

**HMC Management Board Meeting Minutes**  
**February 9, 2013**

**Call to Order:** Mark Anderson called the meeting to order at 10:00 AM.

**Roll Call:** Mark Anderson, President; Janet Podell, Vice-President; Dianne DeGood, Secretary; Pat Zazzo, Treasurer; Sherri Anderson, Member at Large. Claudia Ellsworth, Island Manager. [IM]

Mark announced that Board members would be recording the meeting for the purpose of completing the minutes.

**Previous HMC Management Board Meeting Minutes:** Mark Anderson moved to approve the January 12, 2013 HMC Management Board meeting minutes. Motion carried.

**Correspondence:** There were two items of correspondence:

- Email from Member requesting an exception to the Ferry Access Policy
- Email from Member suggesting a change in the Ferry Schedule

**Finance:**

- Pat Zazzo reported the Ferry Fees are at 28.3%. HMC Management will receive a reimbursement of \$4,473.73 from the USDA funds coming in.
- **Pat moved to pay the bills for the HMC Management General Fund and the HMC Water Department as presented with the exception of an attorney fee of \$490 for legal expenses, which needs to be clarified. Motion carried.**
- The Island Manager reported that the prepay amount for the Water Construction Project has been calculated and the USDA loan will not be taken until all of the pre-payments come in. Overall the Island spent less than the estimate and we were able to do a lot of upgrades because of the low bid. The total expenditure for the Water Construction Project was \$1,738,600. With an Assessable Unit base of 390, the pro rata share is \$4,475 per Connection for the full payment. A delinquency factor was included in the calculations. Those who pay in full must present a cashier's check with a deadline of March 7, 2013. There will be a recorded document to identify the properties for which the Connection has been paid in full.
- Because the project wasn't completed until after the first of the year, HMC benefited from a reduced interest rate from the USDA (down to 2.5%). Those who choose to pay the monthly payment will pay \$14.85 per month. In 40 years, the principal paid per Member will be \$4,475 and the total interest paid per Member will be \$2,619. The monthly capital cost payment under the 40 year payment option does not include the water base fee and water usage fee. All Members will be charged these fees in the quarterly water bill.

**Administration:** See the Island Manager's report for the full report of Administration issues.

Leslie Sanderson has volunteered to pull tansy on HMC properties this year.

**Audit:** The annual audit and the A-133 audit of federal funds are nearly complete. Once completed, they will be posted on the website.

**Reserve Study:** The HMC Board agreed to contract with Association Reserves, LLC for the State required reserve study. A consultant will be on the Island February 19<sup>th</sup> to do a site visit. It is hopeful to have a draft available for the Finance Committee when they begin working on the annual budget planning.

**Water System and Maintenance:**

- New signs have been posted at the pump station to meet State and Federal regulations. The Water Committee has been working on defining the requirements for Water System Management and Operations. As soon as they receive the Operation and Maintenance Manual from the engineer they plan to put together a task list and job description for those who help with the maintenance. The Committee is welcoming any Member to be a part of the Committee and share your ideas.
- The Resident Inspectors put together an inventory of 684 surplus parts that had been purchased for the maintenance and repair of the old water system. They have asked Washington Water and Caseco if they are interested in purchasing any of these parts. Once bids come in they will be presented to the HMC Board.

**Water System Project:**

- There has been a water purity problem in an isolated section of the water line. The contractor is working to correct the problem. During this time they will add a large dosage of chlorination to this section and then test again. After 24 hours they will flush the system with about three times the volume to get any impurities out. Once the purity test

comes back clean, the engineer will certify the project and provide a final written acceptance of the construction project. With that document in our hands, the Board must then adopt a Resolution accepting the project and forward that to USDA with the final principal amount for the USDA loan. The Island Manager suggested that at the end of today's meeting the HMC Board recess the meeting to electronically vote on the engineer's certification when it becomes available, rather than adjourn. This would allow HMC to start the USDA loan process before the March meeting.

- **Mark Anderson moved that at the end of the meeting we recess the meeting (rather than adjourn) to permit the Board to promptly vote on the proposed Resolution after receiving the engineer's certification. Motion carried.**
- Many questions have come up about the new Water System. Members who prepay in full for their share of the Water System will still receive a water bill for the base fee and water usage. Another question that Members have asked is whether those who decide to finance their portion of the Capital Cost will have a lien place on their property by the USDA; the USDA will not lien individual property. The lien will be on HMC property such as roads, parks, the water system, and the community building. A third concern is who will pay for the delinquencies? A delinquency factor was placed into the total cost of the project. USDA requires HMC Management to have one year of debt service held in reserves so that if there are many delinquencies, they can still make the USDA payment. A Member asked about possibly taking a 20 year loan, but that is not an option. USDA is only offering a 40 year term on this loan at the 2.5% interest rate. To go to Key Bank and get a 20 year loan the interest rate could be as high as 5.25%.
- Members have asked when Caseco will come back and fix the roads. Caseco has promised to come back in March and April to work on the Roads. The contract has a one year warranty and if the roads are not back to what they were, they will come back again. We are trying to keep a positive relationship with the contractor. The Roads Committee has also asked Caseco to provide an estimate for annual maintenance. HMC has also asked Caseco and Washington Water for estimated costs to install service connections at currently unserved properties.
- Any work done in the HMC right of way or HMC property must be done by a licensed contractor. All new Connections should be made only by an employee of HMC or by a licensed contractor with the permission of HMC. There has to be some control in who is completing this work.

**Fire Department:** After the water system is completed the Island Members should get a break in the fire ratings on their properties. The insurance and rating bureau has to provide a new rating and then individual insurance agencies use this information when quoting insurance rates. HMC is purchasing two 50 foot sections of hose for the fire hydrants. These will be stored at the pump station and used as needed for periodic flushing of the system.

**Emergency Preparedness:** Mike Shettlesworth reported that we now have two 25 gallon fuel caddies at the pump station to use for additional generator fuel in case of an emergency. He also reminded everyone of the "Family and Friends CPR" class on April 13<sup>th</sup>. The Emergency Preparedness Committee will have their regular meeting March 9<sup>th</sup> after the Board meeting.

### **Parks:**

- Tracy Anspach thanked those who helped with a long day of effort to remove the basketball court. Now the Committee will have to quickly decide what size to make the new court. As soon as that decision is made, the replacement work will go out for bid. Children use it more than anyone, so an elementary size court might be better for everyone. The court will stay in the same spot, but it was suggested to add a safety fence on the road side.
- The Parks Committee is tentatively planning to put the docks back in on Friday, April 12th. Mike Shettlesworth reported that there is some repair work that will need to be done before the docks go in. The high tides, wind, and debris in the water took off some of the piling caps. It was suggested to use a different product that could be permanently attached to the pilings.
- The Parks Department Chairman also asked the Board to re-consider Rules E-13 and E17C relative to the "24 hour Rule". They would like to recommend not changing it and leaving it as it was before the revisions since he felt that the new policy might result in abuses that we would be unable to manage. He also reminded the Members that anywhere else Members would be charged to dock their boats. The existing rule says that a boat cannot be docked more than 24 hours without moving it and that boat trailers cannot be parked at North Beach for any length of time. Another issue the Parks Department would like the Board to consider is that when a Member has a guest parking a boat for the weekend, that guests should give owners a priority.
- Mark Anderson explained that the Board is taking all Member input into consideration in the final draft of the Rules.

**Roads:** Jack Wells reported the Roads Committee is trying to take care of the areas that are most in need of maintenance. There are spots that have been taped off so Members don't drive in these spots. The Committee has talked about a plan to fix the drainage. It was working better before the water pipes went in, so that may be the contractor's responsibility. The committee is planning on having a work party on February 13<sup>th</sup> and 14<sup>th</sup> to clean up debris around the island. If you know of a problem, let them know so they can address it.

**Rules:** There have not been any recent Rules complaints. Many members have provided valuable input to the draft Rules document posted on the website.. The HMC Board is reviewing all input. Some changes may be adopted by the Board, but others will have to be submitted to the entire Membership for a vote.

John Farris announced his resignation from the Rules Committee, effective immediately.

**Ferry:** The annual ridership numbers have been sent to the Corp of Engineers. Our records indicate that the 8:30 am and the 4:00 pm schedule seems to have the most traffic. Construction on the Island has reduced the overall ferry traffic volumes over the past several months.

**Legal:** There are currently 16 delinquencies and seven (7) of those are with the attorney.

**B.O.O.S.T.E.R.S:** Janet Podell invited everyone to stay for the Water Dedication at 12:30. After the dedication the BOOSTERS are providing lunch for everyone in attendance. The BOOSTERS will have their next meeting and Potluck on March 9<sup>th</sup>.

**Beachcomber:** All items for the Beachcomber must be sent electronically no later than Wednesday, February 13, 2013. The next edition will be a Brief edition. The next regular issue of the Beachcomber will be the March edition.

**Rumor Control and Membership questions:** A Member asked about purchasing the two 50 foot sections of hose and how they will be used to flush the water system. It was explained that when the system is flushed the water will be diverted into the ravines and this is done periodically to prevent stagnant water in the system.

**New Business:** The Water Committee Mission Statement and Charter was presented to the Board for approval and signatures. **Mark Anderson moved to approve the Water Committee Mission Statement and Charter as presented. Motion carried.**

**Since there was no further business, Mark Anderson moved to recess the meeting until the HMC Board of Directors can adopt the Resolution to accept the new water system. Motion carried.**

The Board of Directors of HMC Management electronically adopted and signed the "Resolution of the Board of Directors of HMC Management Accepting the Project Engineer's Recommendation to Accept Herron Island Water System Replacement and Upgrade" on February 28, 2013. **Following the adoption of this Resolution, Mark Anderson moved to adjourn the February HMC Board of Directors meeting on February 28, 2013. Motion carried.**

Respectfully submitted,

Dianne DeGood, Recording Secretary