

11/21/2020 Hat Island Board Meeting Draft Minutes

President Darla Younce called the Zoom meeting to order at 10:30 AM PST.

Present: Darla Younce, President, Paula Bafaro Vice President, Kurt Kassahn Treasurer, Erik Smith Trustee, Aimee Chambers Trustee, Dan Jensen Trustee, Udo Gerz Secretary and Kim Gleason, Island Manager.

Udo pointed out that due to other circumstances, Aimee will write the minutes and I (Udo) will complete them.

Darla asked for a vote to approve the minutes of the 17.Oct Zoom Board meeting; Paula moved and Kurt seconded; all were in favor of the motion..

Presidents Report

PUD Cable Project:

The board met with PUD on November 4th, 2020 to get status on the cable project.

PUD has the Shoreline Permit which was obtained from Snohomish County and they have also submitted the Aquatic Resource Use Authorization (Aquatic Land Lease) to the Tulalip Tribes. Unfortunately, The Tulalip Tribes did not accept the PUDs payment offer for long term easement right of way. PUD is working on another offer and looking at another lot in the vicinity of the current cable. Kim and Darla are also reaching out to the Tulalip Tribes.

HICA Committee Changes:

Dan Jensen will be the new Board Chair for the Finance Committee. Kurt will remain on that committee as Board Treasurer.

Governance Committee Board rep was Scott Holte and is now Aimee Chambers

Long Range Planning Committee was Kevin Smith and is now Dan Jensen

Land Trust Committee was Scott Holte and is now Kurt Kassahn

Water Committee was Kurt Kassahn and is now Erik Smith

Safety Committee was Erik Smith and is now Paula Bafaro

Technology Committee was Erik Smith and is now Darla Younce

Legal Report:

COMMUNITY UPDATE:

Surowiecki Lawsuits: Matt Surowiecki has two cases under appeal. The Court of Appeals in late October, the Court of Appeals issued opinions in both cases. The Court of Appeals confirmed the trial court dismissal of Surowiecki's claims in the Division J lawsuit. That is the suit in which Matt Surowiecki unilaterally recorded an amendment to the Div. J Covenants. In the other lawsuit, the Court of Appeals affirmed the trial court's dismissal of Surowiecki's derivative claims (he had claimed the right to pursue claims on half of the Association against individual directors) and dismissal of his breach of fiduciary duty claims. The court reversed the trial court's dismissal of Surowiecki's claims that assessments are inequitable and remanded those claims back to the trial court.

Surowiecki filed petitions asking the Supreme Court to accept review of both cases. The Supreme Court is not required to accept the cases, they can decline. The Association filed has argued against the Supreme Court accepting review of the Division J case. The Association has joined Surowiecki's request that the Supreme Court review the Court of Appeals decision to reverse the trial court's dismissal. HICA believes the trial court ruled appropriately and it should have been affirmed.

HICA Foreclosure Actions: HICA had previously filed suit to foreclose 38 lots owned by Surowiecki Family LP II. HICA has filed a new lawsuit seeking to foreclose the rest of the lots owned by Surowiecki and his various entities. The total amount owed by these lots, not including late fee, interest and attorney fees is \$1,522,704. Surowiecki filed a motion asking the Snohomish County Superior Court to stay the foreclosure case pending outcome of his other case pending review by the Supreme Court. HICA has opposed the stay and argued, that if a stay is granted, Surowiecki should be required to post a bond in the amount of \$1,522,704 as security. Snohomish County Superior Court is only hearing oral arguments when requested by the Judge. We do not yet know if there will be arguments or the Judge will simply rule.

Island Managers Report.

November...WOW! I am happy to report that the island has weathered COVID-19 fairly well. With that said, if you have lost your income as a result of the pandemic, please call the Hat Island Office so we can make payment arrangements in regards to your assessments. The island as a commodity is a hot ticket. If you have thought about selling, this is the time to do it. We currently only have 1 home for sale on the island and lots are selling at a record rate. We have people interested in purchasing on the island on a daily basis. As people are no longer constrained to live close to their employment more and more people are searching us out. As I discussed with the community and board at the last meeting, I have been working on a visitor protocol policy for guests coming to the island. The purpose of the Visitor

policy is to help guests make sure that those visiting the island, without an owner present, are aware of the rules of the island and therefore can be informed guests. Madam President, if the board is so inclined, I'd ask for a discussion and a decision on the proposed Visitor Protocol. There are a lot of exciting things to look forward to this coming winter. The first item will be the dredging of the marina entrance. Those of you who boat, and especially our ferry captain, know that the silt has been narrowing the entrance to the point that at low tides it can be hard to maneuver. When the new ferry arrives, it would be even more difficult as the *Another Holiday* is much wider due to the fact that it's a catamaran. We anticipate that the dredging will take place at the beginning of December and will be done with as little interruption to ferry service as possible. As soon as we have more details of the days and hours the dredging will take place, we will let the community know. We are also starting the permit process to do some repair/updating to the marina. As we go through the permit process which can be expensive and time consuming, we are applying for problematic permits. Problematic permits are for a set amount of time, upward of 10 years. It allows the holder of the permit to perform maintenance and upgrades during that established time period as needed. So...in 5 years if the marina needs to be dredged again, we can do so without going through the long permit process. It will also enable the island to do improvements and repairs as funding is available. As like last year.... Chris and Jeff are focused on roads and trees. They prepared the routes that Nickel Brothers will be using to barge two new houses to the island on December 8th. We are planning our house moving watching party, socially distanced and of course masked, as we speak. We are happy to announce we have hired a new Relief Skipper, Carl Williams. Carl is a skipper for a local whale watching outfit and will work on Sundays providing Captain Shane a much-deserved break. Shane is now making regular trips to Port Angeles as the final stages are being completed on the new Hat Island Ferry- *Another Holiday*. We are also happy to announce we have hired Sarah Parker as a deckhand. The crew is complete and we know Captain Shane is very pleased with the team he has assembled. Shout out to him and First Mate Kyle who've worked hard, kept themselves healthy during this pandemic and have served the owners of this island safe and pleasant travel. They are very much appreciated.

Kim read her report and spoke specifically about visitor protocol. Which includes the following:

- Sign in sheet within 4 hours of arriving
- Give a list of guidelines and rules for the island re: recycling, pets, fires, etc
- This will stay in effect for a year; however, we would like them to sign in when they come to the island
- Rules apply to family who is visiting the island when you are NOT on the island with them
- Rules would start in January 2021
- See, if we can transfer this to the internet and people can do this upfront.
- Erik asked how it applied to long term renters and would like to see the final document to include info on this; long term renter pays a usage fee that is not the same.
- Board voted to approve the final vote on the document with changes that were proposed by Erik and Erik will include wording for long term renters.

- Kurt mentioned that there are some older papers about long term renters from Jeremy, which should be consulted.
- Darla stated to vote on the concept and Erik agreed to vote on the January implementation. Discussion about how and when to implement took place.
- Kurt motions to approve with needed changes, as discussed; final vote in Dec and Darla seconds. Final vote in December.
- Kim can now start preparing for these changes.
- Dredging will take place in Dec with hopefully minimal impact on ferry service.
- Permits for repairs are also applied for.
- Permits will be for a 10-year period, so repairs can be easier handled.
- Chris and Jeff have been working on the roads and trees along the route, where on 8 Dec 2020 2 houses will be barged in. Plans for a watching party are on the way.
- Cars in the marina need to be moved and owners were informed.
- New Relief Skipper Carl Williams has started working the Sunday runs to give Shane a well-deserved break. Also, Sarah Parker has joined the team as a new Deck Hand.
- Kim mentioned the hard work Shane and Kyle have done for all the owners and encouraged everybody to give them a thumbs up, when they see them. THANKS.

Kim took time to acknowledge the staff for their hard work on the island this year. This is a small community and they all work hard for all of us. We would like to encourage everyone to make a contribution to the holiday fund for the employees.

Kim announced that she is very happy for all the accomplishments with the small staff the island has and that she is very proud of them.

On Behalf of the island staff, Kim wished everybody a Happy Thanksgiving and STAY SAFE.

Treasurer's Report for November 21, 2020 Kurt

- All payables are current & we continue to fund our reserves until we meet the Reserve Study recommendations. We will review our position next month & decide if we will further fund our reserves or make other recommendations to the board.
- Detailed P&L and Balance Sheets will be posted on-line for your review. Attached are one-page P&L and Balance Sheets.
- The Finance Committee recommends the final budget on the ballot be passed by the community. There will not be an increase in assessments. Adjustments were made accordingly from the 2020 Budget to address the loss of income from the marina and ferry.

- Kim and I had a call with the new CPA and spent over an hour answering many questions she had relating to preparing our taxes. She is not working on any other project at this time and hopes to get these completed before the end of the year. Still do not have a firm timetable.
- Dan motioned to approve the 2021 budget ballot and Paula second it
- Everybody voted in favor.

Water Report Erik

- Erick met with both Chris and Chuck to discuss the current state of equipment and any upgrades that are needed. Erik will continue to update the board monthly on the water system.
- Erik expressed that possibly we wait on new Control Panel until we find out state of PUD repairs
- They are looking for new ways to detect leaks and a more advanced system to be able to do so. Find remote possibilities to identify leaks and check lines.
- The most recent H division leak was a 2006 repair that needed to be re-repaired and is functioning now
- The 2nd leak was a result of Whidbey Telecom dig. Current fix is temporary and will be done later, when the material is available.
- No big reports on RO, it is performing at the same level as last year.

Report by Chris Inman

Water Update 11-20-20

Water produced in Oct:

	Oct	YTD
Wells	211,740	3,042,638
RO	143,820	872,800
Totals	355,560	3,915,438

During Oct the Wells and the RO performed as expected.

The production from this period was the same as Oct of last year. The water mix was 60% wells and 40% RO.

The RO had the pressure gauge replaced and after some initial issues getting the dock pump to wake up the RO performed well. We got our mix of water back to a better balance of RO and

Wells. This gives the wells the rest they need to improve our water quality from a TDS and Salts standpoint.

At this point Darla addressed the community, that in case community members have service questions or operational questions, that these should be addressed to the Island Manager / Office and they decide, if the board needs to be involved.

Marina Report

Darla asked for a Marina Report and because Dennis was not available, Udo took over and explained some items from the October 2020 marina committee recommendations.

There was also a misunderstanding in regards to the other recommendations from the October 2020 paper which were not addressed then!

The presented large increase in the moorage rates and having different rates for yearly or seasonal moorage was declined by the board in October 2020. Erik had asked for the reason for this large increase and also what the outlook is for the next years to come.

Dennis did this very detailed masterpiece and it led to the conclusion that the large increase was not required; this paper has estimates for the next 20 years incl. the PSYC docks.

The new recommendation is to increase the moorage rate by \$1.00 per Foot for year 1; subsequent years will be addressed in the budget process for the following years.

Paula motioned and Dan seconded; motion passed by the whole board.

Other items from the Marina Committee:

Dennis decided to table the proposed winter moorage program for now and address in 2021 due to the fact that we are already in the winter season and people have left the island already.

RO parking area needs to be graveled with a heavy crushed rock and properly configured.
Recommendation for the office staff.

- Marina Parking
- Limit to max time of 90 days to park your car in the marina; changed from 180 days. \$200 fine will be imposed, if violations occur.
Some owners are exempt from this rule, due to the location of their lots:
D1-16, C6-28, I, S and U
- Kim said the office will work with people if they can't make it over to move their car, because they have already left the island for the winter break.
- Udo, for the marina committee, motioned to limit parking to 90 days, Paula seconded, all in favor.
- We had a community member ask, how can we raise rates without a vote and if it is charged by boat or slip. Confirmed it was slips size.
- Owners with 2 boats in marina:

Section 13/I specifically states, a member may have a secondary vessel mooring permit. However, it does not specifically cover a lot, which has multiple owners.

The marina committee recommends the following additions be made to 13/i.

A member (lot or homeowner) may purchase a Secondary annual moorage permit, as long as the member adheres to the following conditions.

1. NOTE: There may be only one Primary and one Secondary vessel per lot, regardless of how many owners a lot may have.
2. All secondary vessels must be removed during Holiday weekends.
3. If marina reaches capacity at any point, all secondary vessels must be removed.
4. Owners with Annual moorage permits using vessels from Boating Clubs or Rental boats to access the marina must have Primary or Secondary designated on their pass.

Darla moved to motion the above change to 13/i and Udo seconded; passed by ALL.

- Absentee owners: The committee recommends two changes to this rule.
 1. Absentee owner must have an Annual moorage permit
 2. Lower the number permitted in the High Season to 14 calendar days accumulative and remain at 30 calendar days in the Low season.

Paula motioned to approve and Udo seconded. Passed unanimously.

The committee wants to insert also the new definition as follows:

1. High Season: May through September
2. Low Season: October through April

The office can make this change in the marina rules.

One other addition to the Marina rules is the process of what to do in case a spill occurs in the marina.

1. Vessel owners are responsible for making the appropriate notifications if they are involved in an incident resulting in a hazardous substance being released into the Hat Island marina.
 2. To report a release or spill, contact the federal government's centralized reporting center at 1 800 424 8802.
 3. This center is staffed 24 hours a day by personnel who will ask as much information about the incident as possible.
- Kim would like the marina committee to look at guest moorage moving forward. We were at 95% mostly last summer and that was with NO guest boats allowed. With all of the new owners, we will see more and more boats and we need to figure out how to handle it.
 - Paula asked about mooring balls and Kim was going to look into it.

Vessel Report Udo

Before I left for AZ, I visited with Shane and my better half the Armstrong facility.

We were again impressed by the craftsmanship and the progress of the vessel.

Shane went again last Tuesday and his report was the same, great progress and She is looking great. Windows are installed.

Charlie called me on Tuesday and informed me about a change at Armstrong: The company changed their name for marketing reasons and this has no influence on our contract, etc. The new name is BRIX marine.

I attach a Q and A from BRIX Marine about this change.

Time is flying and hopefully we can put 2020 in the trash can, as time goes by.

So, let's start 2021 with a nice event and hopefully the rest of the year will follow and be a lot better.

Right now our new ferry is planned to be delivered on 8.Jan 2021.

As we had delays in the past, but coming now close to the final construction days of the vessel, we are hopeful that we can have the boat delivered on that day to Hat Island (weather permitting).

After delivery we need 3 to 4 weeks of paperwork and USCG procedures to be done, before we can start regular service with the new boat; we expect the new boat in service in February 2021.

We plan some reserve days before the Christening of the vessel and have set the date for that important event

We will send a schedule of events for that day, as we come closer.

Please mark your calendars for that day and hopefully we have a nice sunny winter day.

STAY SAFE and have a great and SAFE Holiday Season

Governance committee Aimee

Aimee motioned to approve the bylaw changes for the ballot and Udo seconded. Passed unanimously

Community input:

Bill Townsend wanted to ensure marina rates are all the same for all residents and Udo confirmed yes.

Sharon Townsend asked for the following from the board:

Please add or correct the title of the September 19, 2020 Board Meeting to:

HICA Annual Community Meeting

Please include candidates for Board of Directors, vote tallies, and term lengths of elected Board Trustees.

This information has been included in the September Annual meetings for a number of years. It's a good and quick reference point.

Sharon Townsend also asked this in regard to absentee owners

Is 30 days total for the entire low season?

Answer: Yes, it is a total of 30 calendar days for the entire Low Season; same accounts for the High Season: A total of 14 calendar days for the whole High season.

The board ended the meeting with Paula calling and Kurt seconded. All in favor.

Board reconvened at 12:47 for general session to address extended ferry service

Darla motioned to continue the ferry hours on Sunday until further notice. Paula seconded and all board members voted Yes.

Respectfully submitted, Udo Gerz, Secretary (with help from Aimee Chambers)

These minutes are not intended to be a verbatim report, but do include all actions taken by the Board of Trustees.