President Darla Younce called for a motion to approve the Minutes from the April 20, 2019 Regular Board of Trustees Meeting. Scott Wilson so moved; Kurt Kassahn seconded. The Motion passed unanimously.

Legal Report – Darla Younce (for Jeremy Stilwell)

There are two matters to report to the Community:

1. Our Motion for an award of attorney fees and costs in the Division J lawsuit by Matt Surowiecki, which was dismissed, will be heard on May 24th at 1:00 P.M. in Judge Kurtz's courtroom, which we believe is Department 6. For those of you who would like to attend you should check the "reader board" when you enter the courthouse to confirm the correct Department.
2. Unfortunately, the Commissioner in the Court of Appeals has granted the stay of our foreclosure action against Matt's 38 lots. In order to enforce the stay, however, Matt has to post another bond in the amount of \$183,318.66. If he fails to post the bond, we can proceed with the foreclosure. The bottom line is that with this discretionary ruling we will have to wait until the entire Appeal is decided, which probably won't be until sometime in 2020.

Treasurer's Report – Kurt Kassahn

A continued thank you for the support of the community to fund the HICA with our assessment structure. This has allowed us not only to run the island but build a healthy balance sheet.

Our assessments support all infrastructure & common areas & the staff to meet our needs. These include the ferry, golf course, RO & water system, roads & marina, everything but owners lots.

Highlights:

- Operating Cash Accounts: \$584,092 down \$61.5K which is expected.
- All payables are current.
- Reserves are healthy!
- Caliber is working!
- Mike is recommending adjustments to the Cedcore Reserve study.

A note to the community on the impact of the continuing litigation & audit. These demands are the major daily focus for Kim & Duan to meet the needs of both. This has been the case for several years.

When completed all information will be imported to Caliber from all past accounting systems. Though frustrating, it's critical that our financial records are fixed moving forward, especially for future audits! Mike will speak more to this regarding the time and number of entries involved in our review to complete the present audit.

Insurance (~\$100K) is all paid up. The Marina Loan balance is currently ~\$850K with a HICA monthly contribution of ~\$500 to go along with Mr. Surowiecki's \$10K each month per a past agreement. Mike McCarthy assured the community that **no money is missing!**

Island Manager's Manager's Report – Michael McCarthy

AUDIT - UPDATE

In connection with the 2015/2016 audit we are looking for two numbers: the amount of principal paid by Members on the Marina Improvement Assessment and the Marina Expansion Assessment during the audit years.

These numbers are in our accounting systems (AccPac and QBO) - - - but they are imbedded in each Member's individual accounts, and they were never compiled.

We are building a compilation spread sheet that captures the detail from each Member's account.

Building that spread sheet requires serious extensive data entry and that takes a lot of time. Let's take a look at the math:

- a. We have 937 lots (exclusive of community owned lots) subject to assessment;
- b. Most owners paid four principal payment on each of the two assessments (Improvement and Expansion), plus interest - - 10 entries per year;
- c. 10 entries per year times 937 lots comes to 9,370 total entries per year;
- d. From 2007 to 2019;
- e. About 100,000 entries - - that, takes a lot a time to compile.

HAT EXPRESS - UPDATE

Recently, Ryan Taisey was awarded his 100 Ton Master's License. Last week, Ryan was appointed as the designated Relief Captain (in addition to his position as First Mate/Engineer). Captain Blake Berry recently approached the Office with an interesting idea that I would like to share with the Community and solicit input. Blake proposes that we consider scheduling Saturday trips from Hat Island to Langley on the ferry. These trips may be once a month or more frequently during the summer. Seating would be reserved on-line and would require a minimum of 20 passengers. We are investigating the logistics and would appreciate your input. Please send your suggestions or comments to me at hioffice@hatisland.com.

FIRE DISTRICT 27 - UPDATE

Although independent of the Community Association, it's appropriate to put a spotlight on the Hat Island Fire Department. They have recently certified five new EMT's (and expect more soon). The efforts to obtain the training and the dedication of the volunteers should be applauded by the Island. Hat Island EMS services is a steady business. This represents a substantial expansion of District 27 capacity to respond to emergencies with trained personnel. Thank you, Chief Worthy, and thank you to those neighbors who have worked so hard to gain their new certification.

DIVERS IN THE MARINA - REPORT

Recently, the Island retained divers evaluate the underwater condition of the wood pilings in the Marina. They visually inspected and physically probed each of the 33 wood pilings in the marina. I am pleased to report that the resulting Surveyor's Report confirms that all pilings are structurally sound while identifying three that should be carefully monitored for future deterioration.

PUD - UPDATE

As you may recall, we have experienced power supply issues during the winter months and PUD has not been able to reestablish three phase power necessary for the operation of our reverse osmosis system. The RO system is used during the high season months. Snohomish County PUD arranged for the delivery and installation of a three-phase diesel generator as a temporary solution. PUD planned to replace the diesel generator with a phase-adder. The new equipment has been built and we were expecting installation by the end of April. PUD informs us that due to their requirement to issue a RFP that installation will be delayed. Due to the delay we have asked that PUD furnish adequate fuel to run the generator to power the RO System. They plan to hire a barge for delivery of the needed fuel. We anticipate starting to make water sometime around June 1st. We apologize for the anticipated noise from the generator.

WHEN BOATS ANCHOR NEAR THE ISLAND

Last week an Island owner anchored his 48-foot wooden yacht near the Island Commons. Several residents contacted the office to express their concern. While the beachfront lots extend into the tidelands, it appears that the point of anchorage is beyond the lot lines of any lots. In that case, the anchorage is deemed to be state-owned aquatic lands. WAC 332-52-155 provides that a vessel may anchor for periods of up to 30 days (and for no more than 90 days in any 365-day period).

The owner of the vessel has been contacted and asked to illuminate his anchor light at night. Finally, please do not assume a boat is abandoned when anchored and do not board the vessel without the permission of the vessel owner.

ISLAND MAINTENANCE - UPDATE

1. Roy Dyngen has recently accepted a job offer in Everett and given his two-weeks-notice to the Community. We wish Roy the best of good fortune in his upcoming endeavors.
2. Equipment Repairs are underway on several of our large pieces of equipment.
3. The dust season on the Island has begun. The maintenance crew has posted our new signs asking drivers to help reduce dust from their vehicles. Please help out and reduce your speed when driving on the Island.

4. Recently seating has been near the gazebo at the duck pond to encourage creative uses of the space;
5. We have added a life ring at the duck pond to increase safety and we will soon be installing additional emergency ladders and life rings in the marina.

HAT ISLAND GOLF - UPDATE

Equipment issues have plagued the Golf Course Superintendent during the last month. Repairs have been made to all but the greens mower and the course is already substantially improved!

OFFICE - UPDATE

Every day we work on the audit, the new Calber Software and litigation support. The Caliber system is working well and meeting our expectations

State law requires that we maintain and update a capital replacement budget. Recently, we reviewed and submitted some substantial suggestions for revision of the Cedcore Study. The goal was to make adjustments for capital replacements already accomplished and generally make it more realistic. The result should be beneficial to the budget in that it may reduce the overall capital replacement funding needs.

As always, if you have any questions, comments or constructive criticism please drop by the office to share your insight. No appointment necessary!

Committee Reports

- Ferry Committee will be meeting soon. Discussions of ferry replacement have focused on a company in Port Angeles, total cost about ~\$900K. It would hold 49 passengers and may include lockers for propane.
- Marketing Committee has developed a "Welcome Kit" for new owners. A print copy will be available in the office for review if desired.
- Water Committee noted the use of 368K gallons in April, up significantly from 2018. We are also looking to buy a new filter from a cruise ship.

Community Input

- A Member wanted the Community to be aware of the Strategic Planning Retreat July 27th and 28th. Community support and buy in for the event/process is critical! Two surveys will be sent out in advance. Plans are in progress with the committee and we are fully funded to cover the cost of \$6,750 by the 2019 Budget with the rest made up by private contributions. Vice President Darla Younce called for a motion to approve the contract. Scott Wilson so moved; Kurt Kassahn seconded. The Motion passed unanimously.
- Mike McCarthy recognized a Hat Express crew member who was called into duty to perform CPR on a shrimp fisherman for 20 minutes until EMS could take over in Everett.
- Mike McCarthy noted that new flags have been purchased for the golf course and people can let Duan know if they'd like one of the old ones for posterity.
- A member was curious about the years included in the Audit. It is for 2015 and 2016.
- Another member inquired about various ways to pay off the Marina Loan. We are on track and pondering refinancing with no needs at present.

- A Member asked about insurance on our new bus, the Rabbit Express. It is fully covered for liability and several staff members will be driving it.
- A brief discussion ensued about the boat anchored outside the Marina. Again, it is legal, please don't board it.
- A Member inquired about the sale of lot G-3. The sale has been extended to June.
- A brief discussion ensued about lot A-69 which has a tent and BBQ on site. Plans are in progress to deal with this issue.
- A member inquired about making sure that donations are encouraged by visiting yacht clubs. They are!
- A member asked about a lawsuit owners debt and plans for it. This will be discussed in Executive Session.

With no further business Vice President Darla Younce called for a Motion to adjourn to Executive Session with no reconvening of the Regular Board meeting. Scott Wilson so moved; Kurt Kassahn seconded. The Motion passed unanimously. The meeting was adjourned at 11:37 AM.

*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.