

Minutes of the HICA Board of Trustees Meeting at HIY&GC on 2/15/2020

Darla Younce, Board President, called the meeting to order at 10:30 AM PST. Present were Erik Smith, Vice President, Kurt Kassahn, Treasurer, and Trustees Paula Bafaro, Udo Gerz, and Kevin Smith. Scott Holte, Secretary was available telephonically.

Darla asked for a motion to approve the minutes of the Regular Board Meeting on 1/18/2020 and the Special Board Meeting 2/1/20. Udo so moved and Kurt seconded the motion which **passed unanimously**.

President's Report

Darla presented her report as follows:

- The repair of the foot of the community road, Whidbey Island Drive and its connection with Conwell Park and division H, is complete. The cost approved is not to exceed \$110,000 the funds are coming out of the Capital Reserve account.
- Myself, Erik, Paula, & Kim met with PUD February 6th 2020 to review status of the Cable replacement. Kurt, Udo and Kevin attended by phone. PUD is continuing their field work and is currently working with the regulatory agencies to determine their requirements for permits.
- **Completed so far:**
 - Located the existing cable.
 - Performed a Test Pit Boring study on our side. (this past week).
 - Completed the Archeological study on both sides.
- **What they still need to do:**
 - Work with the Bureau of Indian Affairs (BIA) to secure an extra permit for Right of Way (ROW) to develop a new route for the cable from the Tulalip side.
 - Eelgrass study on both sides.
 - Complete the cable route study for both sides to avoid the existing cable and other obstructions.
 - Complete the geographical study for the Horizontal directional drilling.
- The Presentations from August 27th 2019 and February 6th 2020 meetings will be placed on our website for all to review.
- The Board had an Island orientation meeting Feb. 9th where we be toured the Island and learned about the water system safety procedures etc.
- We had questions come up about the Puget Sound Yacht Club docks. They are responsible for routine maintenance, upkeep and repair of moorage slips 1-8. We are responsible for slips 9-11 through June of 2021. We have reached out to Puget Sound Yacht Club to discuss this contract and review their scheduled visits. We hope to meet in early March.
- Rob McMahan, our boat broker from Pinnacle Marine Corporation flew out this past week to look at Hat Express. Ray reported that he said she shows well. He had a couple of suggestions regarding work that could be done to increase her marketability. We'll be discussing those in our executive session.

- We're grateful to Captain Ray Brown who has returned to help us review the status of the ferry and find a new Ferry Captain and Relief Captain. We have had several very promising responses. Captain Ray will decide who to interview and move through the process.

Legal Report

Darla presented a legal update as follows:

- Re: Division H: The ball is in their court.
- Re: Surowiecki: We do not have a new date for argument at the Court of Appeals. We were only told that it would be "next session."

Island Manager's Report

Kim presented her report as follows:

We are all so happy to have had a slight break in the rain and the wind. The rain and wind took a toll on our roads and beaches. Trees down, excess water on the roads and high winds have kept our maintenance crew busy. I'd like to publicly thank the team for jumping in on days off to clear roads so owners could get to and from their properties.

Our Greenskeeper Brad Tinius has been working hard to keep the course clear, has been taking down trees and has been building a bunker on hole 3. With the help of Jeff, our maintenance operator, the greens sweeper has had a tune up and is ready to sweep away.

Our Harbor Master Barb has been receiving insurance documents and marina use agreements at a fascinating pace. She has also researched and purchased a marine radio for the island. We are currently soft testing channel 68. Our hopes are as we enter the busy season and owners are heading to the island they can radio ahead and find out where there is an open spot for them to dock their boat. We think that this is a service that will be a benefit to our boating owners.

The Office is happy to report we have been busy receiving incoming assessment payments, moorage payments, and annual golf payments. Duan has been working closely with our outside bookkeeper to fine tune our books. Remember, if you ever have a question about your account please don't hesitate to call the office.

As you may have all heard Captain Ray Brown came from New York to assist us as we look for a new captain. I am happy to report that he has been interviewing applicants for both Captain and Relief Captain. As soon as we have more information to share with the island we will gladly do so. Ray and I are both confident that we will have a new captain in place and ready to man the operation by the time Ray heads back to New York.

We had an inspection of the Hat Express this past week from the broker listing her. His report was that she shows well. Captain Ray was on board and was able to answer any questions posed. The broker commented that Hat Express is in very good condition,

offered a couple of suggestions for the island as we move forward but all in all was very pleased.

The ferry did have a mishap leaving the marina two weeks ago due to a gust of wind estimated at 40 mph as they were exiting the marina. The damage was superficial to the rub rail and has been repaired.

A couple of other notes of what has been happening on the island! The repair work to Conwell Park was completed in 2 days. The construction costs came in on bid. We now have to complete the permits that were issued to us on an emergency basis.

We have a signed agreement with the Port of Everett. Please note you can purchase long term parking passes in the Hat Island Office for \$600.00. We only have 15 passes left. It is important to know that the Port is continually transitioning and changing from the Port we once knew.

As always at the end of my Island Manager's report I welcome all owners to stop by the office and chat and I do so again today. I believe in transparency and fairness for all owners. If you have a concern, suggestion or just want to say hi, we'd love to see you.

Treasurer's Report

Kurt presented his report as follows:

- Our accounting firm, YBS, is still working to complete our books. They are very close, waiting for a few 2018 pieces. On February 7th they said once 2018 is complete, providing an exact starting point, 2019 will be completed very quickly. Kim and I are very happy with their competency & great communication. Everyone has been working very diligently and looking forward to seeing this completed and moving on to 'normal' activity.
- Our \$250K down payment for the ferry was sent and construction will begin in March. Armstrong has been very good to work with as well and now we look forward to selling Hat Express to offset the down payment.
- The HICA operating account continues to be strong. Reserves are funded and our operating fund is still strong. Next month we plan to post the P&L and Balance Sheet along with the Treasurer's Report. YBS felt our books will be up to date and they will begin providing those two reports monthly.

Committee Reports

Kurt presented the **Water Committee Report** as of 1/15/20:

Water produced in Dec:

	Dec	YTD
Wells	270,400	4,044,290
RO	62,800	820,260

Totals 333,200 4,864,550

During Dec the Wells performed well.

The production from this period was 30% more than from Dec of last year. The water mix was 80% wells and 20% RO.

The use for Dec was higher than normal. We did just discover a leak on our side in A division and it was repaired. Not sure how long it had been leaking it just got bad enough to come to the surface and was repaired.

The RO is still running as expected on the generator and we will be getting a new generator and fuel in Jan. The old generator has developed a coolant leak and PUD decided to replace it rather than repair it on site.

Udo presented the **Ferry Committee Report** as follows:

Rob from Pinnacle, the boat broker who will be managing the sale of Hat Express, visited recently and had some suggestions to increase its marketability. He thought that it looked good for its age and it will be part of an upcoming show in Tampa. He thought it could bring as much as \$389K. These monies will be placed in the general fund. They were not part of our plan to buy/finance the new ferry. If it sells soon, it won't be made available to the buyer until after our new ferry is fully operational.

Community Input

Darla read a statement that Scott Holte prepared as follows:

I've asked Darla to read this to the Community because of the difficulties with our phone system. In light of the recent "Petition" to the Board and emails assailing our Island Manager, an individual Board member, and the Board as a whole, I respectfully ask the Community to consider the following:

I am now in my 6th and final year as a Trustee. During most of the past five years I have served as President working with **four different** Island Managers, including our current Island Manager. **Each one of those Island Managers has accepted resignations and/or fired staff.** Yet, I cannot recall any reaction or response by members of the Community like what has recently occurred. It is a legitimate job function of the Island Manager to accept an employee's resignation.

Hat Island Community Association is guided by our governing documents and Washington State Law. The Board of Trustees are elected by the Community and are entrusted to govern. Community members can elect different Trustees, and/or recall them. Community members can also voice their opinions and/or concerns at Board meetings, or by volunteering on any number of Board committees, and by attending Long Range Planning retreats. **But**, that is the extent of Community members involvement in the **governing** of our Association. Governing, according to the governing documents and by law, is left to the Board.

The Board makes policies and the Island Manager, who answers solely to the Board, **not** to individual Community members, implements those policies. Our current Island Manager does her level best to include the Community and respond to their concerns. She has had an "open door" policy since her first day on the job. She and the Board encourage communication, but that communication should be respectful, and certainly should not include personal attacks and attempts to micro-manage her job responsibilities.

Finally, when it comes to personnel matters the Island Manager has the sole responsibility to manage the staff. The Board does not micro-manage the staff. The Board certainly has input into personnel issues, but those discussions take place in executive session and are not public. Staff are entitled to privacy, which is protected by law. Each Board member has signed a Code of Ethics, which includes a requirement to maintain confidentiality and to “not share sensitive information and respect the privacy of all other board members, owners, (and) employees.” In addition each Board member has signed a “Board of Trustees Non-Disclosure Agreement,” stating that they will not disclose confidential information including personnel information. Members of the staff have signed similar non-disclosure agreements.

In response to the recent resignation of an employee, the Board and the Island Manager have strictly adhered to these requirements. Some community members, unfortunately, have chosen not to be similarly constrained. Nevertheless, the Board will continue to respect our staff’s right to privacy and confidentiality, and stand behind our Island Manager’s conduct and performance in this instance 100%.

Sincerely, Scott Holte

Mike Immel (X-1) wanted to thank the Board for all of their efforts on behalf of the community and gave two weeks’ notice for his positions on the Ferry and Finance Committees. He and Ponch have bought a place on Orcas Island and will be moving there.

Sharon Meadows (A-24) read excerpts from a number of emails that she received after asking people what they are thankful for Re: the Board and Island Manager as follows:

- I am one of the many people so very thankful for all that the Board does AND the Island Manager to keep the island running for everyone else. I am grateful for the long hours spent on difficult issues and for the solutions brought forward with the best interest of everyone in mind. The budget, a new ferry, staff issues, Port negotiations are only a few. Please know your hard work, cheerful demeanor, and community minded service are very, very appreciated.
- We want to thank all of our Hat Island hard workers for their dedication to the Island. What would we do without you? Even though we aren’t there in person, we are there in spirit. Thank you all for keeping our favorite “island place” safe and sound.
- **THANK YOU FOR YOUR GENEROSITY OF TIME, EFFORT, DILIGENCE and PATIENCE** in dealing with time consuming meetings, phone calls and emails of regular Island business as well as working on additional projects and a parade of distempered complainers! These moaners never seem to step up and volunteer to serve or to help the community in any way or appreciate the people like you that do. Please know that your travails do not go unnoticed and you are appreciated more than you know by many of your Hat Island neighbors and friends. Thank you, thank you, thank you!!!
- I just wanted to say thank you for all that you do for Hat Island. It takes a village to run Hat Island and you are the force behind that village. You have worked countless hours making sure the island is in good shape financially and

structurally, not an easy task. Although not said enough, I just wanted to let you know how much my husband and I appreciate all that you do.

- I know the work the Board puts in first hand. Also, I was a property manager for almost 20 years so I know all that job entails. Thank you to all of you!
- Just wanted to take a moment to express our sincere thanks and deep gratitude for all the time and effort you put into making our slice of paradise the best it can be. It's obviously a VERY busy 2019-20, and not without its trials – both natural and unnatural! With so much in the works above and beyond the normal operations your tireless dedication does not go unnoticed and is appreciated! We are especially grateful for all the research, consideration and presentations that finally resulted in our new ferry—so excited we can make that a reality and have the ability to fund it as we have! We believe strongly that a responsible and dedicated Captain can be found. It's unfortunate that personnel issues consume so much energy, hopefully the hiring of a capable skipper will get us back on track. Kudos to Kim, for creating an efficient and inclusive office environment—you remain as thoughtful and kind as ever, while holding a steady hand on meeting and exceeding expectations of our highly capable staff. It's unfortunate that some owners don't consider everything before making gross assumptions and bold statements, but we know there will always be bad apples and pleasing everyone is impossible. Keep up the great work ALL, you have lots of supporting owners like us behind you.
- My husband and I want to thank the HICA staff members for all the things they do to make Hat Island such a special place. We know your responsibilities don't end at 5:00 pm on Fridays. You are on top of things 24/7 and that can be exhausting! Stay the course and thank you. The volunteer HICA board members are an amazing group of dedicated people. Thank you Board for all the time and energy you put in to keeping our community functioning. Not an easy task, but a very necessary one. Thank you all!
- What better way to celebrate Valentine's Day, than to take a moment to thank the Hat Island Manager, staff and our Board of Directors for your effort and dedication to the needs of the Island. We also appreciate the open communication. Keep up the "Great Job" and we hope to be on the island in the near future to thank you personally. With Gratitude!

Sandy Bettencourt (J-19) read a statement that she prepared as follows:

Dear Board and fellow owners:

This letter is in response to emails and rumors regarding the Ferry Captain's recent departure. I hope I am giving a perspective that most of the ownership shares.

Our past Captain **is well liked**. He has a long-time family connection to Hat Island. Most of us are aware from our past or current work lives, personnel issues are confidential matters between Island management, Board of Trustees (the employer) and the specific employee. While there are always two sides to the story, the employer is often hand-tied (legally and philosophically) to sharing employment and performance related issues with the ownership. This can lead to a one-sided information source or rumors the Board and management cannot respond to.

For some owners to react in the manner that has been happening is understandable, but disappointing all the same. I believe the current Board and Island Manager take their accountability to the owners very seriously. While a termination is possible in this state “without cause,” it was my experience as a past manager that no termination would be done without documented employee performance issues or violation of a mandated policy requiring immediate action. In this case it was the Captain who resigned. Only this Captain can correct any misunderstanding that is creating community disharmony. The Captain could possibly request a confidential Board hearing if he felt his employment was mishandled. However, if any employee fails key requirements of his/her position, I would hope they would also hold themselves accountable and try to understand why the Association would have to take action including accepting an employee letter of resignation. Personnel actions are not subject to public review or petition process, they are based on fact and documentation. As members of the association, we have placed this responsibility with our Island Manager and Board of Trustees.

Hiring of the Ferry Crew: It does not serve the community well to undermine the Island Manager’s role of hiring staff to serve this Association. Hat Island follows current employment practices: Application process, interview process, review of credentials, background checks, work specific training and performance review. In terms of hiring Captains and crew, the management goes through the same processes as other maritime agencies (barring union requirements). Not all employees work out. From lack of experience, ability to meet job requirements, or not following key policies are all reasons for not continuing an employee’s service.

Some owners have been derogatory to the current manager’s skills and the Board’s oversight of the Association. The baseless interjections on this subject do little good and undermines their efforts to build a strong community. In addition, untrue statements places unwarranted fear in one of our key services provided to the ownership. The Manager’s performance is the responsibility of the Board President. If an owner has actual knowledge about any employee’s performance that impact the safety and well-being of this community, please discuss this concern directly with the Island Manager or Board. They will respond to you or the Community as appropriate to the situation at hand and in the proper forum.

The Board and Island Manager are constantly working to improve our lives here on Hat Island. They deserve our thanks and hopefully a level of understanding of the many difficult issues they have to deal with. Remember they are our neighbors. The stones you throw really do hurt these hard-working volunteers and staff.

Respectfully, Sandra Bettencourt

Adjournment

There being no further business before the Board, President, Darla Younce called for a motion to adjourn to Executive Session. Paula so moved and Kurt seconded the motion which **passed unanimously**. The meeting was adjourned at 11:04 P.M.

Respectfully submitted,

Kevin Smith

*These minutes are a summary of the discussions at the Board meeting, and not intended to be an exact recitation of all said, but do include all of the actions taken by the Board.