

HMC Management Board Meeting Minutes (April 9, 2011)

Call to Order: Fred Fath called the meeting to order at 10:00 AM.

Roll Call: Fred Fath, President/Treasurer, Mark Anderson, Vice President, Janet Podell, Secretary, Gary Wanzong, Asst. Treasurer, Judy Greinke, Member at Large, Claudia Ellsworth, Island Manager.

Fred Fath, Board President made an announcement concerning the recording of our Board meetings. He stated that recording is permitted by law if the intent to record is stated out loud and the statement itself is recorded. Doyle Parnell stated he wished to record. Fred asked if there were any objections. Members Dana Gruber, Janet Podell, John Farris, and Tracy Anspach each took exception to being recorded because recordings can be tampered with and it implies a level of distrust. Linda Moren spoke about the fact that the recordings are provided to Karl Schafer immediately following the meeting so there would be no opportunity for tampering. Mark Anderson announced that he is also recording to make sure any recorded event is communicated accurately. Mark also called for any other member who is recording to identify themselves. No one else stepped forward.

Previous Board Meeting Minutes:

- **Fred Fath made a motion to accept the March '11 meeting minutes. Motion carried.**
- **Fred Fath made a motion to accept the Special Membership meeting minutes. Motion carried.**

Correspondence:

- There was one piece of correspondence received into the office during the past month. This was a letter from USDA outlining the conditions of their loan. Fred Fath mentioned that HMC has accepted these conditions and the process to secure the loan is underway.

Finance

- We are half way through the budget year and we are on target to the plan. Fred Fath reported that he keeps \$30K in the checking account as a buffer. One payment to KPFF will be made from that account and then the account will be reimbursed from the Reserves as was voted on by the membership. Fred went on to report that the total income is at 50% which is right on target to the plan. The ferry is currently running at 65% of the total budget primarily because we just paid our insurance premium. The Fuel budget is currently at 50% but is anticipated to overrun in the second half of the year. Last year, when budget planning was underway and the budgets were developed, oil was approximately \$88/barrel. It is now \$112/barrel which could not have been foreseen last year. But in summary it is anticipated that our year end budget will come in very close to the plan. Next year's budget is in work with the Finance Committee. Fuel costs will probably drive the budget up and there has been discussion about ferry engine replacement. Normally we assign reserves of \$12K per year for engine overhaul. But replacement of our engines would require significantly higher reserve commitments. (Possibly as high as \$30K). The Board

is looking into federal funding for replacement of our engines. We are also looking into the possibility of obtaining available grant money.

- Linda Moren asked how the Finance committee is planning to pay for painting and sandblasting the docks. Chris Mullen asked if we are planning to sandblast the ferry docks and the Island Manager responded that there will be no sandblasting. The docks will be cleaned and repainted according to all current regulatory marine standards. Fred reported that Dock Reserve money will be used for that expense.
- **Fred Fath made a motion to pay the bills. Motion carried.**

Administration:

See the Island Manager's report for miscellaneous Administration issues not directly mentioned here.

- The Island Manager thanked and named 23 volunteers for time they have dedicated to island projects over the past month. See the IM report for a listing all of the names.
- The documented Voting Process was discussed. This document has been on the website for two months in an attempt to solicit member feedback. No feedback has been received. **Judy Greinke made a motion that we adopt the HMC Voting Process as written. Mark Anderson stated that acceptance does not preclude changes being made to this document at some later date. Motion carried.**
- The IM reported that there was an incident of vandalism at the mainland waiting shed and described more incidents of vandalism concerning stickers being attached to HMC property. Also, a substance was sprayed in the Island-side ferry waiting shed. This substance made the ferry crew and waiting passengers feel ill while they waited in the shed. The IM reported that a possible suspect was observed and a Pierce County Police report has been filed.
- Spring burn – Mark Anderson reported that he has spoken with Dick Mowry about the issue of last year's burn. He will continue to work with members to see if we can have a burn again this year. Mark suggested that we go ahead and apply for the burn permit and he will continue to work to see this event occurs.

Legal:

See the Island Manager's report for miscellaneous Legal issues not directly mentioned here.

- Current delinquencies are at five; three of which are with the island's new attorneys.
- HMC files from the Strichartz Law firm are ready for pick up. Board members Judy Greinke and Janet Podell have offered to drive to Seattle to pick these up and deliver them to our new attorney. This will save the cost of courier fees.
- The Washington Secretary of State requires HMC to file a report recording the names of the association's officers annually in May of each year. This form will be again updated this coming May and will reflect HMC Board officers who are in place at that time. It was noted that our next Board election in June will result in two new Board members whose names will not appear on the document until it is updated in May 2012 if they are appointed as officers of the corporation.

- Concerning a recent foreclosure it was reported that a Sheriff's sale recently resulted in recovery of \$21, 010.99 for HMC when the property sold at auction. Dallas Amidon asked about the final accounting of this issue. Did HMC break even? Fred and Claudia reported that they did not have the figures in front of them but it was very close. The property in question was purchased by a member (DeGood) whose current property is contiguous to the foreclosed property they purchased. Therefore no new assessment will be realized as a result of this sale. It was further reported that HMC's attorney stopped charging legal fees for this action as of December 2010. It was pointed out that the rumor mill is reporting erroneous information.
- Mark Anderson mentioned that our new attorney is Jim Tomlinson from the Law Firm of Davies-Pearson in Tacoma.
- Dallas Amidon spoke up about the excellent job with delinquencies that the Strichartz law firm has done for HMC in the past, but he is pleased that the services of that firm was reassessed and a new law firm has now been engaged. Scott Rich spoke about the rumors that are flying around and it would be helpful if the Board published a full accounting of this event.
- Pat Zazzo asked about contiguous lots and the fact that they generate less assessment revenue. Does the Board plan to look at this issue? Fred explained that we have no say over who purchases lots on the island. Judy Greinke reminded members that a proposal to change the ByLaws relative to contiguous lots has been published in the last three editions of the Beachcomber. Each time the proposal solicited member input but none has been received.

Land Use:

See the Island Manager's report for miscellaneous Land Use issues not directly mentioned here.

- The former Kennison property has recently been surveyed, which will assist HMC in determining the southern boundary of North Beach Park.
- A Water Project Committee meeting is scheduled for April 14 to discuss the survey markers placed in 2009 by Aspen Land Surveying, and where additional survey work might be needed for the water system replacement.
- Frank VanRavenswaay discussed concerns he has with the way Aspen surveyed HMC roads back in 2009. He felt that the results are inaccurate and cited a personal experience that he had with Aspen. Steve Chapin noted that he recently used Aspen Land Surveying to survey his island property and was very pleased with the quality and professionalism of the firm. General discussion followed among the members.
- Fred Fath then discussed the issue of a South End two-way easement that has been prepared and is being executed between HMC and a member whose property is being encroached upon by HMC's roadway. Since the affected party is a Board member (Janet Podell), she was asked to step down from the Board table and take a seat in the general audience. The member is granting an easement for use of 6' of the encroached property at the SW corner of her property in exchange for a 6' easement of HMC property adjacent to the SE corner of her property. Fred reported that we have worked hard to come to a low cost solution to resolve this issue. The issue first surfaced in 2009 and was complicated by member's issues relative to drainage, private member legal challenges and County permitting issues. Fred reported that precedents have

been previously set to solve property line issues and this one is no different. Fred referenced an easement granted to Pat Pitt, the McNair's, Mark Anderson (a plat alteration), and Dick Pugh (a revocable license to use HMC Property for his fence). A recordable easement document has been prepared that provides for corresponding easements being granted between Janet Podell and HMC at the intersection of E. Madrona Blvd. and South Herron Blvd. Mark Anderson made a point of stating that this action does not change ownership or adjust existing property lines. It simply provides permission for the respective parties to use each others' property. General discussion followed about the history of this issue. **Mark Anderson made a motion to grant the easement and record it with Pierce County as written. The remaining four Board members seated at the table voted to approve the easement as written. Motion carried.**

Transportation:

See the Island Manager's report for miscellaneous Transportation issues not directly mentioned here.

- No report

Rules & Regulations:

- There are no open rules complaints.
- The Rules Committee is continuing to review and update HMC Rules.

Emergency Preparedness:

See the Island Manager's report for miscellaneous Emergency Preparedness issues not directly mentioned here.

- Mike Davis discussed continuing problems with CenturyLink phone and internet service. Phone service has gone down repeatedly (including 911 service) and he recommended that we write a letter to CenturyLink expressing dissatisfaction with the service being provided. Curt Lint reported that he has filed a Small Claims court action against CenturyLink for reimbursement of fees paid and the unreliability of service.
- Mike is still working on a location for installation of the emergency repeater. Gary Wanzong reported that he solicited information from another Water service provider to see how they would handle a similar problem. A separate enclosure would be required to continue maintaining security at the water pump house. A final decision on this issue is pending.
- Mike then announced that he and his wife have received an offer for their house and he will be resigning his position as chairman of the EPC once a new chairman is identified.
- There will be an EPC meeting on Tuesday at 9:30 am at the Community Center. This meeting is open to all members.
- Fred Fath thanked Mike Davis for all of the support he has given to the island over the years both in his capacity as the EPC Chairman and as our former Certified Water Manager.

Water:

See the Island Manager's report for miscellaneous Water issues not directly mentioned here.

- **Important information about the USDA Water System Upgrade loan is contained in this month's IM report. Members are encouraged to read the details in the IM report posted on the website. Issues including the loan amount, contingency amounts, the Water Utility, and the secured interest rate (3.375%) are all included in her summary. A special thank you was given to Claudia Ellsworth for all of her diligent work on this effort.**
- Fred Fath reported that some of the accounting elements previously contained within the regular Water budget, and some comparable administrative labor will be moved to the Water Utility budget. During the first year of our new Water Utility members will pay a flat rate on a semi-annual basis. Tracy Anspach asked if we will be set up for auto pay. While we would like to, that is still an issue for discussion relative to who is going to read the meters and how often they are going to be read.
- It was noted that the Water Utility will be managed by the HMC Board of Directors.
- Tracy then asked about how members will pay for the water after the first year. Fred reported that quarterly, semi-annual or annual payments are all being discussed. Included in all billings will be information of how much water is being used.
- Dallas Amidon reported that members have asked if they can prepay their portion of the capital costs before the full amount is known. (He is concerned about real estate transactions that are new and/or are currently pending. Fred stated, as has been previously reported, members will be able to prepay their portion once it is known. (Once construction is complete.) Dallas also suggested that assessment billings for water costs be staggered so they don't coincide with the regular HMC assessment schedule.
- The IM suggested that the WPC survey the market about acceptable methods of billing.
- Discussion followed about members prepaying their portion versus those members who will not. Dallas suggested that this month's President's message should include detailed explanations of the different options.
- **A Resolution to establish the new Herron Island Water Utility was prepared and Mark Anderson made a motion to accept the Resolution. Motion carried.**
- Fred went on to describe the level of effort that was required to establish this Water Utility. There was a complex 19 page application that required completion. This included asset value of ownership in the water systems including depreciation of wells, pumps etc.

Parks:

- Tracy Anspach reminded members about the April 16th Parks Cleanup Day (It is also Earth Day). He outlined the projects that will be addressed and called for volunteers.
- The Docks party the following weekend on April 23rd will also need volunteers. These work parties are being held on different weekends due to tide conditions for re-installation of the small boat docks.
- Fred Fath thanked the committee for all of their efforts.

Roads:

See the Island Manager's report for miscellaneous Road issues not directly mentioned here.

- No Roads report.

Technology:

- No report

Rumor Control/Member Issues:

- John Farris asked about a crew pass that he recently purchased. Fred reported that we are still in negotiations with the IBU, if a crew pass was an offering in the past we wouldn't stop the benefit now. However, once the IBU contract is ratified, only crew benefits negotiated into the contract will be offered.
- Doyle Parnell asked about the Community Garden plot and why it is not being offered for sale. Mark Anderson reported that the Garden plot is a community benefit. Dallas Amidon reported that the particular property has never perked. Pat Zazzo brought up the issue about the costs of running the community garden. Dana Gruber spoke up in response and reported that no fees have ever been collected for use of the community garden. Members have in fact donated their time and materials for the plot. All rules that apply to the Community Garden plot were pre-approved by the HMC Board. She went on to correct the misconceptions that are being reported about the garden plot. Dana added that the lot could always be sold to a private party if the membership so chose.
(Note: Following conclusion of the meeting, member-shared costs for this lot were researched. For the year 2011, each member's share of the property taxes is 47¢. Each member's one-time projected cost share for the new water hook-up will be approximately \$15.15.)

Old Business: No input

New Business: None

Executive session:

- Fred Fath reported that the Board needed to go into Executive Session to address foreclosure and other member issues. Following the Executive Session Fred reported that we discussed the real estate foreclosure processes, individual accounts, and how we are continuing to practice current policy. We discussed other land use issues and came up with a plan. No issues discussed in the Executive Session required a vote of the Board.

Beachcomber:

- The next Beachcomber will be the April issue. Inputs are required electronically no later than 5:00 PM on Wed. April 13, 2011. The Beachcomber Editor is beachcomber@herronisland.org.

Adjournment: Mark Anderson made a motion to adjourn the meeting. Motion carried.

Respectfully submitted,

Janet Podell
Secretary