

TREASURE ISLAND COUNTRY CLUB

MINUTES OF THE ANNUAL MEMBER MEETING held July 11, 2015, at the Grapeview Firehall/Horton Community Center, 4350 East Grapeview Loop Road, Grapeview, WA. President Mike Croke called the meeting to order at 10:00 a.m. with 72.5 lots represented in person and 27.5 lots represented by proxy for a total of 100 lots represented.

President Mike Croke thanked volunteer members who organized and chaired summer events for island residents; for managing the web page and for taking on improvement projects.

MINUTES

Members received copies of the Annual Meeting Minutes dated July 12, 2014. There being no corrections or additions to the [2014 Annual Member Meeting Minutes](#), a **motion** to approve the minutes was made Dan Doyle, seconded by Brian Rowse and passed.

FINANCIAL REPORTS

Secretary/Treasurer, Roger Hansen, reported the 2013 audit found the Association's financial records to be in good order. He reviewed the accountant's recommendations for Best Business Practices that the Board has adopted and implemented to improve management and internal controls over the Association's records.

In keeping with the recommendations, the Club's accounting system is converting to QuickBooks with 2014 financial records completed and 2015 in process. This conversion will result in the creation of more detailed reports and will enable the accountant to depict more breakdowns in subsequent year-end Financial Reviews. The ability to break out and track all water system expenses separately from other operations will be a significant factor if the Club should decide to apply for grants and/or loans to fund water system renovation projects.

BALANCE SHEET - Roger presented and reviewed the 2014 year-end Balance Sheet and Income and Expense Statement. He pointed out that in past years the Club has paid for many asset improvement and repair projects from the Operations and Maintenance Fund. As an example, of the approximate \$62,000 spent to date on the water meter project, \$25,000 was funded with the Asset Replacement Fund (ARF) and the balance was funded with the general operations fund.

He referred to the Club's Reserve Study which includes a schedule of expenditures for asset improvements, repairs and replacements and noted the Reserve Study analyst recommended that maintenance expenses greater than 1% of the annual budget should be included in this schedule. In order to accurately track and account for projects identified in this schedule going forward, these expenditures will be included in the ARF Budget. **MOTION** to accept the Balance Sheet and Income and Expense Statement as presented was made by Dan Doyle, seconded by Ralieg Arkell and passed.

BUDGET - Roger presented and reviewed the July 1, 2015 to June 30, 2016 Operations and Maintenance and Asset Replacement Fund Budgets. He reviewed the separate categories in the Operations & Maintenance Budget, noting line items that were new expenses and those with anticipated increases from the previous fiscal budget. He reviewed the Asset Replacement Fund Budget, noting the itemized projects were identified in the Reserve Study; engineering for a seismic retrofit of the water reservoir, roofing well houses and the picnic shelter, and water system projects.

A member commented that if funding for projects is going to be shifted from the Operations & Maintenance Fund to the Asset Replacement Fund, the amount of Dues allocated to each fund should be adjusted accordingly.

Suggestions were received to include the year-end Financial Statement with the mailing of the meeting notice; and to provide a Budget and Actual Expense Report for the previous year's fiscal budget, indicating how much money was unspent and carried forward to the proposed budget.

PROPERTY SALE - David Madson reported the Association took foreclosure action against the owner of lot 242 for unpaid assessments and gained possession of the property last December. A real estate company was selected to handle the sale; three offers were received and a real estate attorney was hired to assist with negotiations. The property was sold to an island member for the full asking price of \$45,000.00. Roger Hansen provided the details of the allocation of the proceeds for sales costs, payment of all assessments due to the Club (the special assessment for the bridge replacement project and three years Dues), and reimbursement to the

Club for property taxes, a property survey, and all legal fees associated with the foreclosure and sale process. The net result was a loss of \$2,065.17 to the Special Assessment Reserve Fund.

WATER RESERVOIR SEISMIC RETROFIT - Larry Grumme reported Gray & Osborne engineers completed the Water System Renovation Plan. He noted a Member Informational Meeting was held on May 16th at which the engineer, Warren Perkins presented their report and reviewed their findings. The report included recommendations for three improvement projects: Water reservoir seismic stabilization, installation of a pressure booster system to increase the pressure in the water distribution system, and installation of water mains to provide fire flow capability. The Trustees had reviewed the recommendations and agreed to propose moving forward with plans to proceed with the water reservoir project as a priority and to defer the pressure booster system and fire flow capability for some future time.

Larry reported the reservoir was designed in 1967 and does not meet the current seismic structural codes. The foundation is undersized and the anchor bolts which attach the tank to the foundation are overstressed by 600%; the engineers advised that the water tank is at risk of toppling over during a seismic event. He noted the Pacific Northwest is a high seismic area with various magnitude earthquakes occurring each year, some of which can be felt and some that are not felt, but detected on graphs. It may not take a large earthquake, but a combination of many small earthquakes cumulatively damaging and stressing the bolts and foundation to the point that even a small earthquake could result in the tank over-turning. Larry reviewed the potential consequences of such an event, noting the financial and legal liabilities associated with life safety issues, property damage to surrounding properties, and the expense to replace the tank (estimated at \$700,000+).

To proceed with planning for a seismic stabilization project to bring the foundation system up to current code, a proposal was obtained from Gray & Osborne to provide the engineering design and other documents needed to obtain permits and construction bids. Their quote, which includes obtaining geotechnical soil borings, is not to exceed \$38,668.00. The Trustees included a contingency of \$6,332.00 for a total proposal of \$45,000.00 to be funded from the Asset Replacement Fund with the membership's approval by ballot vote at this meeting.

Construction cost estimates from Gray & Osborne for the project range from \$225,000.00 to \$295,000.00. Larry noted that it will take about a year to complete the engineering and go through all the steps needed to obtain actual construction costs. During that time, the Trustees will be researching financial options to help fund the project. He cited several different agencies that offer grant programs which the Trustees intend to pursue. All information will be presented to the membership for approval before proceeding with the project.

RESERVE STUDY – Larry Grumme reported the Reserve Study is a planning tool to build up a reserve fund designed to cover expected expenditures in the future that could otherwise require a loan or a special assessment. State law now requires that Homeowner's Associations retain a specialist to create this study and update it on an annual basis. The consultant hired last year discontinued doing the studies so Larry got proposals from five consulting service providers and Cedcore was selected. The final report was received last week. He noted the [full report will be posted on the Club's website](#) and encouraged members to review it and send comments to him by telephone or email.

Larry reviewed handouts that provided some information from Cedcore's report. He noted the Executive Summary indicates the Association's Percent Funded is 103% so our current status is classified as ideal. The overfunding of 3% is as of June 30, 2016 and includes the deductions for expenses that the Board is proposing for withdrawal from the fund this year. In order to remain fully funded at 100% in coming years, the consultant recommended that we increase the current annual per member contribution to the fund from \$195.00 to \$213.00 each year.

Larry reviewed the component list that itemizes all of the items included in the Reserve Study with columns indicating the useful life and remaining useful life of each component and the current cost for anticipated repairs or replacement. He reviewed the table of Reserve Fund Projections that is calculated out for a thirty year period in the study. He noted the water system distribution piping is in good shape and should last quite a bit longer, so the costs for (phased) replacement projects are scheduled to begin twenty-five years from now. Larry noted the expense for the seismic retrofit project is included in the schedule which would drop the percent funded down to 36%, however the next year it would be back up to 77% which is still a strong reserve fund. If grant money is available to defer some of the costs for that project, this would affect that percentage. The reserve fund projections are based on an \$18.00 Dues increase to bring the per lot annual contribution up to \$213.00. If we maintain the current rate of \$195.00, the percent funded would go down to 102%. The Trustees are not proposing an increase at this time.

COMMISSIONER REPORTS

ROADS – Commissioner Morina Dustan reported road work during the past year was limited to clearing culverts and blockages that were obstructing drainage of the roadside ditches. This past month the speed bumps were painted, the 'Stop' lines were repainted and 'Stop' sign lettering was added. • She reported there were quite a few issues last winter with overflow of the ditch systems on both sides of the roadways during heavy rainfalls. In most instances, this was due to blockage in the ditches and a build-up of leaves and other debris in the culverts that prevented water flow. She plans on assessing the areas that have poor drainage to aid in determining what needs to be done to provide long term improvements. This will involve digging out some of the ditches, and removing and possibly replacing some of the culverts this fall. She noted the road shoulders are community property that the Association is responsible for maintaining however respect will be given for beautification that members have done to the entrance ways to their homes. Letters will be sent to members to inform them of maintenance and improvements planned for areas in front of their property; she invited members who receive these letters to look at what is going to be done, to contact her and provide input, to communicate their preference to take care of the work themselves, or to be there then when the work is done. This also applies to another planned project to trim tree branches that are overhanging the roadway.

Morina noted the Trustees have been talking about reinstating the newsletter and asked members to consider volunteering to help with this effort.

BEACH – Commissioner Cheri Swettenam reported upcoming projects at the beach include installing a new roof on the picnic shelter, painting the picnic tables and benches, and cleaning out the inside of the storage shed. She invited members to contact her if they're interested in helping with the painting and storage shed clean-up. She noted that volunteer members have been participating in work parties for various landscape maintenance projects around the island and thanked Nancy Benson for heading these up. Cheri reported the Association owns a utility trailer (currently stored at the beach parking area) that is for sale; interested members can contact her or David Madson.

DOCK – Commissioner Ken Sanberg reported the 4th of July holiday went well; he heard no complaints about use of the dock. He reported all components at the facility are in good shape and anticipates that they will remain so for several more years. Upcoming projects include plans to trim the brush between the upper and lower parking areas and the installation of piping to provide fresh water on the float. • He reported an incident wherein a small child stepped between a piling and the float when getting off a boat and fell into the water; the child was pulled out and was not injured. To eliminate the possibility of this happening again, tires were put down over the tops of the piles so they now set on the float covering the gaps as the float moves up and down with the tides. He thanked Rick Buran and David Madson for completing this task.

BRIDGE – Commissioner Roger Hansen reported the only issue at the bridge this past year was graffiti on the underside of the bridge; this was cleaned up and painted over. • He reported the bridge was inspected by (Exeltech) engineers last year and was found to be in good condition. He noted bridge inspections are required every three to five years, so the inspections will probably be scheduled on a four-year cycle. • Roger reported the Trustees had approved of a suggestion for a volunteer project to decorate the bridge railings with Christmas lights during the holiday season. Donations are being sought for purchase of the lights.

SECURITY – Commissioner David Madson reported the Club hired Merchant Patrol Security Services for security patrols during the July 4th holiday. This was the third year the same guard has been patrolling and he reported only a couple of minor incidents. • David reported the recent theft of a trailered Zodiac that was parked on the road shoulder; the security camera footage was reviewed and it was determined that both license plates had been removed from the vehicle that towed it off the island at 3:12 AM. • David noted he receives a lot of complaints about speeding vehicles and he encouraged a group effort to stop people from speeding, suggesting that members call out to the drivers to slow them down. • In response to a question regarding crime activity, David said that reported information goes through the Community Watch program to the Sheriff; he noted that legal counsel advised against the Board sponsoring or being involved with volunteer watch groups.

WATER – Commissioner Larry Grumme reported that during 2014, the island's wells pumped 11,631,998 gallons of water. This was less than 2013, however during the first six months of 2015 water usage was 20% higher than the same period last year. He noted the 'Conserve Water' banner on the water storage tank, noting this supports the governor's proclamation to save water, and provided some tips on how to conserve. • Larry reported that 224 water service meters have been installed and 21 remain to be installed. He noted the goal is to complete the installations this year, one year ahead of the state's deadline. He commended Daryl Axelson and Rick Buran for their work on this project and pointed out that if we had outsourced this work to a contractor, the cost would have been at least four times higher than what we have spent.

COMMITTEE REPORT

Rules & Regulations – Commissioner David Madson reported a committee was formed to review the Club's current Rules & Regulations (that were last updated in 1991). The committee's task was to make recommendations to the Board for changes and/or additions and to provide recommendations for enforcement policies. The committee presented a draft of revised Rules and Regulations to the Board. The Trustees will be reviewing this draft and a survey regarding rules and enforcement measures will be sent to the membership. Following an attorney's review of a final draft, the revised Rules will be presented for approval at a membership meeting. David named and thanked the committee members for their work.

ELECTIONS

President Croke announced the terms for himself and Roger Hansen were expiring. Roger Hansen volunteered to run for re-election and is named on the ballot as a candidate, leaving one position open with no other candidates named on the ballot. Nominations were received from the floor for Dan Meddaugh and Diane McCoy.

OPEN FLOOR

- A member noted that the sides of the center road were overgrown in several locations and was assured this road would be included on the Road Commissioner's survey.

In response to a question regarding unused automobiles parked on private properties, it was noted that the Club's Covenants do not provide the Board with the authority to control what people store on private properties.

- A member voiced concerns regarding criminal activity on the island and presented a **motion** to assemble a crime prevention committee, made up of volunteers, to be tasked with research and development of an action plan to be approved by a majority of the membership and presented to the Board for implementation. The **motion** was not allowed as this topic was not included as an item to vote on in the Agenda mailed out to members with the meeting Notice. It was conveyed that members can form their own committees at any time and present their findings and recommendations to the Board. It was noted that with consideration for legal counsel's advice regarding security, the Board would follow up with due diligence before taking any actions on the recommendations received.
- A member questioned the right of individual members to give blanket permission to anyone who wants to come on the island, regardless of their criminal history, and suggested the Board should take a look at the privilege of inviting guests onto the island.
- A member expressed an interest in compiling a database of local service providers recommended by island members for various home and yard maintenance and/or repair projects. A suggestion was received to pursue this with those who are on the community's social network (Nextdoor).

BALLOT VOTING

Ballot voting was conducted with the results as follows:

- Vote to approve of the July 1, 2015 - June 30, 2016 Operations & Maintenance Budget PASSED: 79.5 Yes, 21 No, 1.5 did not vote.
- Vote to approve of a maximum withdrawal of \$45,000 from the Asset Replacement Fund for engineering services needed for a seismic upgrade of the water storage tank PASSED: 69.5 Yes, 28 No, 2.5 did not vote.
- Vote to approve of a maximum withdrawal of \$5,900 from the Asset Replacement Fund for roof replacements and water system improvements PASSED: 81.5 Yes, 17 No, 1.5 did not vote.
- Roger Hansen and Dan Meddaugh* were elected to serve 3 year terms.

* See [July 11, 2015 Special Board Meeting Minutes](#), Board Assignments. Also [August 12, 2015 Regular Board Meeting Minutes](#), New Business, second to the last paragraph of the Minutes.

President Croke adjourned the meeting at 12:47 PM.

Written by Linda Pryor/Executive Secretary

