

Minutes for the HICA Regular Board of Trustees Meeting on June 15, 2019, held at the Hat Island Yacht Club meeting room, respectfully submitted by HICA Secretary Paula Bafaro.

1. President Scott Holte called the meeting to order at 10:29 A.M. Also present were Vice President Darla Younce, Trustee Scott Wilson, Secretary Paula Bafaro, Trustee Udo Gerz, and Trustee Kevin Smith. Treasurer Kurt Kassahn was available by phone for a portion of the meeting. Island Manager Mike McCarthy was not available.
2. President Scott Holte called for a motion to approve the Minutes from (a) the June 8, 2019 Special Board of Trustees Meeting; and (b) the Regular Board Meeting on May 18, 2019. Scott Wilson so moved, and Darla Younce seconded. The Motion passed with Scott Holte abstaining, as he was not present at the May 18, 2019 meeting.
3. **Scott Holte read the Manager's Report:**

**Hat Island Community Association
Monthly Report of the Island Manager
To the Board of Trustees
June 15, 2019**

HAT EXPRESS –

We'd like to welcome two new deck hands on Hat Express. Kyle Opstad and Zoe Denkla. Both native Washingtonians, Kyle grew up in Mukilteo and Zoe in Everett. Kyle currently works full time at Boeing and is a new member of the Hat Island Fire Department. Zoe is a student at the University of Hawaii at Manoa where she is studying marine biology. Please remember to say hi and give them a proper warm Hat Island welcome.

You may have noticed the ferry crew's new uniforms. The uniforms not only provide a professional appearance for our ferry crew but allow Hat Express passengers to the island to quickly recognize those in charge of the ferry.

PUD UPDATE

PUD, electricians and phase-adders, oh my!

When we last spoke the phase-adder needed for the RO system had been built but needed some electric wiring work done by an electrician before it could be installed by the builder. This week we've had some of this pre-installation work completed and the builder has installed the phase adder. There still needs to be a little more electrical work completed but their target date to have it functional is the end of next week. PUD has agreed to leave the generator on site through the end of September.

PUD is looking to meet with the board in the very near future to discuss replacement of the cable.

ISLAND MAINTENANCE – UPDATE

The maintenance team has been working for the past two weeks on repairing the water system in Division N. They fixed five leaks and changed out the pressure relief valve that took some time to locate. Because of this, the team is a little behind on road maintenance and we thank everyone for their patience, especially the homeowners in N division. One result of this process was the apparent need to have a regular maintenance schedule for all of the pressure relief valves on the island and the team is currently working on a plan to implement that schedule and logging all work as we move forward.

Safety is always a main concern when it comes to how we prioritize the work schedule of the maintenance team. The maintenance department has spent a lot of time ensuring that the docks are safe for the high volume of boaters and ferry riders we expect to see this summer. We are also expanding our role in the PYSC dock area by taking on more responsibility with the maintenance of these docks.

HAT ISLAND GOLF - UPDATE

The Golf Course Greens Keeper has been working hard to have the golf course in great condition for the 2019 golf season. You may notice a couple of nice additions of benches to the course as well. One was a replacement for a bench that had seen better times. The other a donation from an anonymous donor.

OFFICE UPDATE

Mike has given me permission to give you an update on his care. He started what he calls chemo-lite today. Chemo-lite because they are still working on a precise diagnosis for him. There is a chance he will be moved to the University of Washington as he moves towards more aggressive chemotherapy. He believes they intend to start that course of action on Monday or Tuesday which he believes will take place for a week or so. At that time, he should have more information as to when he'll be able to come home. He is very touched by the kind messages he has received. He feels, in his words, very loved.

While he's gone fighting this battle, the island staff will continue to work to make sure the island operates smoothly and efficiently.

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

Respectfully submitted,

Kim Gleason and Duan Tinius on behalf of Mike McCarthy, Island Manager

In addition to the manager's report, it was reported that the dumpster is full and locked, and we will not be able to use the dumpster until after the next barge run. Note: Since the meeting, the Hat Island office reported that they were able to push down the recycling with the backhoe and we should be able to use the recycling dumpster until the next barge date.

4. Scott Wilson read the water report

Water Update 6-12-19

Water produced in May:

	May	YTD
Wells	480,217	1,623,220
RO	0	20,990
Totals	480,217	1,644,210

During May the Wells performed well.

The production from this period was only 6.7% higher than the amount from May of last year. This small increase is not concerning but all the water was from the wells this year and it was 50/50 wells and RO last year.

The wells are being pushed to keep up with demand but are performing as expected with the water getting a little harder and a little saltier. All are well within allowable limits.

The RO is capable of running with the generator. The PUD did get diesel over to us on 5/31 and also the electric motors for the phase adder. We were able to run the RO 2 times in early June. They are supposed to start the phase adder install on 6/13 with a completion date of 6/21. We need them to meet this timeline to be able to handle the July Fourth holiday water load.

On the water maintenance side we had multiple leaks in N division 4 in total and the pressure reducing valve going out. All is now fixed. The manufacturer suggests rebuilding these valves every 5 years. This valve was installed in 2007. We will be looking at the valves in H also as they too use a PRV.

5. Kim Gleason presented a PowerPoint presentation of the Treasurer's Report

HICA – Treasurer's Report
6-15-19

Overview

Our focus will continue to be completing the audit by next week and complete the conversion of Caliber. We will analyze & assess our needs as Mike faces the challenges ahead and react as needed.

The finance committee will soon begin to build our 2020 budget. We will use the same template used last year & adjust where needed.

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.

June Highlights:

Operating Cash Accounts: \$574,076 - All payables are current.

Reserves are healthy!

Conversion to Caliber expected in July

Duan expects the information for the audit will be complete by next Friday. When completed all information will be imported to Caliber from all past accounting systems. We believe this will be in place by July as the system is working well.

6. Scott Holte presented the Legal update

Legal Update: The status of all the litigation with Matt Surowiecki is, in sum, one word: Appeal. He has appealed the dismissals of both his "Assessment" and "Division J" lawsuits to the Court of Appeals; and the Court Commissioner for the appellate court has granted his request to Stay any further action in our Foreclosure lawsuit against his delinquent lots.

The Community, however, is not incurring any additional attorney fees or costs. Our insurer will continue to provide the Association with a legal defense.

A mediation was held this past week in the Division H lawsuit; and there are positive signs that a resolution of the dispute can be reached. The Board will discuss the status of the negotiations in executive session and will continue to monitor the progress toward resolution.

The Long range planning survey sample has been sent to board members for review and comment, and the majority has provided feedback. Scott Holte called for a motion to approve the survey for sending to the community. Scott Wilson so moved and Paula Bafaro seconded. The motion passed unanimously.

7. Committee Reports:

Ferry report:

Udo provided a ferry report, noting that decisions on purchasing a new ferry should wait until after the long-range planning retreat, so that we may get community input.

An owner proposed using 25% of capital reserves for the ferry because the ferry accounts for 25% of the island's expenses. Scott Holte said these types of decisions should be made at the long-range planning meeting. Decisions should be made from the community up, not imposed from the board down to the community. We will wait until after the long-range planning meeting to see if the community wants the new ferry.

Udo announced the ferry will make a round trip run to Langley one Saturday per month. We will need a minimum of 20 passengers per trip, who will pay \$20 each round trip. The ferry will leave Hat at 11:30am and leave Langley at 3:30pm. There will be a free shuttle in Langley to carry passengers up the hill. Langley is a great place to shop, get a pizza, visit grandkids, etc. If the Langley run is not successful, we will simply discontinue. If it is successful, we can always add more runs.

8. Community input:

An owner asked how much we have spent on the audit so far. Are we within the budget? Darla Younce said originally the audit budget was to be \$30,000. We have paid approximately \$40,000 for the audit. The \$30,000 budget was for 2015 and 2016, without realizing the audit needed to include 2007 marina assessment payments. Scott Holte confirmed that we are within the budget.

An owner wanted to thank the office for the excellent communication provided, and to express interest in a new ferry. She would be interested in helping to finance a ferry that would include more runs and more flexibility in the schedule.

An owner asked if all island notices can be sent via e-mail. Not all owners are accessing Facebook or Twitter for island news and she appreciates being notified by e-mail. Kim Gleason replied that she will be sure to follow through on that.

An owner would like be proactive rather than reactive on purchasing a new ferry. Now our ferry is running great, so let's move forward with the new ferry. Ray did a great job and trained Blake and Ryan on maintaining the boat. Let's look at this now, and not wait another five years.

An owner wanted to know if there is a new appeal brought forth by Matt Surowiecki, would we have to pay more? Scott Holte said that the answer is no. All legal fees are covered by our insurance.

An owner asked, If Matt Surowiecki wins the appeal, is there an end? Scott Holte explained that either Matt Surowiecki wins or the island wins. The lawsuits will be dismissed. If dismissal of lawsuits decision is reversed, it goes back in front of Judge Lucas. Scott Holte and Mike McCarthy as lawyers agree that Matt would never win in this instance.

An owner asked how old is Judge Lucas? Scott Holte answered that he is “younger than I am”.

An owner asked about Diamond Parking’s presence at the Everett Marina. Owners sometimes come to the island for a week or more, or have family visiting for 5-6 days, and have been able to let the marina know they were staying, and not have to pay. Do we have parking options in cases like this? Kim Gleason said we should have more information soon to discuss options for utilizing a few open designated Hat Island spaces for a fee. Kim Gleason will give the board a copy of proposal to discuss at our next meeting.

Signs at the Everett Marina no longer say Hat Island parking, but now say Special Permit Parking. Scott Holte said this is port-wide. If you have purchased Hat Island parking permits you should get a permit to park there (Bayside Marina area in South marina lot).

Scott Holte motioned to adjourn at 11:05 and reconvene at noon to announce actions or motions, if any. Scott Wilson moved and Darla Younce seconded. The Motion passed unanimously. The meeting was adjourned to executive session at 11:05 am.

Due to failure of the phone system, the meeting did not reconvene. The following Board actions are to be reported by e-mail:

1. As you know Mike McCarthy is dealing with a serious health issue at this time. He will be continued on full salary as we wish him a speedy recovery.
2. Kim Gleason has been appointed Interim Island Manager and will assume the full responsibilities of the position.
3. A delinquent property owner has requested a significant reduction in the amount owed to the Association. That request has been denied.
4. The Board approved a request for \$500 per hole (a total of \$4500) for the golf course to help pay for improvements, which have largely been paid in the past, out of pocket by Community members.

5. Our legal counsel will be sending a “Cease and Desist” letter to a member of the Community who has been doing unauthorized work on Association property.

6. The Board will send a written response to a Community member who has raised an issue about the annual assessment for 2019.

*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.