

TREASURE ISLAND COUNTRY CLUB

MINUTES OF THE BOARD OF TRUSTEES MEETING held December 12, 2015, at the Grapeview Firehall/Horton Community Center, 4350 East Grapeview Loop Road, Grapeview, WA. The meeting was opened at 9:00 AM by President David Madson and attended by Commissioners Larry Grumme, Roger Hansen, Ken Sanberg, and Cheri Swettenam; Morina Dustan was absent; member/employees Linda Pryor and Rick Buran; and members Jody Grumme, and Tom Spaulding.

The drafted minutes of the September 21, 2015 meeting were revised to clarify that the meeting with an attorney as approved by motion at the August meeting was not limited to guidance regarding the Association's Rules and Regulations, but was also to include guidance relevant to the Association's legal authority (if any) over common areas and/or members' private properties under local, state, and federal laws.

MOTION to approve the [minutes of the September 21, 2015 Regular Board meeting as revised](#) was made by Larry Grumme, seconded by Ken Sanberg and passed.

MOTION to approve the [minutes of the June 17, 2015 Special Board meeting](#) was made by Ken Sanberg, seconded by Larry Grumme and passed.

FINANCIAL REPORTS

Secretary/Treasurer Roger Hansen reported the conversion of the Club's accounting system to QuickBooks has been completed and is currently up to date and being used to generate all of the financial reports. The QuickBooks files were sent to the CPA, Larry Hurley, for any final input regarding the setup before the year end.

He reported that as of November 30th the total balance of all ten bank accounts was \$xxxxxx and the loan balance was \$xxxxxxx. (Details available upon request.) It was noted there are now 68.5 lots on the payment plan for the bridge assessment.

The Trustees reviewed and discussed the Cash Flow Report dated November 30, 2015 and the Budget and Actual Expense Report for September 1, 2015 to November 30, 2015. Roger noted he spoke with the CPA about realigning the fiscal budget period to coincide with the calendar tax reporting year. Mutual of Omaha Bank's loan conditions require financial reports for the end of the calendar tax year and the discrepancy with the fiscal budget year creates a complication. Contact will be made with the bank to see if the reporting period for the corporation can be changed to align with the end of the budget's fiscal year (June 30th).

MOTION to accept the financial reports was made by Larry Grumme, seconded by Ken Sanberg and passed.

SECRETARY REPORT

Roger Hanson reported on a meeting with the attorney concerning 1) TICC Rules and Regulations and 2) TICC/Board legal authority over Association property and member properties (i.e. private property).

A meeting was held with Wayne Hagen of Hagen & Banks Law group on Thursday, September 3, 2015. In attendance representing TICC were David Madson, Larry Grumme, Morina Dustan, and Roger Hansen. Prior to the meeting the attorney was provided background information (including public record documents) concerning recent problems on the island that have resulted in many complaints/letters from Association members and have required numerous responses from the Mason County Sheriff Department and various state law enforcement agencies. The meeting was held and the issues were discussed in detail and it was agreed that the attorney would provide a written summary of the discussion and his further research, findings, and conclusions in the matter.

In the meeting, the Trustees were initially advised of the legal options that the Association/Board had in the matter of enforcement/authority over Association property and members' private property. The attorney was also given copies of the TICC Bylaws and the Association Rules and Regulations which he was to review and make follow-up recommendations and comment on. The meeting discussions did not address the Rules and Regulations or Bylaw issues due to time limitations. The attorney was to respond in writing on these issues. As of this date, verbal responses have been received from the attorney but no written document. We have sent emails and made calls and have been told that we will receive the summary; however, he has been on emergency leave in California over the past several weeks. In the absence of this letter, Roger provided a verbal summary report of the meeting discussions and recommendations: The Trustees were advised that the

Association/Board has minimal, if any, legal authority over individual members' property. The authority lies with the local, state, and federal law enforcement agencies. As a result, if there are circumstances and/or island activities that members believe that laws have been broken, they need to call the Mason County Sheriff Department.

The Trustees were once again advised, as previously told by legal counsel, that if the Association wants Private Security on the island, it must be provided by an independent licensed and bonded Security Company. The Association cannot provide security through Association employees due to insurance and liability issues. The Trustees were also reminded that the Board and Association are not only bound by its Bylaws, but also must comply with all local, state, and federal laws.

What the Association can do, through Security Company services, is stop any and all pedestrian and auto traffic coming on and/or off the island and require identification of the member that they will be visiting, and call to verify and/or refuse entry on to the island if verification cannot be confirmed. There is a substantial cost to provide this type of security, but the Association does have the right to refuse non-members authorized entry on to the island and further has the right to log and maintain a data base of all vehicles/people coming on and off the island. These same rights apply to all TICC properties, including roads, dock, and beach areas, as to restricted use and/or monitoring, including the charging of user fees at the dock and beach if the members vote to implement it.

As to legal authority over individual member properties, this responsibility rests with the Mason County Sheriff; if a Security Company were hired by the Association, it would have no legal authority over the individual lots. The Board will advise the members when a written report is received.

COMMISSIONER REPORTS

WATER - Commissioner Larry Grumme distributed and reviewed a written report prepared by the Water Operations Manager, Daryl Axelson. The coliform tests for October, November, and December were negative. Samples for analysis of Radium 228 and Gross Alpha were taken from all three wells in October and all results were very clean and in compliance. • Water usage in October was slightly higher than last year with 592,105 gallons pumped; usage in November was also higher than last year with 559,675 gallons pumped. As of the end of November, 11,480,334 gallons or 35.2 acre feet have been pumped from the three wells this year. • Seven meters were installed in October and three were installed in November. A total of 216 meters have been completed and eight meters remain to be installed. • Six of fourteen inactive service connections have been secured with a lockable meter valve and padlock; the valves will be unlocked and meters installed when water service is requested by the property owners. • Reliable Diving returned in October to apply epoxy to locations inside the water tank where they identified rust during their inspection in September.

Warren Perkins of Gray & Osborne identified two locations to do the core sampling for the water tank retrofit project; the samples were taken by Geo-Tech on October 27th. Larry noted the soil conditions were better than anticipated; therefore, the foundation will be less severe than the engineers expected and the project may cost less than was previously estimated. • Warren asked about the possibility of equipping well #2 to provide water pressure during the time the tank would be off line for retrofitting; Daryl Axelson is looking into this.

Larry reported receiving a homeowner's request to move a fire hydrant that is located on the road right-of-way in front of their property onto the right-of-way in front of an adjacent property owner. The hydrant is currently located approximately four feet south of the common property line between the two properties. The reason given for moving it was to allow more parking on the right-of-way in front of their property and to prevent possible vehicular damage to the hydrant; the homeowner offered to pay for the relocation. Cheri supported approval of the relocation to the property line if the homeowner hires a contractor for the project and pays all expenses. During discussion the current policy that disallows parking on the road right-of-way was noted. The majority of the Trustees were not in favor of relocating the hydrant; two guard posts will be installed to protect it from vehicular damage.

BRIDGE – Commissioner Roger Hansen reported the Christmas lights were installed on the bridge (paid for by donation and installed by volunteers). He thanked everyone who helped with the project with special mention to Cheri Swettenam.

ROADS – Commissioner Morina Dustan absent.

DOCK – Commissioner Ken Sanberg reported the dock facility is in good shape. He thanked employee Rick Buran for cleaning up the area after the recent wind storms.

BEACH – Commissioner Cheri Swettenam reported repairs to the picnic table and benches were completed; they were moved to the west side of the shelter to protect them from the weather. She reported that employee

Rick Buran did a great job of cleaning up the inside and outside around the storage shed. Cheri applied a new coat of paint to the gate at the top of the access driveway. • It was noted that the current budget includes the funds to replace the roof on the picnic shelter. Materials will be ordered to install metal roofing and the project will be completed before the summer months.

SECURITY – Commissioner David Madson reported there was some difficulty with the security surveillance cameras; Tyco Security Systems was able to rectify the problem and the cameras are now operating properly.

EXECUTIVE SESSION

The Board voted to convene in closed executive session to discuss member correspondence that was received by the Board President. The regular meeting was adjourned into executive session at 10:15 AM and reconvened at 10:30 AM.

Roger summarized the Board's executive session discussions concerning letters received from Clyde Zumwalt and an email that was received from Debbie Axelson.

The email from Debbie Axelson was a records request for the following: #1) A copy of all petitions referenced at the September 21, 2015 Board meeting. #2) Copies of all petitions received by TICC during the last two years. #3) A copy of the attorney's input and/or information regarding rules, etc. provided to the committee. This Board has no knowledge of previous petitions received during the last two years with the exception of the one received from Debbie Axelson. The Attorney's input on Rules to be provided to the Committee has been requested by the Board and as previously stated, has not yet been received.

Three letters received by the Board President were discussed in the executive session. The first letter concerned the forming of a Board sanctioned Security Committee to work with and advise the Board on TICC security matters. This topic was brought up by Clyde Zumwalt at the Annual Meeting and was openly discussed. He was told at that time that the Board had been advised by the TICC attorney not to become involved with Board sanctioned Association Security, either with TICC employees and/or committees. As such, the Board could not and would not sanction a Security Committee. Clyde was advised that the members could form their own committee (like the neighborhood watch group) if they so desired and if they wanted to attend the Board meetings and provide input to the Board they would be most welcome, but not as a Board sanctioned committee.

Two additional letters were received by the Board that were signed by Clyde Zumwalt and a number of additional people who are assumed at this point to be TICC members. Due to the nature of the content of these documents, the Board will not openly discuss or read these documents in an open meeting without sending them to an attorney for review and legal advice in this matter. Due to the unsubstantiated allegations that are contained in the documents, the Trustees agree that legal advice is necessary before any open discussions and/or response occurs. The letters contain numerous excerpts from the TICC Bylaws and makes accusations against the Board that the Trustees are not doing their job as set forth in the Bylaws.

Excerpts have been taken from the Bylaws; however, the section concerning member complaints has not been read and/or complied with. The Bylaws state that any member who in good faith believes that the Association has acted in any way contrary to the best interests of the Association or the provision of these Bylaws or any other of the Association's rules, including taking any action involving that member individually, or any action effecting the entire membership, may request the Board of Trustees in writing to consider the matter. The request shall state the purpose or basis for the request (which it sort of did but on about 15 different items), the rule and/or requirement at issue (which it really didn't because it didn't address that in terms of the Bylaws or the rule or requirements at issue). Also some of the innuendos and accusations that have been laid out have to do with local, state, and federal laws in terms of what we can and cannot do – so the request needs to lay that out in detailed terms: 1) The specific factual allegations made, 2) the identity and contact information for any witnesses, and 3) copies of all evidence (none of which was provided), where reasonably possible.

Roger referred to the Bylaws, Article 4.B.2, Members' Obligations, which states that if the Association incurs any cost in the course of enforcing the governing documents or the assertion of or defense to and claims regarding the Association and any and all amounts reasonably expended in the process shall be paid by the member responsible if the Association prevails. That means if this matter is sent to the attorney and doesn't prevail, the Association has the right to recover that money from the letter writer and the 15 or so people who signed it.

Roger recommended that the letters not be distributed. The letters that were received came through a Board member to David and then to Roger and that's the extent of the distribution. The Board members were given copies of these letters in executive session and the copies were picked up so no copies are in circulation and the letters should not be distributed by anybody at the Board level.

Roger recommended that #1.) Clyde be given the opportunity to withdraw the letters and if he wants to resubmit the complaints, to meet the requirements in the Bylaws, Article 2.C. in conjunction with and as part of his complaint. #2) Any members signing the documents must also print their names and provide their lot numbers. #3) Members signing the complaint(s) should be advised to read Article 4.B.2. in terms of the potential liabilities concerning financial recourse should they not prevail. They should also be advised to consult with an attorney before proceeding. A reasonable amount of time should be provided for Clyde to respond; the matter should be considered closed if no response is received.

Roger Hansen made a **MOTION** as follows: To give Clyde and the members who have signed the letters the opportunity to withdraw the letters dated September 16th and September 20th. Alternatively, to resubmit their complaint with the documentation as set forth in the Bylaws, Article 2.C., which states that any and all allegations and/or charges of misconduct against another TICC member, employee, Board member and/or the Board must have the documentation to support the allegations of misconduct and/or complaint. Once this information and documentation is provided, the Board will submit it to attorney David Silver of Barker Martin Law for legal advice. If within ten days after Clyde has received notice of the Board's action, no response is received by the Board of their intention to resubmit their complaint, the matter will be considered closed. The motion was seconded by Cheri Swettenam and passed.

NEW BUSINESS

Action to appoint a member to a position on the Board was postponed for the next Regular Meeting as the interested member was not present.

ADJOURNMENT

David Madson adjourned the meeting at 10:55 AM.

Written by Linda Pryor/Executive Secretary and Secretary/Treasurer Roger Hansen