

**HMC Management Board Meeting Minutes  
January 12, 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 December 8, 2012 HMC Management Board meeting minutes. Motion carried.

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

- Email from a Member thanking the Island Manager, Board of Directors, Committee Chairs, Ferry Crew and everyone involved in the Island for keeping everything going, and to show his appreciation of all their hard work
- Letter from USDA approving a Change Order No. 9, which included Pump House siding and Generator Conversion
- The USDA Outlay Report #9 with an HMC reimbursement payment of \$16,530.76
- The USDA Outlay Report #10 with an HMC reimbursement payment of \$18,320.60

The HMC Board received three additional emails:

- Email from Member regarding posting the Revised Rules and Summary on the Web site
- Email from Member regarding a Water Truck for sale on Craig's list
- Email from Member regarding Vandalism on the Island

**Finance:** Pat Zazzo reported that our General Assessments are at 46.3%. The Ferry fees are at 20.4% and the Water Base fees are at 37.5%. We are now waiting for the results of the 2011-2012 audit. Once the audit is in, the busy season for the Finance Committee will begin.

**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 \$494 for legal expenses, which needs to be clarified. Motion carried.**

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

- The Island Manager thanked the volunteers who have contributed to the Island during the last month. Judy Gage has been maintaining the white boards and Sabra Duback and Deb Kraft have been cleaning the Community Building. There is still a need for a licensed electrician and someone to post "HMC Lot for Sale" signs.
- More Members are signing up for the mass emailing list. You can also receive email alerts for County Burn Bans and Power Outages through Pierce County and Peninsula Light.

**Reserve Study:**

- Under a new State law, the "Reserve Study" requirement will affect HMC Management this year. The purpose is to improve transparency of Homeowner's Associations in conveying the true cost of ownership. If the assets are in excess of 75% of the annual budget, then a Reserve Study must be published with the proposed budget each year. The first study has to be a visual site inspection conducted by a "reserve study professional." An updated "Reserve Study" must be prepared every year, with a site visit every third year. HMC Management is currently setting money aside for reserves.
- Three experienced "Reserve Study" firms were contacted for bids. HMC Management has engineering studies already completed on the docks/ramps/dolphins, the North Beach Marina, and the Water System. Because of the existing engineering studies, all three firms were willing to reduce their fees, if we have our project engineer prepare a 30-year forecast on the Water System needs. After checking out all three firms, the Board has concurred to use Association Reserves of Federal Way, which has 25 years of experience. The bids have come in ranging from \$5,400 to \$6,500; with the Water project engineer doing the 30 year forecast, the price for Association Reserves is \$2,980 for one year and the three year fee would be \$4,170. Association Reserves will also publish the study on the website so Members can view it.
- **Mark Anderson moved to contract with Association Reserves to do the "Reserve Study" for HMC Management for the three year "flat rate" subject to their pricing schedule, which should reflect the water project engineer's 30 year forecast on the water system needs. Motion carried.**

**Water System Maintenance and Operations:** The old system should be completely disconnected by end of next week, after disconnecting one last connection at the pump house. There has been a lot of work done at the well site. Beginning in February we should be able to gather data for comparative purposes and find a reduction in water usage and use of electricity.

**Engineer's Update:**

The contractor has been putting down a lot of rock on the roads, especially where the weak spots are, and filling in the trenches with rock. Next week it will be important to enter and leave the Single Lane Road (East Herron) at the same point since they will be pouring concrete around the valve collars. There are a total of 61 valves. Please avoid the cones and valves when driving on the Island. There have been problems with people driving over the cones, which has caused more problems. The Water Crew is hoping for another week of good weather so they will be able to finish the last part of this project.

**USDA Loan:**

- As of January 1, 2013, the interest rate on the USDA loan dropped to 2.5%. This makes approximately a 1/3 drop, decreasing the total interest over the 40 years up to \$440,000, depending on how much is financed through USDA. Bruce Whittle from USDA will be on the Island Tuesday morning, January 15, to inspect the substantial completion of the system. The objective is to pay the last of the bills by February 10<sup>th</sup>. Members should know the final payment amount following the February Board meeting. At that time Members will have the opportunity to pay their payment of the Special Assessment in full in advance, but within a very limited window of time, possibly three weeks, or choose to go with the HMC Management USDA loan. Because of the short time period it was suggested that payment in full be by Cashier's check.
- Change orders have been approved by USDA to extend the contract to February 10<sup>th</sup> for the final payment. This will be the end of the 30 days the construction crew had for completing the smaller punch list items.
- The next phase in the Water Project will be setting up the billing system, setting rates, and estimating labor costs for reading the meters and billing.

**Engineer's Contract Extension:**

- The HMC Management Board has a proposal to extend the contract with NWS by a maximum of \$12,760. With the extension, NWS will provide a more detailed set of as-built drawings than the minimum required so HMC Management will have a detailed digital drawing of the system. NWS will also provide a 30 year "reserve study" projection of future major maintenance and replacement costs. The figure also includes an allowance for additional compensation for oversight of the project required by the detail needed by USDA.
- **Mark Anderson moved that HMC Management extend the Engineer's contract by a maximum of \$12,760 under the Water Project to accomplish the items mentioned above. Motion carried.**
- The contractor is expected to guarantee the quality of work for one year following completion. Sometime in the early summer, the contractor will come back and take the dirt they have stockpiled to fill in the places that continue to settle.

**Well Site:**

- HMC Management has acquired two 25 gallon diesel fuel caddies as part of the Water Project in order to assure a more adequate fuel supply to the generator in the event of an emergency. In addition, Coast Exteriors has reroofed all three buildings at the well site.
- Charles Smith, Resident Inspector, reported that they have been receiving complaints about water pressure. Members need to understand that with the old system many did not get 40 psi or more. Most were receiving the bare minimum water supply to their homes. The Water crew will be raising the pressure to 50 or 55 psi shortly. If this changes anything with a Member's water supply, they need to email or call the office. When calling it is important that you give your name, physical address, and contact phone number. When there is a question, those working on it can call someone and find out the exact problem. The Water Crew and Resident Inspectors have been providing an extraordinary service for those who are summer residents and weekenders. They have given a level of personal service for those people. Charles also suggested that Members check all appliances that use water for clean filters.
- Another Member asked about publishing the Consumer Confidence Report on the web site. It was reported that they are mailed out to Members. He also wanted to know how long it would be before the chlorine level goes down in the water supply. It was reported that the chlorine level is at 1/3 of what is required in larger cities. They will always be adding small amounts to the system, but shouldn't be noticed by the consumer.

**Water Committee report:** Judy Greinke reported that the Water Committee has been a very active, hard working committee. They have worked on collecting the “Cross Connection” reports and setting up files. There is still more work to be done. The committee is planning on meeting with the HMC Board of Directors today at 1:45 to give their recommendations on the tasks to be completed and ask the Board for some guidance in completing them.

**Land Use:** The “HMC Lots for sale” are listed on Craig’s list. We have seen a little interest in some of the Lots, but nothing has been sold yet. During the meter installation they found two Lots had the same address. Pierce County is in the process of fixing the problem and assigning new addresses.

**Emergency Preparedness:** There will be a meeting today at 12:30 to discuss the Fuel Caddies which were purchased for emergency fuel.

**Parks:** There were plans to break up the basketball court, but it has been pushed to February 9<sup>th</sup>, weather permitting. Some of the caps on the pilings at the North Beach Marina have been taken off by the wind. It was decided that when they are replaced they should be fastened more securely.

**Roads:**

- Jack Wells reported that it has been muddy and asked Members to stay off of the soft shoulders. They have been removing a lot of tree debris and have widened Ferry Street. The committee is working closely with the Water Crew who brought over 150 tons of gravel over last week. The clean roads material is going in at the well site, behind the fence.
- When the Mainland parking lot flooded, Steve Kramer and the Construction crew worked on getting the driftwood out of the roadways. The IM suggested she should contact Pierce County regarding possibly changing the elevation of Isted Road and the Ferry landing to keep it from flooding.

**Rules:** The proposed Rules and the Summary of Changes have been posted on the website for Member review. Members are asked to look at them and send any comments to the HMC Board at [memberinput@herronisland.org](mailto:memberinput@herronisland.org) within the next three weeks.

**Ferry:** John Farris reported that there will be “high tides” on the early Ferry runs on Sunday, Monday, and Tuesday of this next week. Steve Wiggins has also agreed to be a relief Ferry captain, so we will see him from time to time when he is keeping up his training and when he is substituting.

**Legal Liaison:** We currently have 21 delinquencies of which eight are at the attorney. This is a 5.3% delinquency rate.

**BOOSTERS:** Janet Podell announced that the BOOSTER officers will re-convene in the next month to plan the activities for 2013.

**Beachcomber:** All items for the Beachcomber must be sent electronically no later than Wednesday, January 16, 2013. The next issue will be the January/February issue.

**Rumor control:** Nothing was brought up.

**Unfinished business:** None

**New Business:**

- Judy Greinke suggested that the BOOSTERS and Water Committee have a “Water System Dedication” after the February meeting, provided the USDA inspection next Tuesday, January 15<sup>th</sup> is approved. They will invite the people who were involved both on the Island and off the Island. The Water Project has been a community effort and it would be appropriate to recognize all the hard work that went into this. The HMC Board agreed that with the help of the BOOSTERS, to go ahead with this plan. A Flyer will be included in the Beachcomber and online to invite everyone.
- Mark announced that the election for new Board Members is coming up this spring. He encouraged everyone who attends the meetings to give it some thought and run for the Board of Directors. He went on to say that it takes some work, but is very rewarding. There are many quality people out there who would be an asset to the Board. He also urged Members to encourage others to run. We are looking for good candidates.

**Executive Session:** The HMC Board of Directors met in an Executive Session to discuss certain legal matters and also items with the water system of which some will be addressed this afternoon at the meeting with the Water Committee.

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

Respectfully submitted,

Dianne DeGood, Recording Secretary