

**HMC Management Board Meeting Minutes
January 14, 2012**

Call to Order: Mark Anderson called the meeting to order at 10:30 AM.

Roll Call: Mark Anderson, President; Dianne DeGood, Secretary; Judy Greinke, Treasurer; Pat Zazzo, Member at Large. Claudia Ellsworth, Island Manager. Gary Wanzong was on an excused absence.

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

Previous HMC Board Meeting Minutes: Mark Anderson moved to approve the December 10, 2011 meeting minutes. Motion carried.

Correspondence: There was no correspondence.

Finance: Judy Greinke reported that we are going to move one-half of the reserve budgeted amount to the reserve accounts. The second half of reserves will be transferred in May or June. The only area that is over budget so far this year is the small boat docks because of bills being paid out of the small boat dock account for the piling replacement. We will reimburse the general account from the reserve fund after completion of the piling replacement project.

Judy presented the bills to be paid and moved to pay the HMC bills as presented. With no further discussion the motion carried.

Judy reported that our income and expenses have been running about the same or below last year's accounting..

Administration: See the Island Manager's report for the full report of Administration issues. Volunteers for the month were acknowledged, as mentioned in the Island Manager's report.

- **Bidders' Conference:** Judy Greinke and the Island Manager attended the bid opening at Northwest Water Systems on January 13th. Judy mentioned that we have been working on this project for the last 5 years; others may say they have been working on it for 30 years. Eleven companies came to the bid opening with bids. The lowest bid came in at \$1,002,573.17 and the highest at \$1,761,192.02. Eight bids came in lower than the Engineer's estimate of 1.6 million. Now the Engineers from NWS will go over the lowest bid and qualify it and then it will go to USDA to get the final approval. We were very pleased that it was below the anticipated estimated amount and should reduce the total project cost by about 20%. The Engineers will want to make sure that everything is covered in the bid and look at the contractor's history to try to insure they don't come in later with overage costs that should have been anticipated.
- The contractors will have to bring the materials in before the salmon window opens March 15 since they are using a barge. Mark announced that administratively, we need to select the contractor based on the recommendation of the Engineer and then get approval from USDA and Key Bank, since Key Bank is providing interim financing. After the completion of the project, the interim financing will be paid by the USDA loan. In order to get started before the Salmon window opens, we need to move very rapidly.
- **Mark moved to accept the recommendation from the Engineers of Northwest Water Systems of the lowest responsive and responsible bid for the construction of the water system that meets our requirements. That is, we want the lowest price but only from a contractor that meets the minimum requirements for our water project and qualifies for the USDA loan. Motion passed.**
- **Mark moved to give authority to enter into a contract with the selected contractor, up to the Engineers' estimate of \$1.6 million, subject to USDA approval and the approval of Key Bank.** During discussion it was noted that there were eleven bidders and eight came in under the \$1.6 million. A question was asked if there were other costs involved in the water system. It was explained that the contract is only for the construction of the system. Other costs involved are the Engineers' costs, ADA compliance, upgrades to the generator at the pump house and 3-phase power. These additional costs are all included in the budget for the USDA loan. The USDA loan has been authorized for up to \$2.3 million. The lowest bid came in at 20% lower than the Engineers' estimate. And to factor that discount into the total cost of the project we would be at about \$2 million. It was mentioned that Members should be aware of their water connections and can't have change orders at the time of digging. The more changes made during construction the higher the extra costs will be. A Member asked if these budget amounts were included in the ballot presented to the Membership. The Board consulted with the Island Attorneys and the ballot gives us the approval since these additional items are needed for a full functioning water system. There was no further discussion. **Motion carried.**

- **To move ahead with financing, Mark moved that we be allowed to execute the loan documents with Key Bank for the interim financing.** During discussion it was noted that we still do not know the interest rate until we have the contract. But they have said that they are going with the lowest rate possible, but the interest charged will go into the USDA loan when the project is completed. It was asked how much we would be financing through Key Bank. It was explained that Key Bank will set up the interim loan with the same amount that USDA has authorized, which is \$2.3 million. **Mark amended the motion to approve entering into a loan contract for interim financing with Key Bank not to exceed the USDA-authorized amount of \$2.3 million. The sole purpose of the loan is for the water system project and related costs. Motion carried as amended.**
- A Member asked how late can you make a change to where your meter is located. The Manager explained that each Monday Jester Purtteman will be working with the contractor, and that he wants a week in advance as far as changing where the meter goes. As for now, most meters will be in the same location that the current shut offs are located. Any changes that are made later in the game must be requested in writing and it may be at the Member's expense. The estimated time for this project is around 180 days as long as there aren't a lot of interferences. So it should be completed by the end of August.

The Water Project Committee is scheduled to meet February 2nd.

The Manager and Jester have interviewed six applicants for the Resident Inspectors positions.

Emergency Preparedness: Mike Shettlesworth noted that the Committee has added a "Tip of the Month" in the last two Beachcombers. He encouraged everyone to read these to make yourself aware and become better prepared. There is a meeting at 12:30 this afternoon. The office has taken a step by backing up the office computers offsite with Carbonite.

Fire Department: We are still working on getting a volunteer team to take the training. Contact the Office or Andy Anderson if you are interested.

North Beach: We had one bidder, Quigg Brothers, Inc. out of Aberdeen, on the piling replacement project. Their estimate came in at \$156,663.48, which was \$93,336.52 below the original estimate from KPFF. Because of the time issue, they didn't drill the test holes, reducing the costs even further by \$5,500. The project will begin in the latter half of February and should take only 3 to 5 days of pile driving to complete.

Parks: The Committee is looking at a date for Parks Appreciation Day at the end of April, either April 21st or April 28th. This will be a work day. One thing we need to be aware of is that the water construction company will be bringing their materials over at North Beach. They are only going to use that as a transfer point and move equipment and supplies to another location on the island for their staging area.

Roads: We have no chairman and no members at this time. We are looking for someone to fill in. We had an incident last week when Penlight came out and cut a tree down that was on HMC Management property. It was done at a Member's request, but they failed to notify the office. Members need to contact the Board or the Office when this occurs.

Rules: We are still looking for members to be on the Rules Committee.

Transportation: Kevin is back to work and thanks to Jim Davies who filled in. Our newest standby captain resigned before he completed the training. A Member thanked the Ferry Crew for the tide information pamphlet for the whole year. We will be contracting soon to have the mainland side of the docks inspected, which is required every other year. It was also recommended by the Ferry Crew to have the cabling and lift towers inspected.

Technology: Judy said that we have looked at some kind of device for Ferry crew to use electronically. Now that we are getting the water system in, could we look for software that might possibly work for reading and recording water usage as well as ferry passage.

B.O.O.S.T.E.R.S The Officers are having a meeting tomorrow to pre-plan for the year. They are looking for photos to use on a new t-shirt for next year. They had lots of good comments on the Calendar sales and they are using the money to invest in Herron Island t-shirts to be sold in the spring.

Beachcomber: All items must be sent to the Webmaster by January 18 for the January issue.

Rumor Control/ Member Issues: A Member asked if renting property to the contractors was against the law? That is a rumor and it was suggested to have a rental agreement with the contractor. Merry Kogut has volunteered and put together a list of members who have properties available. It is not a function of HMC Management, but Members would negotiate with those who are interested. It was also noted that in the State of Washington, if you take on a responsibility of renting out other's properties, you have to have a license. If you get no compensation, there shouldn't be a problem.

Unfinished business: There was no unfinished business.

New Business: A Member mentioned that there has been a lot of vandalism and gas stolen on the Mainland parking lot almost every night. What would it take to have Penlight put up surveillance lights up and possibly add a camera? Mark suggested that we may be able to add the costs of this as a line item when the next budget goes out for a vote. Another Member stated that the link in a previous Beachcomber was hard to follow and did not show the Mainland parking lot. It has also been difficult to find a valid address for the parking lot when reporting a problem. It was suggested to print the address of the Mainland Parking lot in the next Beachcomber. This would allow Members to report these incidents and the more that are reported, the more often the Sheriff's Department will monitor it. Another person suggested that we post a sign with the address right by the Ferry Dock. Once we get familiar with seeing it, we will remember it.

Mark announced that at the Water Utility meeting we will be talking about the interrelationship between HMC Management and the Water Utility.

Since there was no further business, Mark Anderson moved that we adjourn the meeting. Motion carried.

Respectfully submitted,

Dianne DeGood, Recording Secretary