

TREASURE ISLAND COUNTRY CLUB

Draft: These minutes have not been approved. Normal procedure is to approve the minutes at the next annual member meeting.

MINUTES OF THE ANNUAL MEMBER MEETING held July 8, 2017, at the Grapeview Fire Hall/Horton Community Center, 4350 East Grapeview Loop Road, Grapeview, WA. President David Madson called the meeting to order at 10:05 AM with 99 lots represented by 80 owners and 48.5 lots represented by proxy for a total of 147.5 lots represented by 112 owners.

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 Mike Croke and several other members who left us during the past year.

MINUTES

Members were advised that minutes of the Annual Meeting Minutes dated July 9, 2016 have been posted on the website for nearly a year. There being no corrections or additions to the [2016 Annual Member Meeting Minutes](#), a **MOTION** to approve the minutes was made by Dan Doyle, seconded by Dave Patnode and passed. Dave mentioned several historical items of interest of early Treasure Island that were contained on a Treasure Island Time Line.

FINANCIAL REPORTS

Janet Biggs of HOA Community Solutions, a management company, presented the 2016 year end financial statements. Janet is our representative at HOA Community Solutions and takes direction from the TICC Board of Directors.

The Balance Sheet indicates an Operations & Maintenance balance of \$65,380.26, an Asset Reserve Fund balance of \$499,050.92 and a bridge balance of \$168,563.40 for a total of \$732,994.58.

She indicated that the bridge loan is currently \$783,535.80 which has been paid down significantly in the last six months by owners that have paid off their obligation. Forty-four owners are still making quarterly payments.

She indicated that some owners are in arrears for their payments to the HOA. Total collections that are in arrears totals about \$27,000 which are being actively worked with the Board of Trustees and their legal firm in collection actions. A check for about \$10,000 was just received yesterday.

She indicated that she would be emailing out a profit/loss statement to all members within the next week.

Janet indicated that TICC was slightly over the budget for the budget year ended June 30, 2017. This was due primarily to our legal expense which was just over \$16,000 primarily because of the attorney fees on the encroachment issue and collection actions as compared to the budgeted amount of about \$5000.

She indicated that the total income for the July 1, 2017 to June 30, 2017 Operations & Maintenance expenses is \$101,840.00. Operations Expense for this next year is budgeted at \$62,085. Asset Maintenance Expense is \$10,375 and Water System Expense is \$27,036. The total Operations and Maintenance Expense is \$101,840, including a Contingency expense of \$2,344. The Asset Replacement Fund balance projected for January, 2018 will be \$548,400.92 minus any expenditures prior to that time.

She also indicated that CPA audit fees last year was about \$8000. We recently signed a contract with a new CPA firm for \$2000 which was secured for us by HOA Community Solutions.

ASSET REPLACEMENT FUND AND 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. He reported that the Asset Replacement Fund was last increased in 2007 with a \$50 per year increase from \$145 to \$195. The

O&M fund was last increased in 2012 from \$255 to \$405. The Bylaws require that the ARF be reviewed every five years and probably needs to be revisited this Fall by the Board.

Cedcore recently completed this year's reserve study update; Larry noted the [full report](#) can be viewed on the Club's website. The full report includes expenses projected for the next thirty years. The Executive Summary which was available at the meeting shows the schedule of expenses projected for the next five years. The summary indicates that our Asset Replacement Fund is currently at a funding level of 71% which is classified as a strong status. The summary indicates that in order to attain full funding of 100% the annual member contribution to the fund would need to be increased by \$24.00 per year for each lot for the next eight years.

The Executive Summary indicates 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, 2018 would be about 20%. That level would increase to 56% the following year and would be back up to 70% in 2022.

NEW BUSINESS

Water System – Pressure Booster Pump Project

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 design codes. 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 engineers cost estimate for this seismic upgrade was about \$500,000.00.

Following further analysis by the consultants, an alternative plan was proposed. This plan involves lowering the water level in the tank to about twenty-nine 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 island lots and about sixty psi to those near the water with the capability of providing up to about fifty and eighty psi, respectively. The engineers recently completed the preliminary design for this alternate plan.

The Trustees approved a maximum funding level of \$300,000.00 from the Asset Replacement Fund for the booster pump project last year. Preliminary construction cost estimates were solicited from about five construction contractors in July, 2016 to determine feasibility of completing the project at or below the above funding level. Results indicated that the cost to complete the design (~ \$25,000) and perform the construction might have slightly exceeded \$300,000 so completion of the design was not initiated.

Based upon our current knowledge, additional funding of \$50,000 should be more than sufficient to complete both the design and construction. A vote for Approval will authorize the Board to spend up to an additional \$50,000 from the Asset Replacement Fund, if needed, to resolve the seismic instability of the water reservoir. The design would be completed this Summer and Fall with construction scheduled for this Winter.

Asphalt Patch and Resurface

Larry Grumme reported that an expenditure of \$9,120 was approved at the 2016 Annual Member Meeting to resurface 20% of our asphalt road. It was subsequently determined by Tom Spaulding that repair and resurfacing of the entire road would be cheaper than resurfacing 20% each year over the next five years. The road was initially paved in 1968.

A vote for Approval will authorize an additional \$36,480 of the Asset Replacement Fund to repair the asphalt as needed and to resurface the Treasure Island road. We will request at least three firms to inspect our road, provide recommendations and a proposal to repair and resurface the entire road when the snow birds go South.

The Board was requested by the members to determine necessary maintenance requirements for the center island road and initiate necessary maintenance.

Traffic Control Spare Parts

Larry Grumme reported that the traffic control equipment was upgraded when the bridge was replaced. Numerous spare parts were purchased at that time. However, a spare controller card was not purchased. It is

felt prudent to also obtain a spare controller card in the event that the manufacturer discontinues our traffic control equipment and spare parts are no longer available. A vote for approval will allow a spare controller to be purchased at an estimated cost of up to \$3,362.

Board Member Removal

Larry Grumme reported that Mr. Dan Meddaugh resigned from the Board of Trustees effective July 1, 2017 and therefore a vote by the members is no longer required for this Ballot measure.

Common Area Tree Replacement

Larry Grumme reported that an independent volunteer TICC member committee recommended replacement of the three Garry Oak trees that were removed from the Dock common area with two trees (7-8 foot Seriyu Maple and an 8-9 foot Salomi Heart Throb Dogwood) and three shrubs. This will include cutting the oak stumps to sub grade, topsoil to plant trees and shrubs and clean-up of the area. Three bids were obtained and the Garden Gate Nursery bid was selected for this project. Mr. Meddaugh has submitted a payment of \$2978 for tree replacement to HOA Community Solutions. A sketch was included in the mail out for member review. A positive Advisory Vote will indicate that TICC membership believes that this is a satisfactory resolution for the removal of the three Garry Oak Trees.

A **MOTION** was presented by Joe Ragucci to have the Board call PUD3 to check regulations for planting trees under power lines. This was seconded by Tina Bird and passed.

Surveillance Camera System Upgrade

Dave Madson reported that at the 2016 Annual Meeting the membership approved the expenditure of \$11,000 to improve our surveillance camera capability. This included a Digital Video Recorder (DVR) at the well house to be replaced including incorporation of enhanced computer software and remote viewing capability of vehicles. The cost of these improvements was \$5,476. The placement of two new cameras at the top of the hill at the stop sign was deferred to determine if they were needed with the other improvements. Although our current system is very good, it is now believed that addition of these cameras will improve our overall surveillance capability for monitoring vehicles turning left or right at the stop sign. At least one of these will include an infrared camera for capturing license plate identification during the night. All information from our existing surveillance camera system is currently and will continue to be turned over to the Mason County Sheriff's office for appropriate action. The remainder (\$5,524) of the \$11,000 previously approved by the membership will be used to fund this addition to our surveillance camera system.

There was much discussion concerning the need for the addition of these additional cameras. It was discussed that an Advisory Vote will be emailed to TICC members by the Board to determine their interest in installing the additional surveillance cameras.

Security Guard Services Special Assessment

Dave Madson indicated that at our 2016 Annual Member Meeting we requested a onetime assessment of \$100 per lot for security guard services. This was rejected by the membership by a vote of 43.5 Yes to 83 No. The Board still supports this service but has reduced the cost by half in hopes that it will aid in securing approval.

A vote for Approval for this onetime assessment of \$50 per lot will generate about \$12,500 that will be used to hire an outside security company or an off-duty Sheriff deputy to provide up to 836 hours of on-island security during the night. Scope of services may include the following; stopping all non-resident vehicles/pedestrians coming onto the island for identification, determine the purpose of visit, record license plates, time of entry onto the island; and a description of the vehicle. If the vehicle shortly leaves the island this time will also be recorded. Island residents having TICC identification decals will generally not be stopped. Other information will include maintaining a log/data base of who is coming on the island including visitors, contractors, and service providers.

Dave indicated that this information, plus information from our surveillance camera system, will be provided to the Mason County Sheriff by our Security Commissioner on a regular basis or as requested by the Sheriff. Purpose of both is to provide a deterrent to unwanted traffic onto the island and to provide information of value to law enforcement officials.

There was much discussion about the issuance of new stickers since it appears that sticker control has been jeopardized with the current stickers. Consideration should be given for a new color, year of issue indicated and vehicle registration identification required for sticker issuance.

A **MOTION** was presented by Lori Morgan to have the Board look into providing new stickers. This was seconded by Brian Rowse and passed.

A **MOTION** was presented by Don Mayer to send an attorney to interface with the Prosecuting Attorney and request his attention to our concerns. This was seconded by Lori Morgan and passed.

The reason this motion was presented was because three letters from TICC members were received by the Board with concerns regarding illegal activity on the island. Don stated that these letters need to be presented to the Prosecuting Attorney.

A **MOTION** was presented by Rich Flajole to have a knowledgeable TICC member recommend an aggressive attorney to interface as soon as possible with the Prosecuting Attorney. This was seconded by Barbara McFarland and passed.

It was suggested that TICC members should send letters detailing our concerns to the Prosecuting Attorney to request action to be taken. (Michael Dorcy, Mason County Prosecuting Attorney, PO Box 639, Shelton, WA 98584)

BALLOT VOTING

President Madson called for a recess at 11:51 AM so members could complete and submit their ballots for the issues to be voted on and the election of two Board members. The meeting resumed at 12:10 AM. (Voting results are included below at the end of these minutes.)

COMMISSIONER REPORTS

WATER – Commissioner Larry Grumme reported that during 2016, the three wells produced 11,200,683 gallons of water which was about 900,003 gallons less than 2016. So far this year, water production is 3,218,792,783 gallons which is 1,218,792 gallons less than last year. The all time highest documented year was 2002 with 14,007,200 gallons pumped and the lowest document year was 2008 with 10,018,000 gallons pumped.

Since July of last year, two new service connections have been added to the Water System. One was a new installation and the other was an inactive connection turned active. This brings the total to 226 active service connections on the island. There are ten lots remaining on the island that could request a water service connection.

The State requires us to monitor our water system for the next three years to develop a baseline for Distribution System Leakage (DSL). Each year we will be required to record the amount of water pumped out of the ground (source meters) and compare it to the amount of water consumed (service meters). The difference between the water pumped and the water consumed is considered the DSL. The Treasure Island Water System reads and records the service meters every quarter to give us a heads-up to any significant leaks on the island.

The TICC water system's Water Use Efficiency (WUE) goals were originally set in a public meeting held on May 21, 2011 at the Grapeview Fire Hall. The Water Use Efficiency Rule states that we must revisit these goals every 6 years. This year on May 20, 2017 the Treasure Island Water System held a public hearing at the Grapeview Fire Hall to present new goals for the next 6 years, 2017 through 2023.

The new goals are:

- Goal: Reduce total water consumption by 2% from 2017 to 2023.
- Goal: Obtain and maintain a Distribution System Leakage (DSL) amount equal to or less than 10% for the period 2017 to 2023.
- Goal: Work with customers to identify and repair customer leaks.

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 website 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, radioactivity 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](#). Larry indicated that additional information on the water system for this past year can be found on the [Treasure Island website](#).

DOCK – Dock Commissioner position is vacant. Larry reported that three volunteers have initiated efforts to clean up the Dock common area. Six trees will be removed as part of this effort that are dead, nearly dead or diseased. Arnolds Tree Service has been contracted to remove these trees in the near future. Also included will be cutting any ivy/vining material attached to trees and fences, clearing brush impacting neighboring fence and roadway and planting butterfly bush seedlings and other native non-intrusive plants/ground cover contributed by volunteers. The Board has authorized all of these actions.

A TICC member was commended for rebuilding and painting the boat registration box at the Dock.

BRIDGE – Commissioner Ken Sanberg reported the bridge is in good condition. He noted that pressure washing is required to clean up the moss that is growing on the sides of the bridge.

Members indicated that nine bollards were removed from the bridge. Evidently they were removed without Board input and relocated to the Beach property because they were impacting pedestrians crossing the bridge. The bollards and planter placement was approved by Mason County in accordance with State requirements. It was agreed that the bollards would be returned to the bridge.

BEACH – Commissioner Cheri Swettenam indicated that it has been a pleasure to be the Beach Commissioner. Two TICC member volunteers worked on cleaning up a portion of the Beach common area. She indicated that a work party is being organized to help clean up the Beach property and additional volunteers are needed. A log on the beach needs to be cut up and removed from the beach and a lot of shrubs need to be trimmed.

She also indicated that two individuals would like to do the maintenance work on the island that is currently being done by Rick Buran because he would like to be relieved from these responsibilities for health reasons. Also mentioned was a requirement to update the maintenance job description to ensure that all maintenance requirements are included.

ROADS – Road Commissioner position is vacant. President Madson noted that the stripping on the speed bumps need painting again. New paint will be procured and speed bumps will be repainted. A problem was discussed by vehicles crossing the median when coming onto the island and tripping the stop light controller. A solution will be pursued for this problem by the Board.

A number of TICC members were thanked for cutting the overhanging branches over the road to prevent them from scratching motor homes and other tall vehicles on the side of the road.

SECURITY – President Madson indicated that security issues on the island had previously been discussed in detail.

ADJOURNMENT

President Madson adjourned the meeting at 12:51 PM.

Written by Larry Grumme and Kamryn Morgan

ANNUAL MEMBER MEETING VOTING RESULTS

A total of 147.5 lots was represented at the meeting; 80 lots were represented in person and 67.5 lots were represented by proxy.

- Vote to approve the July 1, 2017 – June 30, 2018 Operations Budget PASSED 112 Yes, 30.5 No
- Vote to approve a \$50,000 expense for the water system pressure booster pump project: PASSED 82.5 Yes, 63 No
- Vote to approve of an additional \$36,480 expense to patch and resurface the roadways: PASSED 110 Yes, 31.5 No
- Vote to approve of an expense of \$3,362 to purchase a spare controller for the traffic light: PASSED 119.5 Yes, 25 No
- Vote to approve of a \$50 per lot Special Assessment for the 2017-2018 fiscal year to pay for Security Guard services on the island: FAILED 50.5 Yes, 93 No

ADVISORY VOTES

- Advisory vote to approve the recommendation of the independent member committee report to approve the proposal of the Garden Gate Nursery in accordance with the sketch: FAILED 66 Yes, 79.5 No

ELECTIONS

Jack Morgan and William McFarland were each elected to serve a 3-year term on the Board of Trustees. Diane McCoy and Ken Sanberg were selected by the Board of Trustees to fill the other two open positions. (Our website contains the [position of responsibility and when their term ends for each Board member.](#))

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