

Hat Island Special Board Meeting
3616 Colby Ave PMB 335
Everett, WA 98201
(360) 444-6611

October 27, 2021
ZOOM

Attendees:

Paula Bafaro- President	Virtual
Dan Jensen- VP	Virtual
Don Stark- Treasure	Virtual
Kelly Dukes- Secretary	Virtual
Erik Smith- Trustee	Absent- proxy vote appointed to Don Stark
Aimee Chambers- Trustee	Virtual
Ray Stephanson – Trustee	Virtual
Kim Gleason- Island Manager	Virtual

Paula: Called the meeting to order at 6.30pm

Paula: We are here to discuss the sale of the Hat Express.

Kim: As you know the Hat Express has been for sale for some time. We listed the boat with Pinnacle Marine originally. They showed the boat 2-3 times. We also listed it in Boat and Harbor Magazine which generated some interest. Our contact with Pinnacle Marine stated that if they showed the boat to an interested party who ends up purchasing the boat within one year of the contract, they were entitled to the 7% commission.

Pinnacle Marine showed the Hat Express to Pacific Cruises Northwest out of Bellingham while we were under contract with them.

Pacific Cruise Northwest out of Bellingham looked at the boat previously. They had had a few concerns, which have since been taken care of with the repair of the trim tabs. They came and looked at it not that long ago again. John Gray with the Vessel Committee, Aimee Chambers and myself (Kim) were on the boat at that time.

Pacific Cruises Northwest has come in with a purchase price of \$200,000. They have already put a \$20,000 deposit down into an account. It is listed currently at \$225,000 so it is a bit under asking price. The captain and others who have been working the sale of the ferry all feel it is a very fair offer. The best part of this offer is the sale of the boat is “as is” and would

close this next week. There are some upcoming expenses with the Hat Express that we would have to incur, soon including \$6,000 for recertification of the life rafts. We are having issues with the hull paint, so we would not have to deal with that. The purchase and sale agreement is awaiting signature for \$200,000, sale is "as is" with no other fees to be incurred by the island other than the 7% commission to Pinnacle Marine.

We did have another interested party attempt to come on another this past Monday, but could not due to weather. When Shane told them that we have an offer they came down today and met Shane, Dan and Kim. They wanted to come and look one more time. The company was off of Orcas Island, they liked the boat, but they needed it for whale watching and decided it would need too much modification. So, we only have one offer sitting on the table at this time.

Ray: The net to the Island is \$186,000 after the commission.

Dan: Yes.

Don: No survey, no further inspections, sold "as is".

Kim: The Board has a copy of the purchase and sale agreement. There is no condition to this agreement.

Aimee: That is why I think we should take it happily.

Kelly: I agree.

Ray: Most brokers that list a vessel under \$400,000 charge 10% commission, so 7% commission is reasonable based on what the market pace is showing right now.

Aimee: When you take into the \$6,000 for certifying the life rafts and the failing bottom paint, I think we should sell.

Don: What is it that you need Kim? We have a surplus property disposal policy. What motion does the Board need to pass to give you the authority to sell the boat.

Kim: I think a motion to accept the Purchase and Sale agreement as presented for a sale price of \$200,000 would satisfy my need.

Paula: Are we ready to bring that motion to the table?

Dan: I move that we accept the offer and grant Kim the authority to close the sale.

Ray: Second.

Paula: Any further discussion?

Dan: This is a great offer we ought to accept it.

Paula: Think it is a great offer too and looking forward to having those slips available at the marina.

Kim: We also don't have to pay for additional moorage in Everett in the process of additional repairs.

Dan: We can use the proceeds to pay down the loan on the ferry as we have originally planned. I have verified that we can pay down the loan without penalties. Which will reduce our interest payments by a significant amount.

Ray: Prepay down the principle?

Dan: Yes.

Paula: Any further discussion.

Kelly: Clarified who seconded the motion- Ray.

Paula: Ready to vote

Dan: Yes

Don: Yes

Erik: via proxy vote- Yes

Paula: Yes

Aimee: Yes

Ray: Yes

Kelly: Yes

Paula: All where in favor- motion passes.

General comments: Celebration

Kim: I have the contract open on my computer I am clicking sign as we speak.

Dan: They have already put down the earnest money and are ready to close.

Paula: Do we have a motion to adjourn?

Dan: Motion

Ray: second

Meeting Adjourned at 6:40pm

Minutes by Kelly Dukes are representative of the discussion.