

**Minutes for the HICA Regular Board of Trustees Meeting on July 21, 2019, held at the Hat Island Yacht Club meeting room, respectfully submitted by HICA Secretary Paula Bafaro.**

**Good news for the NEXT meeting: My husband Troy has ordered a note recording smart pen that I will use for note taking starting with the August board meeting! (please excuse what I may have missed this meeting). ☺**

1. President Scott Holte called the meeting to order at 10:30 A.M. Also present were Vice President Darla Younce, Trustee Scott Wilson, Secretary Paula Bafaro, Trustee Udo Gerz, Trustee Kevin Smith, and Interim Island Manager Kim Gleason. Treasurer Kurt Kassahn was available by phone.
2. President Scott Holte called for a motion to approve the Minutes from the June 15, 2019 regular board meeting. Darla Younce so moved, and Scott Wilson seconded. The Motion passed unanimously.
3. Scott Holte reminded the community of the Long-Range Planning Retreat on July 26 and July 27, and encouraged everyone to attend. He explained that the meeting will be handled by a Facilitator, and believes the retreat starts at 10am. Kim Gleason is to confirm this by Monday.
4. Scott Holte read the President's report, including (a) Legal Report, and (b) Discussion on collections:

**President's Report**

Scott Holte announced the candidates who have filed to stand for election on the Board of Trustees. There are three open positions for a three-year term each, and one position for a two-year term. The positions and candidates are as follows:

Two – Year Term: Darla Younce.

Three – Year Terms: Udo Gerz; Paula Bafaro; Caroline Webb; Erik Smith; and Shawn Potter.

The President's Report addresses two matters.

1. Legal: There is nothing to report on the Surowiecki lawsuits, other than our attorney is finalizing the Appellate Brief in response to the Appellant's Brief.

The negotiations for a settlement in the Division H lawsuit are continuing between the attorneys for both sides. However, a settlement has not been reached yet.

2. Collections: Before Mike became ill, he had started working on collections of past due assessments. The Board and Kim are attempting to continue that work, but, because the specifics involve the identities of Owners, and various legal issues, those matters will be discussed in executive session and with legal counsel.

One of the issues involved, however, we want to bring to the attention of the Community. This issue involves multiple owner lots, and corporate, LLC, estate, trust, etc. ownership; and "user privileges" associated with multiple member ownership.

HICA, as a homeowner's association is required to follow our By-Laws and Washington State law. And, it is the duty of the Board to ensure that we do. In our By-Law, Article II, entitled "Membership," in Sections 4 & 5 addresses multiple owners and corporate ownership, as follows:

"Section 4. Membership Privileges. The privileges of membership, including the right of access to, and use of, the Association's property and facilities, shall be extended to the lot owner/owners and their legal dependents. However, if ownership of a lot is shared by more than one family, or is held in the name of an entity such as a partnership, trusts, association or corporation, the owners shall, from among themselves, designate an individual owner who will be entitled to the privileges of membership for those lots and said designation shall be filed in writing with the Association. This designation shall be subject to change not more frequently than once every twelve months. At the time a change is requested, payment of an "owner designation fee," in an amount to be established by the Board of Trustees may be required."

"Section 5. User Privileges. Upon payment of an annual user fee equal to the amount of the annual operating assessment per lot, an additional family, which shares ownership in a lot may acquire the privilege to use Hat Island's property and facilities. Not more than two (2) additional families per lot will be entitled to purchase such user privileges. In cases where a lot is owned, and membership is held, by a corporation, this Section 5 shall not apply and additional user privileges may not be purchased, except in cases where the corporation has entered into a special contract with the Hat Island Community which has been duly approved by the Board of Trustees. If such a contract allows user privileges, the annual fee for each such privilege shall be equal to the amount of the annual; operating assessment per lot."

As stated above, multiple owners and corporate owners are treated differently, but again it is the duty of the Board to see that these provisions are enforced. The only way to change the situation is to amend the By-Laws, but as some of you may recall, the Board attempted to amend the By-Laws a few years ago, and fell far short of the required two-thirds majority of votes.

So, we will be contacting multiple/corporate owners to work with them to bring them into compliance, particularly with respect to annual assessments.

If any Members fall into either category of membership I encourage you to read the By-Laws and become familiar with the requirements for your particular situation.

Thank you.

In response to multiple owner lots, an owner asked if non-married couples should be considered multiple owners. Kevin Smith noted that we want to be fair, and not unduly restrictive. Common law couples or same-sex couples should have the same rights to access of the island's facilities as married couples.

Scott Holte added that multiple owners also use the ferry, golf course, water, roads, and need to pay their fair share. They need to pay their assessments.

An owner asked about multiple owners keeping two boats in the marina for one lot. The owner said we should designate which owner will get to keep a boat at the marina and ensure only one boat per lot is allowed.

5. Kim Gleason read the Island manager's report.

## **Hat Island Community Association Monthly Report of the Island Manager To the Board of Trustees July 21, 2019**

### **HAT EXPRESS –**

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The Hat Express had its Coast Guard inspection on June 25, 2019. The crew represented Hat Island well as they walked the Coast Guard inspector through the vessel. The vessel itself had no deficiencies. Some clerical items needed to be addressed and have taken care of. The most major issue was a clerical error on paperwork filed in 2016. The office has resubmitted the paperwork to the National Vessel Documentation Center and we are waiting for it to be processed. The Coast Guard had approved an extension to rectify our deficiency until the National Vessel Documentation Center is able to process our application. With that said a shout-out to the ferry crew for the condition of the ferry and their professional presentation to the inspector on that day.

Yesterday was the Hat Express maiden voyage to Langley. They had 54 riders!

## **PUD UPDATE**

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PUD, electricians and phase-adders, oh my!

And here we are in the middle of July and still no operating RO plant. The 3- phase adder that was installed by Eyelander Electronic does not appear to be the fix PUD had hoped it would be. It in fact was such a bad fit that PUD will be reconnecting the generator to the RO system so we can make water while they search for the correct solution to the problem. PUD is bringing a tanker full of diesel to the island this week and will be reconnecting the generator while they work on this fix.

## **ISLAND MAINTENANCE – UPDATE**

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The jungle has been pushed back a bit. I say a bit because the equipment we use to push it back had a malfunction. We hope to have that malfunction fixed by this weekend. Equipment repairs have taken up much time by our maintenance operator. Ideally maintenance on this equipment would take place during the winter, but alas it hasn't been done in some time so we are having to repair it now. No worries, our crack maintenance team is pushing forward and will have everything working in no time at all. There is a little more dock repair to be done on the HICA docks and a plan is being worked on to repair the PSYC docks as well.

## **HAT ISLAND GOLF - UPDATE**

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The golf course will be receiving a large delivery of bark on the barge to help beautify the course. The course itself, I'm told, is looking great. While we've sold less yearly golf passes this year our coupon book sales are up.

## **OFFICE UPDATE**

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Mike left the hospital on Wednesday afternoon! As you can expect this makes he and Pam extremely happy. They are staying with family in Bellevue. Mike has to travel to Seattle Cancer Care Alliance for tests and treatments seven days a week for at least thirty days. Phew.... makes me tired just thinking about it. His spirits are high and he called to check on us the other day. We will keep you posted on his return to health as much as we can. He misses the island and LOVED the video that was made for him. If you haven't seen it yet go to YouTube and search, Heal Mike Heal.

It's Christmas in July! After working for 20 years in the public-school system and having 20 summers off, working in the Hat Island Office during the summer gives me flashbacks to when I worked retail during the holiday season. Every day is different and bring surprises. Good....and not the greatest.

Good Surprises include meeting and welcoming home the residents we only get to see during the summer months, community gatherings in the common area and at the yacht club and happy faces walking the beaches and roads of the island

Not the greatest- having to remind visitors and residents of island rules, sometimes on Saturday evenings and off hours, and having to give someone the news that because they didn't turn their water off, they will be receiving a large invoice in the tune of several thousand dollars.

With that said we are moving along in the office following the path that Mike set forth for us. Along with the day to day operations we are continuing to work on getting Caliber up and running and looking forward in the coming months other opportunities to implement procedures that will make the island as a whole operate smoothly.

We are gearing up for the Strategic Planning Retreat next weekend and can't wait to learn what island residents hope to see on the island in the future, near and not so far.

We welcome visitors to the office and constructive comments are always welcome.

*Respectfully submitted,*

*Kim Gleason*

*Interim Island Manager*

6. Kim Gleason read the Treasurer's Report.

1. Operating funds still over \$500K & our 2019 budget is right on track for the first six months of the year.
2. Audit information sent & awaiting response.
3. Cash reserves are fully funded to date.
4. Finance committee met for the second time on July 13th & are beginning to build the 2020 budget. Our current template is working and we will continue to utilize it as we build the next one. Staff has been asked to submit what their top priorities and needs are for next year.
5. Will have a more detailed report next year.

7. Committee Reports:

Scott Wilson read the water report

## **Water Update 7-17-19**

Water produced in June:

June YTD

Wells 369,750 1,992,970

RO 47,810 68,800

Totals 417,560 2,061,770

During June the Wells performed well.

The production from this period was the same as the amount from June of last year. We were able to run the RO twice during this time period using the generator but only produced 48,000 gallons we would like the RO and Wells to be a 50/50 mix.

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.

On the RO side Eyelander Electric got the Phase Adder installed and we tried running it multiple times and none worked. They also ended up burning up 2 control transformers and the dock pump motor. The Dock pump motor has been replaced. The transformers are on order and the PUD is now planning on reconnecting the generator and getting us the diesel we need at least 1000 gallons so we can run it through the summer. Long term is still a new cable.

With this situation I can't emphasize enough to always turn off you water at the meter when you leave. We cannot make up the water we could lose with a big leak. Conserve water and report any suspicious water pools or potential leaks.

An owner asked about the percentage of water loss we have experienced, and another asked about unidentified loss. Scott Wilson said we had some whopper leaks. Kim Gleason said she will double check with Chris Inman to determine the loss amount. Scott Holte suggested it would be good to make sure there was not a typo in the report.

Scott Wilson reminded us, if you see something, say something. For example if you see unattended water running, pools forming, etc., please report it to the office.

An owner asked how long the generator will last for the water. Scott Holte answered that Eyelander treats our island like it is a farm in Darrington. The fix did not work for us and option 2 is more expensive.

The marina committee mentioned that we will need to replace rings, wooden and rubber bumpers. Udo Gertz asked for a higher tech solution. A nine inch wheel is under \$1,000. We will be testing and once confirmed they work well, we will order the rest of the bumpers. All have been identified, and we are just testing and keeping the cost under \$1,000. Barb Conwell provided boat moorage report to come up with statistics including size of boats, and number of boats in our marina. We are discussing if we need to replace the PSYC docks used by HICA.

## **8. Community input:**

An owner asked where we are with the PUD. Scott Holte said we will have a better idea after the PUD meeting. An owner pointed out that there is a surcharge that has been going up incrementally. Scott Holte confirmed this and said it will continue to go up.

Our three-phase cable has had one section fail and we have two left. An owner said we have an \$800,000 credit for the cable project and asked if we have used it up. This will be addressed at the next PUD meeting and we will also talk about a new underwater cable.

An owner asked why are we running out of gas in the summer months. We were limited to 20 gallons, and noticed spouses would then each get 20 gallons, so the limit was raised to 30 gallons to see if this would help. Are the tanks not big enough? Is it a matter of available storage for the tanks? Barb Conwell said it is because owners are buying big trucks and big suburbans, and there are more people on the island, which leads to more gas consumption. An owner said we need more tanks, and bigger tanks. An owner asked what is the maximum number of barge runs we can have. Scott Holte said the equipment committee will look into it.

An owner said people are bringing their own gas because they want more than five gallons, but Scott Wilson said it could also be because they want to use “Neat Fuel” which is Ethanol Free and available at the POE Fuel Dock. Scott Wilson asked about diesel fuel storage solutions. Kim Gleason said the office will work with the equipment committee to look into these questions.

An owner asked if it will be another 1-2 years before the cable is finished. Scott Holte said we don’t know yet, but this will be brought up when we meet with the PUD.

An owner asked about the status of the recycle dumpster. He is concerned about losing it because of misuse. He pulls non recyclables out of the dumpster. Scott Holte said Kim Gleason advises about abuse of the recycling repeatedly and it still happens. Some suggestions were cameras and fines to stop misuse.

An owner asked about the supplemental fee placed on HICA by engineers at PUD. What the PUD did to Hat Island was unusual. PUD essentially pulled HICA out of the county plan and required special assessments from us. We are treated differently than other customers in the county. The owner encourages us to hold PUD to higher standards. He applauded our patience with the PUD but said we are all paying for special treatment, but it is not happening. Scott Holte said the PUD had placed a surcharge. Due to an administrative error, the surcharge dropped off. Scott Holte said Hat Island raised hell at a meeting and it hit the Everett Herald front page. The PUD reinstated the surcharge. This is an example of “be careful what you wish for”. We have avoided issues with the Port of Everett. We are treated differently than other consumers of power – because we ARE different than other consumers of power. For example, Twin City Foods. PUD supplies them power but charges for use. Scott Holte agrees we need to get tough and work with them. Scott Wilson said the three-phase system is unique. Single Phase or 115/230 will run most Household Circuits including ovens in your homes, while 460 or 3 Phase is for R.O. Motors. The best defense may be to get diesel on the island.

Scott Wilson noted that since 2015 we have had five island managers, and acknowledged that he is so proud of the job Kim Gleason is doing. He also acknowledged the work Paula Bafaro is doing as Secretary of the Board.

Scott Holte motioned to adjourn at 11:20 and reconvene at 12:30 if necessary to announce actions or motions. Kevin Smith moved and Darla Younce seconded. The Motion passed unanimously. The meeting was adjourned to executive session at 11:20 am, with no reconvening.

\*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.