

HMC Management Board Meeting Minutes

March 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 was absent and excused. 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 February 9, 2013 HMC Management Board meeting minutes. Motion carried.

Correspondence: There were four items of correspondence:

A Letter from the Department of Health acknowledging the receipt of the Water Construction Completion Report and officially authorizing the new water system to be put into service.

A Letter from NW Water Systems acknowledging the completion of the Water System Construction.

Email from Intuit about a price increase for the Payroll Subscription effective 3/25/2013.

Email from Member about Water System Issues and Questions.

In addition the Board received numerous emails from Members about the proposed Ferry Schedule change.

Finance: Pat Zazzo reported that the Ferry Revenue is 36.17% of budget assumptions. Summer is coming and we should have more traffic helping to reach our goal for 2012/2013.

The Assessments are at 48.7% of the budget assumption.

The water base fees are at 73.2% with the extra revenue in because some Members paid their water bill for the entire year. As of this meeting we have received 92 prepays for the full payoff of the Capital Costs associated with the Water Distribution System. This will lower the USDA loan and also lower the amount of the lien against HMC assets that secures the loan, helping all HMC Members.

In the bills to be paid there are two bills that are duplicates from last month and are on the list again. These bills did not come in when expected, so weren't paid last month and were included in this month's bills. There are also three bills from our attorney, Davies Pearson, that need to be clarified before being paid.

After the report, Pat Zazzo moved to pay the bills for the HMC Management General Fund and the HMC Water Department with the exception of the three attorney bills, which need to be clarified. Motion carried.

Pat also made a motion to approve a check in the amount of \$410,780 to Key Bank to reduce the amount of the loan principal of the interim financing. This check will be presented to the Bank on Tuesday morning and USDA will be notified of the reduction in the principal of the HMC 40 year loan. Motion carried.

Pat announced that the Finance Committee will have an initial budget planning meeting to work on the budget for 2013/2014 this afternoon at 2:00 pm. All HMC Members are invited to attend and audit the meeting.

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

The IM thanked the many volunteers who contributed their time and talent for the Island. Every hour volunteered helps keep the Assessment increases to a minimum.

Community Building and Pump Station Security: During the Water Project the door code became common knowledge to many people. So the codes have been changed and only those who require regular access will be given the code. If you are someone who needs the code contact the IM to fill out a form.

Reserve Study: The IM and Janet Podell met with Mike Fleming of Association Reserves on February 19th to complete the site visit prior to drafting the Reserve Study. He will attempt to have a report ready by the end of the month. The review will assist the Finance Committee in its budgeting process. NW Water Systems has also done a Reserve Study of the new Water System.

Water System and Maintenance:

- The Water Committee is working on a budget proposal to determine the water rate and the base fee. Judy Greinke and the IM have met with WWSC and NWS regarding contracting for substantial "on island" services. One proposal has been received and the other should be coming soon.
- They will be flushing out the water system around the Island on Monday and Tuesday of this next week. Then on Wednesday samples will be taken for water testing. These are regular monthly tests that are required by the Health Department. Our water system has been exempted by the Department of Health for nine years from a 28 chemical

IOC (Inorganic Chemical) test. The test must be done this year at a cost of \$378. If the test comes back satisfactory, we will get another nine year waiver. An email will be sent out about the water flushing.

- It was also recommended to remind Members to flush out their outside tap water when they first come on the Island this spring and summer. This can be done by letting the outside faucet run until the water is clear to get any debris out of the pipes before it is used inside the home and getting into appliances such as dishwashers, water heaters, etc. It was suggested that this notice be put in every Beachcomber from March to August.

Water System Project:

- The final letters went out to the Members regarding the full payment of their portion of the Capital Costs for the Water Project. Ninety two Members have paid in full, reducing the amount to be borrowed from USDA. The HMC Board recessed the Board meeting last month, reconvened electronically to accept the Resolution to Accept the Water Project, and then adjourned electronically on February 28, 2013.
- **The “Loan Resolution Security Agreement” must be signed prior to closing with USDA. Mark Anderson moved to authorize the President to sign and the Secretary to certify the Loan Resolution Security Agreement prior to the April meeting, once the final amounts were established. All Board Members agreed and motion carried.**
- NWS suggested that we set a flat rate for next year, but will read meters and let people know if they are using more than the normal amount of water.
- Mark then presented awards to two others who were not acknowledged last month at the dedication. Jack Wells received an award for his work with the construction crew and also keeping the roads drivable during the water construction. Terrill Chilson received an award for helping the Board and Water Committee and keeping the fire going to accomplish the project.
- A Member asked about the letter that was sent out. There is a discrepancy between the letter and the Water Financial Policy in regards to accepting prepayments after closing on the USDA loan. Mark Anderson explained that the Board of Directors was aware of the discrepancy and as time evolved we could accept prepayments, but it would have to include the interest included over the 40 year life of the loan. It will not reduce the overall amount to be paid. The Board is working with Water Committee to fix this discrepancy.
- The new Water System Project was also a featured story in the Key Peninsula Newspaper. Key Bank is also promoting this story as one of their successful loan projects.

Fire Department: The Fire Department has been advised of the new community building code.

Land Use: Someone asked why potential buyers of HMC lots are given free ferry access. It was noted that they are treated as guests of HMC since they could possibly be purchasing a Lot and adding another Assessable Unit. Also, while they are on the Island they are escorted by a Member of the Board of Directors or the IM. **After much discussion Janet Podell moved to change the Ferry Access Policy to accommodate guests who come to the Island for HMC business. The motion carried with three Board Members in favor and one Board Member against.**

Emergency Preparedness: Mike Shettlesworth reminded everyone of the CPR class on April 13th. It will be held at 12:30 pm following the regular Board Meeting and there is no cost involved. This will be a shortened class with hands on only CPR. They will also talk about the AED Machine and how to use it. This class is designed for those interested in helping family members and not for those who are in professional medical fields. This will be one session lasting two to four hours depending on the number of participants.

Parks: The process for installing the small boat docks will be changing this year since Parks will be renting the equipment and can't anticipate the impact to the installation time. There will also be some repair work that will be needed prior to installation. A Dock work party is schedule for April 13th at 8:00 a.m. at North Beach. All volunteers are encouraged to attend.

Dick Mowry was also acknowledged for the many years of service that he has given to installing and removing the docks. Those who helped in removing the basketball court were thanked and the Parks Committee is getting bids for the design ideas to be presented to the Board at a later date to begin discussion for the replacement court.

Roads: Jack Wells reported that they are starting to work on Madrona and South Herron to see where the road should be located. The biggest issue right now is the culvert drainage. The Policy states that Members are responsible for keeping the ditches and culverts clean so that water can flow through. The biggest problem is that some culverts were put in with undersized pipe and some have been crushed. Most of the work for the Roads Committee is general maintenance. They

have also been working on the pump station lot to get it ready to store extra material. The Health Department and Pierce County have approved this site for storing clean material.

Currently the Committee is trying to coordinate with Caseco to come and finish their work on the roads. They will be doing some compacting in the ditch line and should also add two to four inches of rock on top of that. But they must have three dry days to start.

Jack also presented a proposal for purchasing gravel for the roads. One option was to bring it all over by truck at a higher cost per ton and limited ferry times and the other option was to have a large load barged in to North Beach at a lower rate per ton and provide extra gravel for future needs. The Board will discuss these options and make a decision later.

Rules: There was a lot of Member input on the proposed Rules. Some of it was specific and some was generic. The Board is working on getting the Rules completed. Currently there are only two Members on the Rules Committee. We are still looking for a third person to volunteer.

Ferry schedule: Last month a Member proposed to change the Summer Ferry Schedule. The proposal was sent out to Members for their input. Sixty-two Members responded with comments. Of those who responded 60% were in favor of the change, 30% were not in favor and 10% were not sure. The change adds an earlier morning run on Saturday and Sunday and eliminates an afternoon run. The problem has been that during the summer weekends the first run in the morning usually has a long line causing the Ferry to shuttle. With an additional time added in, it might eliminate the shuttling.

Janet Podell moved to have the Board of Directors accept the change for the Summer Ferry Schedule consistent with the proposal. After no further discussion, the motion carried.

Legal Liaison: Currently there are 13 delinquencies of which 11 are with the attorney. The Delinquency rate is at 3.3%.

B.O.O.S.T.E.R.S.: Carla Vierra, BOOSTERS President, announced that there would be a BOOSTERS meeting tonight at 6:00 p.m. along with a potluck supper. Everyone was encouraged to attend. The BOOSTERS also presented a proposal to add a door at the far end of the community building for access out on the patio during large events. This door would be purchased and installed at the BOOSTERS' expense. However in order to plan on a size they would need to open up the sheetrock to look at the construction in the wall to plan for the final measurements and installation of this door. They were asking for the Board's permission to do this. The Board agreed to give them permission as long it didn't compromise the security of the building.

Rumor Control and Membership Questions:

A Member suggested that to increase Ferry revenue, during Holiday weekends, the fares should be raised to \$5 for walk on guests and \$30 for cars guests. They are using our resources and he would like to see them pay more.

Another Member asked about the security in the Mainland parking lot. It is never covered in the meeting agenda and she would like to see it added. She asked whether it was working and would internet access be a help. It was reported that the system is working, but the resolution is not of a high quality and it is hard to identify persons or vehicles. A Member of the committee reported that we may not be getting what we paid for. When the committee looked at the options the company who sold it showed a video with a lot higher resolution and suggested they would be able to read a license plate from the corner. It was also noted that anytime an incident occurs it should be reported to the police.

It was reported that the addition of the new garage doors on the front of the building has made a noticeable reduction in the heating costs for the building.

Unfinished business: None

New business: The web site has added a link for committees on the main page. Committees are always looking for new Members.

Dallas Amidon announced that there will be Easter Sunrise Services at North Beach on Easter Sunday. There will be a special ferry run at 7:00 a.m. for those who want come in the morning. They hope to have a great turnout.

Board Elections are coming up in May and Mark encourage everyone to get involved and consider sending in your application.

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

Respectfully submitted,

Dianne DeGood, Recording Secretary

ADDENDUM TO
HMC Management Board Meeting Minutes
March 9, 2013

This Addendum supplements the minutes of the meeting of the Board of Directors of HMC Management held on March 9, 2013.

At the meeting held on March 9, 2013, Mark Anderson moved to authorize the President to sign and the Secretary to certify the Loan Resolution Security Agreement prior to the April meeting. All Board Members agreed and motion carried.

Further to this motion, the Board authorized and directed the President and Secretary to sign the Deed of Trust in favor of the USDA and to encumber property of HMC Management by the execution of the Deed of Trust and such other documents as are necessary to secure the loan from USDA.

In addition to this Addendum on March 19th, 2013, by unanimous vote of all Directors, the HMC Management Board of Directors has approved that to vote as a Board via e-mail with respect to the proposed Addendum to the Minutes of the Board Meeting held March 9, 2013.

By her email message of March 19th, 2013, Dianne DeGood, Secretary, has authorized the entry of her electronic signature on the Addendum upon approval by the Board.

By unanimous vote of all Directors, the HMC Management Board of Directors has approved the Addendum to the Minutes of the Board Meeting held March 9, 2013, a signed copy of which is attached to this message.

Respectfully submitted,

Dianne DeGood, Recording Secretary