

## TREASURE ISLAND COUNTRY CLUB

**MINUTES OF THE ANNUAL MEMBER MEETING held July 9, 2016**, at the Grapeview Firehall/Horton Community Center, 4350 East Grapeview Loop Road, Grapeview, WA. President David Madson called the meeting to order at 10:00 a.m. with 96.5 lots represented in person and 31 lots represented by proxy for a total of 127.5 lots represented.

President David Madson thanked members for attending the informational meeting held earlier in the morning from 8:30 to 9:45. He called for a moment of silence in honor of the several members who left us during the past year.

### MINUTES

Members received copies of the Annual Meeting Minutes dated July 11, 2015. There being no corrections or additions to the [2015 Annual Member Meeting Minutes](#), a motion to approve the minutes was made Ralieggh Arkell, seconded by Dan Doyle and passed.

### FINANCIAL REPORTS

Secretary/Treasurer, Roger Hansen, reported the project to convert the Association's accounting system to QuickBooks was completed last year and the CPA used the converted records to complete the 2015 year-end Financial Review. He noted a copy of the CPA's financial report is available upon request.

**BALANCE SHEET** - Roger presented and reviewed the 2015 year-end Balance Sheet and Income and Expense Statement; total equity at the end of the year was 5,897,178.75. The majority of that balance was the value of the bridge which will be depreciating yearly. The total cash balance in the Association's accounts as of April 30, 2016 was \$771,578.74 and the balance owed on the loan from Mutual of Omaha was \$1,076,698.15.

Collections from members on the payment plan for the bridge assessment (to pay off the loan) have been proceeding well. There has been one default that resulted in the Association foreclosing on a vacant lot in 2014; two delinquent accounts are currently in the hands of the attorney and they are in the process of making arrangements to bring the accounts current. **MOTION** by Dan Doyle to accept the 2015 financial reports was seconded by Barbara McFarland and passed.

**BUDGET** - Roger presented the July 1, 2016 to June 30, 2017 Operations and Maintenance Fund Budget. Funds available for the budget year included a \$6,900.00 carry over from the previous budget, revenue for payment management fees for the special assessment, and Dues income of \$405.00 per lot for a total of \$112,655.00.

Roger noted \$195.00 per lot of the annual \$600.00 Dues is deposited to the Asset Replacement Fund. He reported the Trustees have followed the recommendation of the Reserve Study Specialist to fund asset maintenance items greater than \$1,500.00 from the reserves in the Asset Replacement Fund. All items identified in the Reserve Study schedule for 2017 are included in the Asset Replacement Fund Budget for approval from the membership. The individual items will be voted on (by ballot) separately: Installation of pressure booster pumps related to the water tank seismic project, upgrades to the security surveillance system, patching and sealcoating a portion of the asphalt roadway, converting and removing standpipes, replacing storm water canisters, and analyzing trees for possible removal to protect water system components.

Roger noted there is a provision in the Bylaws that requires membership approval for withdrawals of any amount from the Asset Replacement Fund. Given that the Trustees are following the Reserve Study Specialist's recommendation to fund all maintenance items greater than \$1,500.00 from this reserve, approval from the membership is required in order to proceed with any of the maintenance items identified in the reserve study schedules. The Board is proposing an amendment to Article 7 of the Bylaws to authorize the Board to withdraw a maximum of \$25,000.00 annually to fund maintenance projects identified in the Reserve Study. Approval by ballot vote at this meeting will enable this change to be implemented.

**RESERVE STUDY** – Commissioner Larry Grumme reported that a reserve study is a budgeting tool designed to create a funding plan to build up cash reserves that will cover common area expenditures that could otherwise require special assessments or loans. State law requires Homeowner Associations with significant assets to arrange for an initial reserve study based on an on-site inspection conducted by a reserve study professional.

The study must be updated every year by the specialist with on-site inspections required every third year. The contractor handling our reserve study is Cedcore.

Cedcore recently completed this year's reserve study update; Larry noted the [full report](#) can be viewed on the Club's web site. The full report includes expenses projected for the next thirty years. He presented the Executive Summary and the schedule of expenses projected for the next five years. The summary indicates that our Asset Replacement Fund is at a funding level of 71% which is classified as a strong status. The summary indicated that in order to attain full funding of 100% the annual member contribution to the fund would need to be increased by \$36.00 per year. Cedcore also recommended that the contribution be increased by 3% each year to account for inflation. The Trustees are not proposing any increases at this time.

Larry noted that if the membership approves of all the items included on the schedule of expenses to be funded with Asset Replacement Funds this year, the percent funded as of June 30, 2017 would be 26%. That level would increase to 58% the following year and would be back up to 70% several years later.

## NEW BUSINESS

### Water Tank Seismic – Pressure Booster Pump

Commissioner Larry Grumme reported. He reviewed the information received from the engineering consultants last year regarding their structural analysis of the water reservoir; it was determined that the foundation did not meet current seismic codes and the reservoir was in danger of falling over in an earthquake. The membership had approved of proceeding with Gray & Osborne's engineers to provide the engineering design for a seismic stabilization project to bring the foundation system up to current code. The engineers presented a plan that consisted of increasing the size of the existing foundation, installing evenly spaced strengtheners around the periphery of the reservoir walls, and installing additional anchor bolts. The construction cost estimate for this project was \$500,000.00.

Following further analysis by the consultants, an alternative plan was introduced. This plan involves lowering the water level in the tank to about thirty feet instead of the current sixty feet, eliminating the need for the seismic upgrades. The lower water level would decrease the water pressure in the distribution system and necessitate the installation of pressure booster pumps. A minimum of thirty pounds per square inch (psi) is required by the Department of Health. The booster pumps would provide at least thirty psi to the inner lots and about sixty psi to those at lower elevations with the capability of providing up to about fifty and eighty psi. The engineers recently completed the preliminary design for this alternate plan. Preliminary construction cost estimates are being solicited from construction contractors.

The Trustees have set a maximum funding level of \$300,000.00 from the Asset Replacement Fund for the booster pump project to resolve the seismic issue with the water reservoir. Membership approval for this expenditure will authorize the Trustees to proceed with the project. If final estimates indicate the project cannot be completed for \$300,000.00, the project will not proceed without approval from the membership for additional funds.

### Security Camera Upgrades

Commissioner David Madson reported. An item up for ballot voting is authorization for the Trustees to spend up to \$11,000.00 of Asset Replacement Funds for upgrades to improve the security camera system. The upgrades would include replacing the outdated Digital Video Recorder and installing three new cameras at the top of the hill. At least one of these would be an infrared camera capable of capturing license plates at night. The expenditure of \$11,000.00 is based on several proposals that have been obtained for this project.

### Special Assessment for Security Guard Services

Commissioner David Madson reported that in response to requests from members, the Trustees have researched the cost of contracting with a security guard company for on-island security. With the membership's approval by ballot vote, a special assessment of \$100.00 per lot, payable September 1st, would generate a total of \$25,100.00 that would be used to provide approximately 836 hours of security services. The services would be directed by the Board of Trustees over a nine month pilot program period.

### Bylaw Amendment – Article 7

Commissioner Roger Hansen reported the current Bylaws include a provision that requires a vote of the membership to remove an elected Board member from the Board. He noted it is been difficult for the Board to operate efficiently when non-participating Board members are consistently absent from the meetings. With the

membership's approval of an amendment to Article 7, the Trustees would be authorized to remove a non-participating Board member if three consecutive Board meetings are missed. It was noted that attendance by telephone is acceptable.

#### Rules and Regulations

Commissioner Roger Hansen reported the Rules and Regulations Committee and the Trustees have been working on revising the TICC Rules for the past two years. Following a review and editing by the Association's attorney, a draft of these Rules was sent to the members prior to an Informational Member Meeting in June. He encouraged members to read them if they have not yet done so and to submit comments to the Board before they are adopted. The Board will be adopting the Rules in the near future; the members are being given the opportunity to submit an advisory vote at this meeting and the Board will take the advisory vote into consideration.

#### Enforcement Policy with Schedule of Fines & Fees

Commissioner Roger Hansen reported that Rules and Regulation without enforcement are difficult and/or impossible for the Board to administer. At the Trustees request, the Association's attorney prepared an enforcement policy that includes a schedule of fees and fines for violations of the Rules and other governing documents. This policy will provide the Board with a means to enforce the Rules and Regulations with consequences if necessary. Membership approval is required to institute the enforcement policy with the schedule of fines and fees. If the membership does not approve of the policy, there will still be no way to effectively enforce the updated rules adopted by the Board.

#### Homeowner Association Management

Roger Hansen reported that two years ago the Board adopted good business practices recommended by the CPA, one of which was to relocate the Association's office from a residence to an independent office location. The office has worked out well, however the additional expense has been questioned. The Board has been researching the feasibility of hiring a Homeowner Association (HOA) management company which would eliminate the need for an office and the paid Executive Secretary position. Three HOA management providers were interviewed and proposals were received, indicating that the Association's management costs could be reduced significantly. There are advantages and disadvantages for both maintaining the present office and staff and hiring a management firm that the Board will be considering. An advisory vote on this issue is before the membership at this meeting and the Board will take this vote into consideration.

#### BALLOT VOTING

President Madson called for a recess at 11:23 AM so members could complete and submit their ballots for the issues to be voted on and the election of three Board members. The meeting resumed at 11:30 AM. (Voting results are included below at the end of these minutes.)

#### COMMISSIONER REPORTS

**WATER** – Commissioner Larry Grumme reported the project to install service meters on all of the water connections was completed last month. He commended and thanked Daryl Axelson, Rick Buran, and David Dickinson (who participated during the first year of the project) for taking on this job, noting they installed the meters for about a fourth of the cost that a contractor would have charged. Two hundred twenty four meters were installed and there are now eleven lots that could connect to the system in the future; the remaining lots are either lots that have been divided in half or full lots that have been combined for one residence/meter.

During 2015, the three wells produced 12,100,000 gallons of water which was about 470,000 gallons less than 2014. So far this year, water production is 260,000 gallons less than last year. While the installation project was ongoing, the service meters were read on a quarterly basis. Now that they are all installed, the meters will be read at each residence on a monthly basis for at least the first three months to determine whether or not there is any leakage in the distribution system. He noted this is done by comparing the total sum of gallons used at the residences with the total gallons produced by the wells during the same period. If the difference indicates there is water system distribution leakage that is greater than 10%, state law requires that the leaks be located and repaired.

Larry noted that members can use the meter on their water connection to determine whether there are leaks in their own water lines or homes. The procedure to follow is posted on the Club's web site as a 'Homeowners' Guide to Leak Detection' (via the Water tab on the home page).

Larry reported water taken from our sample stations is analyzed monthly to check for coliform; no coliform has been detected this year. The water is also analyzed for several other contaminants (nitrates, lead and copper, etc.) and all samples have met requirements indicating that our water quality is very good. The tests taken and their results are included in the Consumer Confidence Report that is mailed to the members annually and is posted on the Club's web site.

BRIDGE – Commissioner Roger Hansen reported the bridge is in good condition. He noted inspections are not necessarily required, but prudent; a routine inspection will be performed by an engineer during the next year or two.

The Trustees recently discussed a suggestion to discontinue outsourcing the maintenance of the bridge roadway and the landscaping maintenance of the bridge entrances, around the well house, and the planters on the bridge. Some of the Trustees supported depending on volunteers to do these tasks year round. The Trustees will give this suggestion consideration, but would need committed volunteers and a program to make sure the maintenance continues. Roger noted the bridge is an asset that adds value to our properties and is the 'front door' to the island. The current cost of outsourcing the maintenance is about \$1.85 per month per lot and he believes the cost is well worth it. He encouraged members to attend the next Board meeting if they have strong feelings one way or the other or if they want to volunteer.

DOCK – Commissioner Ken Sanberg reported the recent holiday weekend went well; everybody seemed to control their boats and keep things in order. However, there was a housekeeping problem with people leaving tackle boxes, life jackets, kayaks, etc. on the float. He asked that members put their gear back in their boats and keep the float clear for everyone's safety.

Ken is working on getting permission from the Department of Natural Resources to install solar LED lights at the approach to the gangway. This will be low lighting that will illuminate the approach only. He plans on painting the entire south end of the float to stress that the entire end is the loading zone. He also plans on painting arrows on the asphalt to direct vehicles in one direction on the circular drive. Ken noted there is a hole in the grating on the float and he will be getting a replacement panel for that section.

BEACH – Commissioner Cheri Swettenam was absent; Commissioner Tom Spaulding read her written report. Cheri thanked those who helped complete projects during the past year: The benches for the picnic table were replaced by Tom Swettenam. The picnic shelter was reroofed with metal roofing by Rick Buran and David Madson. Rick cleaned up the inside of the storage shed and built racks on the outside for items stored outdoors. The old trailer is gone and the parking area was cleaned up. Rick and David anchored a log that had floated in to protect the fire pit and to serve as a bench.

With the exception of holiday weekends, members can reserve the picnic shelter for any gathering. Telephone, text, or email Cheri and she will post a 'Reserved' sign for your event.

Cheri reminded members to tell their guests, children, etc. to stay off of the shelter roof.

ROADS – Commissioner Morina Dustan had no report. President Madson noted that Morina's term was expiring and thanked her for her time on the Board.

President Madson noted that Roger Hansen's resignation from the Board will be effective at the end of today's meeting. He thanked and commended Roger for his years on the Board.

## ADJOURNMENT

President Madson adjourned the meeting at 11:54 AM.

Written by Linda Pryor/Executive Secretary

## ANNUAL MEMBER MEETING VOTING RESULTS

A total of 127.5 lots was represented at the meeting; 96.5 lots were represented in person and 31 lots were represented by proxy.

- Vote to approve of the July 1, 2016 - June 30, 2017 Operations & Maintenance Budget PASSED: 114.5 Yes, 13 No
- Asset Replacement Fund Budget - Vote to approve of a \$300,000 expense for the water system seismic study booster pump project PASSED: 85.5 Yes, 41 No, 1 withheld

- Asset Replacement Fund Budget - Vote to approve of an \$11,000 expense for security camera system upgrades PASSED: 77.5 Yes, 50 No
- Asset Replacement Fund Budget - Vote to approve of a \$9,120 expense to patch asphalt and sealcoat a portion of the roadway PASSED: 97 Yes, 30.5 No
- Asset Replacement Fund Budget - Vote to approve of a \$4,620 expense for a standpipe project and to replace storm water canisters as required by Mason County PASSED: 97 Yes, 30.5 No
- Asset Replacement Fund Budget - Vote to approve a \$6,600 expense to analyze and possibly remove trees on tank and well site properties PASSED: 111.5 Yes, 14 No, 2 withheld
- Vote to approve of a special assessment of \$100 per lot to fund the engagement of an outside security company FAILED: 43.5 Yes, 83 No, 1 withheld
- Vote to approve of amending Article 7 of the Bylaws to allow the Board of Trustees to remove an elected Commissioner from the Board for non-participation in Board meetings PASSED: 96.5 Yes, 31 No
- Vote to approve of amending Article 5 of the Bylaws to give the Board of Trustees the authority to withdraw up to \$25,000 annually from the Asset Replacement Fund for projects identified in the Asset Reserve Study FAILED (to get 2/3 majority): 79 Yes, 45.5 No, 3 withheld
- Vote to approve of the Enforcement Policy with Fine and Fee Schedule for violations of the Rules and Regulations PASSED: 80.5 Yes, 46 No, 1 withheld

#### ADVISORY VOTES

- Advisory vote to make an administrative change and hire an outside HOA professional management firm – 85.5 Yes, 42 No
- Advisory vote to adopt the drafted Rules & Regulations (with consideration of comments received from members) – 89 Yes, 38.5 No
- Advisory vote to add a ban on the flying of drones over the island's common areas to the Rules & Regulations – 83 Yes, 44.5 No

#### ELECTIONS

David Madson, Larry Grumme, and Dan Meddaugh were each elected to serve a 3-year term on the Board of Trustees.