

TREASURE ISLAND COUNTRY CLUB

MINUTES OF THE ANNUAL MEMBER MEETING held July 12, 2014, 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 89.5 lots represented in person and 33.5 lots represented by proxy for a total of 123 lots represented.

President Croke provided an overview of accomplishments made during the past year: Installation of the security surveillance system was completed, a Reserve Study was performed, consulting engineers completed a long term renovation plan for the water system, the project to install water meters on all connections is nearing completion, education for Board members was pursued and several Trustees attended a training class for non-profit Boards hosted by the Secretary of State, expenses for the fiscal year were below budget, and a financial audit was conducted.

Mike reported the audit found the Association's financial records to be in good order. The audit included recommendations from the accountant to improve management and internal controls over the Association's records that the Board is working towards implementing. Items Mike noted were a recommendation that employees should not be Board members and that we should consider establishing an office that is not located in a personal residence. Employee Rick Buran recently resigned from his position on the Board and Linda Pryor's term expires as of this meeting. The Trustees are currently pursuing renting an office in Allyn at a cost of \$225 per month.

There were questions from the floor regarding the expenses related to supporting an off-site office. Comments were received regarding other options that could be considered and the lack of membership input in making decisions. Mike stated that the Trustees believe the expense to support an off-site office is reasonable and that the Trustees are responsible for making decisions regarding the accountant's recommendations. He encouraged members to attend Board meetings to share their input.

MINUTES

Members received copies of the Annual Meeting Minutes dated July 13, 2013. There being no corrections or additions to the [2013 Annual Member Meeting Minutes](#), a **motion** to approve the minutes was made by Jeff Vert, seconded by Karen Weber and passed.

FINANCIAL REPORTS

Secretary/Treasurer, Linda Pryor, presented the 2013 year-end Balance Sheet and Income and Expense Statement. She presented and reviewed the Operations and Maintenance Budget for July 1, 2014 through June 30, 2015, noting expense items that differed from the previous fiscal budget.

The budget was formatted differently to break out all of the costs for operations and maintenance of the water system; the total expense for the water system (including service meter installations) was projected at \$137 per lot for the 2014 to 2015 fiscal budget. Linda noted that the Trustees received an estimate several years ago of \$1,200 to install each water service meter; a significant savings has been realized with the Club's employees performing this project at an average cost of \$300 per meter.

In answer to questions from the floor regarding the budgeted expense of \$5,100 for bridge landscaping maintenance, Roger Hansen clarified this expense covers mowing and weedeating areas at both ends of the bridge, planting and maintaining the flora in the planters, and regular blowing to keep the roadway surface free of clam shells and other debris.

A request was received to post the Budget and Actual Expense Reports on the Club's website.

Two members extended an offer to cover the cost of renting the office for the first three months.

RESERVE STUDY – Larry Grumme reported that a reserve study is a budget planning tool that includes schedules to build up a reserve fund for maintenance, repair, and replacement of the Club's commonly owned properties. State law requires Homeowner Association's to arrange for an initial reserve study based on a visual 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 Board selected J2 Consultants from three firms that submitted proposals for the study. The cost for the initial study was \$1,945; the following two years will cost \$800 for each update.

The consultant performed an on-site inspection, evaluated the condition and life expectancy of all the Club's physical components, and used recognized standards to project future costs for a thirty year period. The projected balance of our reserve fund at the end of this year is \$385,680. At the current rate of \$195 per lot annually going to the reserve fund, the specialist determined that our reserve is underfunded. The reserve should provide 65% to 85% funding to be in good condition and ours is currently calculated at 29.3%. The reserve specialist recommended a \$100 per lot increase for the reserve fund to be effective in 2015; this increase is proposed for the memberships' approval.

Larry noted the current rate of underfunding is due in part to the inclusion of expenses to fund upgrades to the water system that were recommended in a twenty year water system renovation plan. Additional increases to the reserve in upcoming years are included in the schedules to fund these upgrades.

AUDIT – Mike Croke reported the Trustees approved of entering into an agreement with Hurley Williams & Cook, P.S. for a fully qualified audit of the 2013 financial records, 2012 bridge project expenses and special assessment receivables, and internal procedures. The estimate was not to exceed \$15,000.00 however the fees totaled \$41,000. The accountant had indicated that the audit was taking more time than he had foreseen and the fee would be higher than he had estimated, but he did not provide the Board with a revised estimate. Following a session to negotiate the fees, the accountant agreed to cap the fee for the engagement at \$24,750.

REPORTS

BRIDGE – Commissioner Roger Hansen reported that there were two open items on the bridge construction project at this time last year and they have now been closed. The installation of the security surveillance system was completed and a baseline inspection of the bridge was recently performed. Going forward, the bridge will be on a five-year inspection schedule.

WATER – Commissioner Larry Grumme reported that during 2013, our wells produced 13, 189,073 gallons; this is within the average for the previous ten years. • The water system team continues to proceed with the project to install meters on all service connections and anticipates having all meters installed by next summer; 175 installations have been completed with 44 remaining. During the course of this project, many homeowner leaks were discovered; these were reported to the members who quickly repaired their leaks. • Larry explained that the Water Use Efficiency law requires the installation of service meters. After all the meters are installed, the law requires that we record the amount of water pumped from our wells for comparison with the amount of water consumed by members. The difference between the amount of water pumped from the wells and the amount of water read on the members' service meters over a three year period will determine our average Distribution System Leakage (DSL). If the DSL average is greater than 10% this will indicate leaks in the distribution lines that would then need to be located and repaired to comply with the law. • The engineering firm of Gray & Osborne was contracted with to develop a twenty year plan to upgrade the water system and their final report has been received. Their findings determined that the bolts on the water storage tank are overstressed by 600% and they recommended retrofitting the tank for seismic stability as soon as possible. Other recommendations included installing a pressure booster system to increase water pressure from 20 psi to 30 psi at residences, and increasing the flow rate to fire hydrants. Larry recommended scheduling an Informational Meeting of the membership to share and discuss the report. The suggestion was received with favor and a **MOTION** to schedule an informational meeting, with a request to schedule it for a date that the engineer can attend, was made by Peg Stock, seconded by Jeff Vert and passed.

DOCK - Commissioner Ken Sanberg reported the dock facility is in good shape. Some cleats were recently added to the float and two trees were removed from the northerly property line. Upcoming projects include extending the painted area that designates the Loading Zone so it will be more noticeable, and painting the railings on the pier. • The dock was crowded during the 4th of July weekend, but no complaints were received. Ken noted a committee is working on rules and regulations that may result in changes to the sign-in sheets. • Ken thanked Tom Swettenam for designing and building a new box for the sign-in sheets. He noted that the Trustees accepted an offer from Tom and Cheri Swettenam to construct a concrete walkway from the handicapped parking area to the gangway entrance to make it more accessible for the physically handicapped. Volunteers were invited to assist with this project this coming Tuesday. • Ken suggested that consideration should be given to providing more lighting at the facility to illuminate the float.

BEACH – Commissioner David Madson reported the beach area has been kept in good condition by the maintenance employee. New roofing will be installed on the picnic shelter this year. • David noted that members can call him if they would like to reserve the picnic area.

SECURITY - Commissioner David Madson reported the Club contracted with a Security Company to provide a Security Guard for the 4th of July holiday. • The security surveillance camera is working well and was instrumental in assisting the Sheriff's Department with recovering a stolen vehicle. • David noted the Sheriff's Department has a new precinct located in North Mason and the Deputies now make routine patrols of the island. He noted they will not enforce speed limits, but will enforce negligent driving.

In response to questions, David stated that camera data is stored for sixty days. Camera footage is not given to members who may request it; it is given to the Sheriff's Department only. He noted that if an incident occurs, members should call 911 and log the date and time to aid in retrieval of camera footage.

COMMITTEE REPORT

David Madson, Chairman of the Rules Committee, reported the committee members have been meeting for several months to work on updating and revising the Club's rules and drafting common courtesy guidelines.

A member encouraged others to urge their guests, tenants, contractors, etc. to observe the speed limit on the island.

ELECTIONS

President Croke announced the terms for Linda Pryor and Ken Sanberg were expiring; Ken volunteered to run for re-election and was named on the ballot. Marta Brown was also named on the ballot. Nominations were opened with no other candidates being nominated.

OTHER BUSINESS – Floor Open to Members

A member noted that the location was changed for congregating and retrieving prizes after the parade and suggested that if this is done in the future, members should be notified in advance.

In response to a question about changing both the speed limit and the length of time waiting for the light to turn green to leave the island, it was stated that the wait is currently forty-three seconds. If more than one vehicle is on the bridge, this allows enough time for multiple vehicles to clear the bridge. The 15 mph speed limit is consistent with the speed limit on the island.

A member noted a decrease in the population of clams on the northwest side of the island. Possible reasons that were suggested included harvesting by a local tribe, natural cycles, and the presence of moon snails. The extension service in Mason County will evaluate conditions and make an assessment of privately owned beaches that could be helpful in identifying the cause.

BALLOT VOTING

Ballot voting was conducted with the results as follows:

- July 1, 2014 to June 30, 2015 Operations & Maintenance Budget PASSED 99.5 Yes, 23.5 No.
- Increase of \$100 per lot to the annual Dues to be allocated to the Asset Replacement Fund FAILED, 64 Yes, 58 No, and 1 did not vote. (Needed 2/3 approval to pass.)
- Ken Sanberg and Marta Brown were elected to serve 3 year terms.

President Croke adjourned the meeting at 12:30 PM.

Linda Pryor/Secretary