

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
JANUARY 13, 2011  
7:00 PM

**Vice President Leanne Ryan called the meeting to order at 7:00 PM.**

**Welcome & Comments** – Leanne Ryan, Vice President

- Thank you email from Charlie Ferris for being invited to perform at the New Year's Eve celebration in the clubhouse

**In Attendance:** Richard Hilfer, Leanne Ryan, John Hanks, Mike Smith

**Action on Minutes:** Richard Hilfer moved, John Hanks seconded to approve the minutes of the Regular Board Meeting of December 16, 2010, Passed 3/0.

**Membership Report:** Richard Hilfer

Eugene & Jo Cavanaugh

Lot 6-5 S. Palmer Drive

**Treasurer's Report:** John Hanks

**As of December 31, 2010**, the Checking Account total was \$79,613.77. There are a total of 5 CD Accounts totaling \$354,716.39, and 1 Money Market Account totaling \$52,922.61, and 2 Petty Cash Funds totaling \$600.00 for a total of \$487,852.77 in cash and investments. **Accounts Receivables**, As of December 30, 2010, Accounts Receivable totaled \$3,557.96. There are 11 members over 90-days past due. **Summary of Expense and Income Statement Review:** As of December 31, 2010: General Operations is \$28,814 under budget; Water Operations is \$21,514 under budget; and the Marina is \$4,904 over budget.

**Manager's Report:** Art Burke

The Clubhouse HVAC system was replaced on 12/22/10 at a cost of \$7,150. The previous system lasted approximately 27 years which is quite good for a heat pump. The new system is a Lennox and is much more energy efficient so we should experience a savings on our utility bill. As always, when the Clubhouse is not occupied the thermostat will be set at a low setting for energy conservation. Our vendor recommends no lower than 66 degrees for optimum efficiency. If you are using the Clubhouse, you may adjust the thermostat to a comfortable setting, however please remember to reduce the temperature to 66 if you are the last one out.

A water pipe serving the north marina docks sprung a leak on 12/26/10. This was very surprising since we had already turned off, drained and padlocked the water system in preparation for the winter months. Someone was able to turn the valve just far enough to recharge the system which allowed the freezing temperatures to freeze and crack the pipe. The water is turned off to many areas in the community to protect against damage to pipes from freezing temperatures. Please do not turn on valves that are off unless first checking with Art or Donnie.

The installation of seven piling sleeves is underway in the Marina basin. Each of the pilings will be encased in a fiberglass sleeve that is then bonded to the wood with an epoxy or grout material. This process will extend the life and strength of the pilings in the Marina.

As a reminder to members, all youth under the age of 18 must be accompanied by an adult while visiting all of the Cape George facilities, including the pool, clubhouse, fitness room and marina dock area.

If you've ever taken a beach walk in the vicinity of the clubhouse and picnic area you may have noticed that many of the logs lining the shoreline are connected together by ropes and chains. This isn't an accident, but rather a special program to reduce shoreline erosion. During periods of high tides and storm surges, the shoreline can be repeatedly hit with waves causing extensive erosion. The placement of these logs is intended to diffuse the energy of the waves and reduce the amount of soil, sand, gravel and rock that is lost. The ropes and chains help to hold the logs in place. In recent months we've had several reports of our beach log

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restraining ropes being cut. Please help us protect our shoreline and do not disturb these ropes. A special thanks to Bill McFarland for all of his efforts in managing this shoreline protection project. If you'd like to become involved, please visit the office for information.

I have received the following reports/complaints over the past month:

- Trespass and property damage complaint on Cole Avenue.
- There has been a rash of mail theft/vandalism leading up to the holidays in Jefferson County and it also hit the Colony. Several mail boxes had their contents removed and opened.
- There have been two separate reports of automobiles being vandalized in the community.
- Report of vehicles being rifled and cell phone stolen on Colman Drive.
- Report of after hours activity in the vicinity of the pool.
- Sign stolen from entryway of Highlands.
- Property maintenance complaint on two residences on Saddle Drive.

**Committee Reports: Environmental:** We discussed our on going concern about beach erosion. Manager Art Burke reported his conversations with Jefferson County and DNR. These agencies view restraining beach logs as "good practice" and we are assured that the work volunteer Bill McFarland has been doing for several years is in line with their advice and has been of obvious benefit to our beaches. Art outlined further work that Marina volunteers and our staff will do to shore up areas that have washed out this winter. We also discussed our upcoming educational presentations, repairs to the Clubhouse landscape where electrical work was done, and a maintenance plan for Memorial Park with a group of interested volunteers. New business included getting estimates for Poison Hemlock and weed control, some discussion of the on-going frustration with speeders on the Marina Drive hill, though we rejected a proposed sign, and discussion of an improved, walker-friendly path from North Palmer to the Colony mailboxes because of safety concerns. We concluded with the observation that one of the crabapples at the Colony entrance is disfigured by age and woodborers and may have to come down. **Fitness:** The Fitness Committee held a meeting on January 5th we had several members who were new to our meetings. The decision was made to purchase a new Landice L7 treadmill to replace the ailing Life Fitness. Our treadmills on average receive 6+ hours of use per day. The Life Fitness has over 43,000 miles on it. The new treadmill has been ordered and will arrive in Portland in 2 to 3 weeks. It will help take the pressure off the current one and prolong its life. A member of our community has offered to pick it up on a business trip to the area. Richard Hilfer our new liaison to the committee is attempting to sell the old treadmill for parts on Craigslist. Our recent fundraising drive has netted to date nearly \$2,500.00. We continue to solicit donations as we are a few hundred dollars short of our goal. While I do not have actual numbers I believe usage of the fitness room has tripled in the past year, and it continues to be an asset to our community. **Water:** The meeting was held at 5 pm at the Office. The following attended: Art Burke, Manager; Greg Rae, Water System Manager; Michael Smith, Board Liaison; Ed Skowyra and Stewart Pugh. Ed provided a review of **the valve and blow off installation project** that took place during the 1<sup>st</sup> and 2<sup>nd</sup> week of December. The project went very smoothly and Ed was on site at each of the four locations to supervise testing of the pipe samples as they were removed from the hole. In addition, varying members of the Water Committee also participated in the testing as their schedules allowed. At each of the locations a section of pipe was removed, inspected and tested for relative hardness and signs of deterioration/wear. At one of the locations a section was removed that included a coupler. The coupler was disassembled and the gaskets were inspected. Of special note, the blow off that was installed on Saddle Drive revealed that this section had been previously capped. With the new blow off this section of

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the system will now be able to be more adequately flushed. Overall it was the opinion of the Water Committee members that the pipe sections examined were in excellent condition and showing very little signs of degradation. A complete written report has been provided by the Water Manager along with a video showing the testing at each of the sites. Greg received a call from Gresham Drilling inquiring about when we might be moving forward with a detailed bid package for the replacement of well #5. Ed has provided updated specifications and Art is moving forward with assembling those packages and will be getting them in the mail in the next couple of weeks. **Discussion on the frequency and need for storage tank cleaning.** It was thought that it had been approximately 4-5 years since the last time the reservoirs had been cleaned. The group decided that it would be appropriate to locate and review the video tape that was made during the last cleaning. This would clarify the date of the last cleaning and possibly provide some indicators of suggested frequency. Greg will work on locating the tape and once located the tape will be reviewed by Art and Ed. Ed also offered to transfer the tape to a DVD. The discussion will be continued at the next meeting. Ed is getting started with the development of the **Water System Plan (WSP)** and will be working with NTI and Greg on compiling the necessary information. Ed will provide updates at the next meeting. **Discussion on the development of a water system replacement plan.** Ed feels as though it may be premature to plan for a replacement program when changing technologies and materials may make the plan obsolete by the time the plan is needed. Ed will present the question to Bob Leach of NTI to get his impressions of the value and/or need for such a plan and report back at the next meeting.

New Business Information Items:

- Art Burke will place the proposed changes to Cape George rule MIS01 Election Procedures, section E Collection and Count of Ballots, number 3, in the February newsletter for member review and comment and report back to the Trustees.
- Art Burke will meet with the Finance Committee at their next meeting to discuss the reserve study.
- Art Burke and Richard Hilfer will continue investigation of how the organization can pursue Covenant revisions
- Art Burke will continue to work on changes to clerical process of amending Bylaws, review of past changes and report back to Trustees.

**New Business Action Items:**

**Motion 1:** Richard Hilfer moved, John Hanks seconded to make changes to the Cape George rule CP03 “Marina Usage” removing specific fees related to guest moorage and waiting list. Passed 3/0

**Motion 2:** Richard Hilfer moved, Mike Smith seconded to retain the law firm Goff & DeWalt to advise on the most efficient method to add an amendment procedure to the covenants, at a cost not to exceed \$500. Passed 3/0

**Motion 3:** Mike Smith moved, Richard Hilfer seconded approve the guidelines for a Member Letter Section in the Cape George Newsletter as submitted by Manager, Art Burke. Passed 3/0

**Motion 4:** John Hanks moved, Richard Hilfer seconded to approve the resolution to transfer \$7,150.06 from General Reserves to the General Investments Account for replacement of HVAC system in the Clubhouse by Peninsula Heating. Passed 3/0

**Motion 5:** Mike Smith moved, Richard Hilfer seconded to approve a member’s request for a due date adjustment. Passed 3/0

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**Open Board Discussion: None**

**Announcements:**

February 8, 2011, Study Session at 3:00 pm

February 10, 2011, Regular Board Meeting at 7:00 pm

**Adjournment:** John Hanks moved, Mike Smith seconded to adjourn the Regular Board meeting at 7:40 pm. Passed 3/0

Submitted by:

\_\_\_\_\_  
Richard Hilfer, Secretary

Approved by:

\_\_\_\_\_  
Robin Scherting, President

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**President Robin Scherting called the meeting to order at 7:00 PM.**

**Welcome & Comments** – Robin Scherting, President

Three open positions for the Board of Trustees.

**In Attendance:** Robin Scherting, Richard Hilfer, Leanne Ryan, John Hanks, Mike Smith, Tom Ramsey

**Action on Minutes:** Richard Hilfer moved, Tom Ramsey seconded to approve the minutes of the Regular Board Meeting of January 13, 2011, Passed 5/0.

**Membership Report:** Richard Hilfer

Carol Davis & Robin Mail	100 Cedar Drive
Bradley Seamans & Kirsten Campbell	40 Quilcene Place

**Treasurer's Report:** Tom Ramsey

**As of January 31, 2011,** the Checking Account total was \$189,652.59. There are a total of 5 CD Accounts totaling \$354,716.39, and 1 Money Market Account totaling \$52,922.61, and 2 Petty Cash Funds totaling \$600.00 for a total of \$597,891.59.77 in cash and investments. **Accounts Receivables,** As of January 31, 2011, Accounts Receivable totaled \$28,449.17. This unusually high figure is due to recent tri-annual assessments. There are 11 accounts over 90-days past due, with no members in the over 60 days category. **Summary of Expense and Income Statement Review:** Due to a recent problem with the TOPS accounting software, we are unable to provide an analysis of our 3 income/expense categories at this time. It is hoped that this information will be available in time for publication of the newsletter in which I will provide a revised financial report.

**Manager's Report:** Art Burke

After a delay as a result of additional materials needing to be ordered, the piling sleeve project in the marina is continuing. We are anticipating this project being completed sometime in the next week.

The staff has begun to conduct cross training in some areas of maintenance and operations. In recent weeks the Manager has become familiar with the morning routine at the tank farm and is updating the existing written procedures. As time allows we will continue to create detailed procedure sheets for all of our maintenance and operation practices.

Gary Rossow determined that in order to receive a two year extension to our existing dredge permit, we would be required to update our Biological Evaluation associated with the project. Since its original writing, the orca and several types of rockfish have been added to the federal endangered species list. We have asked Marine Surveys & Assessments to write an addendum to our existing report, covering these new species.

On July 18<sup>th</sup>, Cape George will turn 50 years old. I've alerted the Social Committee to make sure this historic event gets its appropriate recognition.

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We received a report of beach logs being cut and loaded into a truck in the vicinity of the playground. Upon arriving at that location an old, green, Toyota pickup truck was encountered with two large logs in the back. The driver was directed to remove the logs and leave.

Donnie replaced the door to the outside restroom at the Clubhouse/Pool building. He also painted the door and interior walls, and once the weather warms up a little bit he will be applying a new floor surface.

During the last couple of months the marina basin has been a “log magnet” with stray logs drifting in on the high tides and ending up just about everywhere. A few of the Marina volunteers, including Paul Happel, Penny Jensen and John Hanks, rounded up the logs by hand and then Donnie used the tractor to move them to locations along the beach to assist with erosion control. Some of the logs were over 30 feet long with roots still attached! Thanks for all of your hard work!

I have received the following reports/complaints over the past month:

- Power out to south Marina dock and light poles in Clubhouse and Marina area.
- Outdoor lighting complaint on Maple Drive.
- Construction project on Quinault Loop leaving excess mud and debris on roadway.
- Frozen food vendor going door-to-door in the community.
- Tree at lower end of ravine trail with hanging limbs posing a potential hazard.
- Disturbance late at night in the Highlands.

**Committee Reports: BUILDING: 181 Quinault Loop** property, with building permit approved December 27th, needed a changed reference point for grade level, as the southwest back corner of the house was about two feet higher than the point first established. Committee Chair made the mistake because trees obscured sight lines, and he did not discover it until the trees were removed and dirt moved, when the builder called. No problem, as the property is not in danger of being built over the 17 foot limit. I re-established the point as 22 inches higher than the original 8 inches lower than SE corner of lot. **40 Queets Place.** Approved replacement of an addition to deck. No potential problems identified; no conflict with property limits. Investigated house renovation at **241 N Palmer.** Remodeled area appears completed except for installation of outside lights, and possibly painting the cedar siding. There was nobody at home on January 19 and January 26. Nobody at home; house appears closed down for winter season. Final approval made on February 7, 2011, with neighbor providing access. **ENVIRONMENTAL:** On our educational program agenda we discussed and planned for the program we will be presenting for the community on Weather at Cape George on February 26. We also discussed coordination with the docents of the Marine Science Center and appropriate tides and set the date for the annual Beach Walk on Saturday June 4. We agreed to spend up to \$200 on plants to replace those lost to the electrical project at the Clubhouse and we voted an additional \$200 to be spent by Kyanne Anderson and those helping her at Memorial Park on additional ground cover. We agreed to do the same spraying program as last year to control poison hemlock near public areas in the Beach – Marina Area and weed prevention in the landscape areas of the Clubhouse, West Vancouver Park and Memorial Park. The sprays will be done by a State licensed applicator. We also agreed that the old crabapple on the north side of the Colony

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entrance had reached the end of its useful life, being more dead than alive, and asked Manager Art to have it removed. He will also ask the arborist who pruned the cedars adjacent to the office if he feels they pose any threat to the building. We again talked with Manager Art about work Donnie has done with volunteers, Bill McFarland and John Hanks, to move logs that collect in the Marina to the eroding edge of our beach. The committee asked for a cost estimate for the chain needed to secure these logs. We also started talking about the additional need for some berm along that edge to be planted with native grasses. This will need further discussion and design work. **Under New Business** we considered the safety problem that exists for pedestrians near the stop sign at the Colony entrance. Next meeting we will go there to measure and estimate the cost of a tamped crushed rock path suitable for walkers. We also would like to provide a similar path to the Fitness Room entrance, perhaps with help from the Fitness Committee. **FINANCE:** January 2011 Finance Committee Meeting – NOTES: Finance Committee met on January 17, 2011 at 9:30am in the Upstairs Conference Room at the Cape George office. Members present were Barbara Barnhart and Karen Krug. Georgette Semick and Jean Harrington were out of town but had provided written comments or questions prior to the meeting date. Also in attendance was Art Burke. Discussions during the meeting are summarized below under each agenda item. **1. Review of first run pre-audit December 2010 financial statements.** a. Preliminary statements emailed separately on 01/08/2011. b. Trended P&L and Balance Sheet (Excel file) emailed on 01/09/2011. c. First set of questions/corrections emailed on 01/09/2011 with the original agenda. d. Handout of Amended questions/correction. A handout of the amended questions and/or corrections was provided at the meeting. No answers to the initial set of questions were available. There was very brief discussion to clarifications a few items most notably the concern over the Assessment variances and the Earned versus Unearned Marina waiting list revenues. **2. Review final update to 2010 Reserve schedules.** a. Schedules not yet updated - pending responses to items in 1c above. b. Planned Reserve Study – Art Burke It was noted that the schedule will not be updated until the 2010 accounts are closed as some of the questions related to December year-end statements will impact that update. A discussion of FinCom's involvement in the review of Reserve Study consultants occurred. The Manager will try to convert the current responses to PDFs so the entire Committee can review the information and provide input. **3. Doubtful accounts prior to closing 2010.** a. Should have a schedule detailing the account, the doubtful amount incurred during 2010 and the doubtful amount incurred prior to 01/01/2010 – total should equal \$2,970.68 and names should be redacted. A suggestion was made to the Manager that he should provide a detail accounting of delinquent A/R to the Board for their formal resolution prior to audit. **4. Discussion of accrual methodology** – Jean Harrington. This item was moved to the February agenda. **5. Update on internal depreciation schedule** – Karen Krug. A working copy of the depreciation schedule that has traditionally been prepared by the external auditor has been requested but not yet received. A second request will be made. The meeting was adjourned at approximately 10:15am. **December 2010 First Run Pre-Audit** (Amended – 1/17/2011). Financial Statements: First set of observations, questions and corrections - Amended (Refer to originally distributed Financial Statements and the Trended Statement Summary) **Balance Sheet Items:** 1. There is a \$40,000 transfer from the General Operation Reserve account (1108-001) to the General Checking account (1102-001). This appears to be a simple posting error as there is no Board resolution for such a transfer and the supporting Reserve Transfer schedule shows the transfer from the General Operations Investment account (1107-001) – which would be consistent with prior transfers. 2. Interest Income attributable to the three Reserve accounts, most especially the General Operations Reserve (1108-001) needs to be verified (or the audit reconciliation schedule should be included). The three accounts total \$6,572; it appears that \$3,256 of the total is being associated with General Operations Reserve; the other two reserve accounts are being credited with \$1,566 (Water) and \$1,751 (Marina). a. If we have truly moved to a pooled investment methodology, the interest splits seem out-of-sync with the Reserve account balances throughout the year.

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b. Is it possible that the interest income on the Operations Investment account has been combined with the interest on Operations Reserve? 3. Buildings general (1411-001) includes a \$651 item for “Jefferson County Permits – Exercise Room.” From a quick review of Board minutes, it appears this permit was for structural repairs that never occurred. If that is the case and if the permit is still valid, that amount should be moved to CIP (construction in progress) until such time as the project is completed. If the permit has expired, the amount needs to be expensed. 4. Accumulated Depreciation – Furniture (1418-001) – The 12/31/09 audited balance was (\$592.). While there was a 2009 depreciation entry made but it appears the 2008 depreciation entry was not booked. This should be corrected; since the expense is immaterial (\$296.) it could be booked as a 2010 entry. It really doesn’t satisfy the GAAP criteria for a Fund Balance adjustment. The ‘comparative Balance Sheet’ for prior year includes 2009 Dprn adjustment for all asset accounts, the 2010 Balance Sheet does not. (Dprn. Expense /\$94,000). Marina Improvements (1460-003) includes the down payment to Redside Construction (pilings). Since the project was not completed prior to 12/31/2010 it is not a productive asset, cannot be depreciated and should be reclassified to CIP for audit purposes. **6. Construction-in-Progress (CIP) (1590-001).** a. The entire account needs to be shown in the 1400 section (fixed assets). b. L&S had provided information that 50% of the Engineering Project costs could only be of benefit if the \$2 million project were pursued. Since it seems that the \$2 million project has been abandoned in favor of something smaller, one-half of the costs need to be reclassified to a Marina expense account. The remainder should stay in CIP until such time as a hard asset can be capitalized. **7. The Summary P&L Statement** provided does not tie to the detail. a. Phone Directory expense (04808-001) is not rolling to the Summary statement (General); b. Bad Debt expense (05901-001) is not rolling to the Summary statement (General); c. Transfer to Capital Exp (05709-003) is not rolling to the Summary statement (Marina); d. R&M – Grounds – Water (05310-002) is not rolling to Summary statement. **8. The amounts from Bernt Excavating** - \$10190 in Water (assume new valves) and \$4,011 in Marina (assume new eco-blocks) are both “new capital” and will per historical practice, first be shown as an expense and then transferred to capital. Was there an additional charge for the Eco-blocks themselves or did the Bernt Excavating charge include both the block and the installation? **9. The variance in General Assessments** (04101-001) is \$5,226.16. Earlier material from FinCom’s work indicated there had been a budgeting error and the number of lots had been overstated by 14. With the 2010 assessment of \$355.68, the variance should be \$4,979.52. The unexplained variance of \$246.64 should be investigated as our primary revenue item is a major focus area for any auditor. a. for General the assessment/income in Sept is correct for 662 members, but neither the May or Jan are correct. I had Jeannie pull a detail report for that account in Feb and there were some misc. entries that should not have been there and were supposed to be cleaned up. It might be necessary to get a detail report for that account for the whole year to see if there are corrections needed. **10. Similarly, the Water Use Fee** (04104-002) shows a variance of \$3,875.17. With the 14 hook-up error, at \$330.00 per, the variance should be \$4,620.00. The shortfall in variance of \$744.83 should be investigated as this is also an area of major focus for an auditor. a. Regarding water there were only 13 fewer than budgeted, 493 not 506. again having Jeannie pull a detail report would probably show partial year payments made for hook ups that took place during 2010, which may account for the difference. **11. Other minor issues:** a. The (again) negative under R&M Veh Gen (05304-001) and b. R&M Veh. Water (05304-002) has higher YTD expense than R&M Veh. Gen. (05304-001). c. GL there are 5 phone bills in Phone Gen. and none in water or marina – should check allocation. **12. Did unearned income** get reconciled and/or were schedules prepared? **WATER:** The meeting was held at 5 pm at the Office. The following attended: Art Burke, Manager; Greg Rae, Water System Manager; Michael Smith, Board Liaison; Ed Skowyrza and Stewart Pugh. Ed provided a review of **the valve and blow off installation project** that took place during the 1<sup>st</sup> and 2<sup>nd</sup> week of December. The project went very smoothly and Ed was on site at each of the four locations to supervise testing of the pipe samples as they were removed from the hole. In

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addition, varying members of the Water Committee also participated in the testing as their schedules allowed. At each of the locations a section of pipe was removed, inspected and tested for relative hardness and signs of deterioration/wear. At one of the locations a section was removed that included a coupler. The coupler was disassembled and the gaskets were inspected. Of special note, the blow off that was installed on Saddle Drive revealed that this section had been previously capped. With the new blow off this section of the system will now be able to be more adequately flushed. Overall it was the opinion of the Water Committee members that the pipe sections examined were in excellent condition and showing very little signs of degradation. A complete written report has been provided by the Water Manager along with a video showing the testing at each of the sites. Greg received a call from Gresham Drilling inquiring about when we might be moving forward with a detailed bid package for the replacement of well #5. Ed has provided updated specifications and Art is moving forward with assembling those packages and will be getting them in the mail in the next couple of weeks. **Discussion on the frequency and need for storage tank cleaning.** It was thought that it had been approximately 4-5 years since the last time the reservoirs had been cleaned. The group decided that it would be appropriate to locate and review the video tape that was made during the last cleaning. This would clarify the date of the last cleaning and possibly provide some indicators of suggested frequency. Greg will work on locating the tape and once located the tape will be reviewed by Art and Ed. Ed also offered to transfer the tape to a DVD. The discussion will be continued at the next meeting. Ed is getting started with the development of the **Water System Plan (WSP)** and will be working with NTI and Greg on compiling the necessary information. Ed will provide updates at the next meeting. **Discussion on the development of a water system replacement plan.** Ed feels as though it may be premature to plan for a replacement program when changing technologies and materials may make the plan obsolete by the time the plan is needed. Ed will present the question to Bob Leach of NTI to get his impressions of the value and/or need for such a plan and report back at the next meeting.

**New Business Information Items:**

Mike Smith, Richard Hilfer and Art Burke will review personnel Policies. Changes/recommendations will be brought to March Study Session

Richard Hilfer reported that the law firm of Goff & DeWalt has begun work on the requested assignment of reviewing the Cape George covenants and expect to have a recommendation letter complete and transmitted to the Board no later than Friday, February 18.

**New Business Action Items:**

**Motion 1:** Tom Ramsey moved, Richard Hilfer seconded that Cape George Colony Club accepts the Social Committee's donation of a pull-down video screen to be installed in the Clubhouse. Passed 5/0

**Motion 2:** John Hanks moved, Tom Ramsey seconded to allow the Social Committee to investigate the costs and other issues related to the placement and installation of a fire pit in the area north of the Clubhouse and return to the March Study Session with a design. Passed 5/0

**Motion 3:** Richard Hilfer moved, Tom Ramsey seconded to approve a clerical correction and insertion of statement requiring an adult member to accompany minors and guests in the Clubhouse. Deleting the language specified & including insertions as presented to CP02 Use of the Clubhouse. Passed 5/0

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**Motion 4:** John Hanks moved, Leanne Ryan seconded to approve changes to rule MIS01 Election Procedures, Section E. Collection and Count of Ballots, to have all ballots returned and polls closed prior to the commencement of counting, details as published in the February newsletter. Passed 5/0

**Motion 5:** Mike Smith moved, John Hanks seconded to amend Section 2 of rule CP03, the rule pertaining to Marina Usage, to read as follows: “Unless space is available, there shall be one moorage space allowed to each membership. Subject to availability a member may rent a second slip on a month by month basis. Rates will be prorated with a 10% surcharge. If a waiting list develops, the member shall relinquish the additional space.” Passed 5/0

**Motion 6:** Leanne Ryan moved, Mike Smith seconded to approve the resolution to transfer \$627.00 from General Reserves to General Investments Account for field work associated with replacement of HVAC system in the Clubhouse by Puget Sound Energy. Passed 5/0

**Motion 7:** Leanne Ryan moved, Richard Hilfer seconded to approve the request by an individual member to allow for an adjustment to their existing payment due date. Passed 5/0

**Open Board Discussion: None**

**Announcements:**

March 8, 2011, Study Session at 3:00 pm

March 10, 2011, Regular Board Meeting at 7:00 pm

**Adjournment:** Leanne Ryan moved, Mike Smith seconded to adjourn the Regular Board meeting at 7:40 pm. Passed 5/0

Submitted by:

\_\_\_\_\_

Richard Hilfer, Secretary

Approved by:

\_\_\_\_\_

Robin Scherting, President

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**President Robin Scherting called the meeting to order at 7:00 PM.**

**Welcome & Comments – Robin Scherting, President**

2010 was a very productive year with many projects and accomplishments completed.

Cape George Board of Trustee Elections – Three terms conclude in July

Thanks to Art and Donnie for keeping ahead of the snow in Cape George

**In Attendance:** Robin Scherting, Richard Hilfer, Leanne Ryan, John Hanks, Mike Smith, Tom Ramsey

**Action on Minutes:** Richard Hilfer moved, Leanne Ryan seconded to approve the minutes of the Regular Board Meeting of February 10, 2011. Passed 5/0

**Membership Report:** Richard Hilfer

George & Angelika Lundburg/Edith Maurer                      111 Marina Drive

**Treasurer's Report:** Tom Ramsey

**As of February 28, 2011**, the Checking Account total was \$42,234.36. There are a total of 5 CD Accounts totaling \$354,677.86, and 1 Money Market Account totaling \$192,993.13, and 2 Petty Cash Funds totaling \$600.00 for a total of \$590,505.35 in cash and investments. **Accounts Receivables**, As of February 28, 2011, Accounts Receivable totaled \$13,111.77. There are 41 accounts over 60-days past due & 11 accounts over 90-days past due. **Summary of Expense and Income Statement Review:** As of February 28, 2011: General Operations is \$3,191.00 under budget; Water Operations is \$4,740.00 under budget; and Marina Operations is \$95.00 under budget.

**Manager's Report:** Art Burke

With all of the rain and melting snow over the last couple of weeks, we have had a number of drainage issues come up in the community. This includes reports of blocked and overflowing drains and catch basins on Vancouver Drive and blocked pipes on N. Palmer Drive. Some of the problems have been easy to resolve, others are going to require additional exploration once the water levels recede.

The Water Committee and I have been working on resolving a water rights issue over the last several months. A recent series of letters from the Department of Ecology is challenging the number of acre feet that Cape George Colony Club has been approved. In earlier documents, the community was approved for 192 acre feet of water. In more recent documents the Department of Ecology had reduced this amount to 160 acre feet. We will be filing an appeal to have Ecology reinstate the amount that they approved for the community.

The Cape George staff and accountant met onsite with CPA Jay Vandal as part of the initiation of the 2010 audit.

We've had reports of members not following rules in providing access to club facilities by non-members and members without working cards/fobs. This practice jeopardizes safety and security of facilities and could result in suspension of privileges.

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Preliminary work is underway on a number of projects and purchases, including:

- Purchase of new riding lawn mower.
- Repair of pool window sills and frames.
- Design of pool rules sign.
- Right-of-way clearing on Cape George roads.
- Replacement of production meter for well #5.
- Final review of reserve study consultants.
- Contracting with herbicide applicator for control of invasive plants.
- Evaluating office computers for possible updates to hardware.
- Pool/Fitness Room wall repair project.
- Well #5 replacement.

I have received the following reports/complaints over the past month:

- Report of gunfire in the vicinity of Johnson Avenue.
- Hedge complaint on Pine Drive.
- Hedge complaint on Ridge Drive.
- Injured deer in back yard of residence on Huckleberry Drive.
- Report of shots fired in the vicinity of Huckleberry Drive – related to previous injured deer report.
- Horses being ridden on the roads in the Colony.

**Committee Reports:** **BUILDING:** 241 N Palmer remodeling completed, signed off. 90 Cedar Drive, Knauss residence completed, signed off. **ENVIRONMENTAL:** At our March meeting we reviewed our successful presentation on “Weather” by Mike McFarland. We did some planning for the upcoming presentation, on April 23<sup>rd</sup>, of slides taken by our neighbor Bob Tilley: “A Different View: Underwater Cape George”. We talked about purchases for plants at Memorial Park and the bare area in front of the Clubhouse where the electrical work was done. This planting will be done by volunteers in the next few weeks. Manager Art agreed to stockpile some compost and crushed rock in our maintenance area for present and future use in our Common Areas. He also told us that the Poison Hemlock control spraying has been arranged. We decided to postpone a proposed Potato Feed fundraiser until Fall. We also discussed the recent snowfall and removal efforts by our staff. We felt that it was better than ever before but we could use greater attention to the mailbox areas and the steep shady road down to the Marina. At the end of the meeting we walked the area on the water side of the Clubhouse and discussed improving the access path to the Fitness Room. We also checked out the area of Cape George Drive between the stop sign and the Colony mailboxes for improvements to the path so that it can accommodate anyone using a walker or wheelchair and keep them out of the dangers of the road. We measured the distance as just shy of 600 feet. We will work toward this with fund raising and budgeting in the Community budget for next year. **FINANCE:** Discussions during the meeting are summarized below under each agenda item. 1. **Update on responses to December questions and comments.** There has been no formal response to the list of issues and concerns raised relative to the December 2010 financials. Providing a formal response to the issues raised documents the importance accorded to the integrity of financial information and also serves as evidence of a robust internal review/control function. There has been a verbal comment stating that the correction to the General Investment and General

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Operations Reserve accounts has been made. It was reiterated that the Finance Committee should not communicate with the accounting service but should provide all questions and comments to the Manager.

2. **Review January 2011 financial activity** The Committee had previously been provided with the financial statement package prepared by the Office. In addition a set of analytical statements prepared by a member had been provided. Two members of the Committee also received the monthly GL Detail report (this Trail Balance distribution to FinCom members serves as evidence of sound internal control practices as recommended during the 2009 audit). There has been no response to the issues/questions raised regarding the January financials. A question was raised concerning direct access to the TOPS computer system by the Finance Committee Chair. The Chair does not, and should not, have direct access to the computerized accounting system. To the best of the Chair's knowledge no other current member of the Finance Committee has direct access to the computerized accounting system either nor should they.

3. **Update on Board's review of detailed Doubtful accounts prior to audit (from January)** A thorough review of existing documents (by-laws, rules, etc.) revealed that there is no longer a requirement that the Board annually review and approve potential uncollectible accounts. It was noted that several other accounting requirements had been lost over the past several years. These omissions resulted in a discussion of the advisability of establishing a limited number of Board policies that deal with basic accounting and finance issues. These should be policy statements and not office accounting procedures. Over the next several months the Finance Committee will be developing several policies for the Board's review and discussion.

4. **Discussion of accrual methodology.** The current accounts payable accrual methodology uses a specific cut-off date to accrue liabilities. Another acceptable methodology is to establish a standard monthly accrual to ensure that routine liabilities are recognized. There was discussion on the pros and cons of each methodology. As there was no agreement among the members, it was decided that a recommended methodology for accruals will be part of the policy package prepared by the Finance Committee for the Board's review.

5. **Update on internal depreciation schedule** The Committee had previously been provided with a copy of the existing depreciation lapse schedule that in prior periods was prepared and maintained by the external auditor. The depreciation schedule was reviewed with the Committee and it was noted that there are a number of items that need to be addressed including what appear to be duplicate assets, negative assets, assets with limited or no description or acquisition date, previously disposed items that are still appearing on the schedule and items that appear to have been over-depreciated. It was recommended that the depreciation schedule become an internally prepared/maintained document. The Finance Committee will work with the Manager to address and clarify the current schedule. A question was asked regarding availability of standard useful lives and assurances were provided that such information is readily available from a number of sources including the IRS, AICPA, US Dept. of Commerce and others. The policies necessary for the establishment and maintenance of depreciation lapse schedule will be included as one of the policies prepared for Board review.

6. **Review Reserve Study proposals** The Committee had previously been provided with four proposals from reserve study vendors. In addition a comparative summary had been prepared by a member to assist in the review of the proposals. The Committee recommended that the next phase of review be limited to two vendors – Associated Reserves, WA, LLC and Reserve Data Analysis Northwest. The Committee recommended that the short list vendors provide information to address the following: 1. Local references; 2. Experience with studies of water systems and marinas; 3. Provision of a software demo (either live or a demo system); 4. If there is an annual fee for use of the software provided, 5. A sample contract. The Manager requested that Committee members assist in the review of the vendors' software.

7. **Education opportunity** generated by question from a Community member regarding acquisition

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of new (not replacement) capital assets (ultimately a question for the Board). The Committee had previously been provided with a detailed email from a Community member outlining the concerns related to this matter. In addition, the Committee had been referred to additional governing documents containing statements related to use of reserves, distinctions between new and replacement assets and other relevant cites. There was considerable discussion on the issue. Historical information was shared regarding how such acquisitions had appeared in budgets documents. At a minimum it seems that one or more governing documents would benefit from additional clarification on how new capital assets, in whole or in part, are to be acquired. The Committee will include this issue as one of the policies for Board review.

**8. Education opportunity** If expenditure from reserve resulted in no asset and/or no repair of existing asset, should that expenditure be from reserves or should the expense be from operating funds? (Ultimately a question for the Board) During the discussion, the following additional information was provided on the two items: a. Expired permits (Jefferson County - \$651.) – The permit can, and will, be extended through an additional minimal payment. Therefore there is no issue. b. Fifty percent of L&S marina study (approx. \$6,100) –After considerable discussion, it was pointed out that the Board had not yet made a decision to abandon the \$2+ million marina project. Since the project is still a possibility there is no current issue with the expenditure. Although there was considerable discussion on the issue, additional facts presented during those discussions nullify the need for current discussion. The next regularly scheduled meeting is set for March 21, 2011 at 9:30am in the Clubhouse.

**POOL:** Pool committee meetings will now be held the first Tuesday of the month at 3 pm in the Clubhouse. Recently the committee has been working on new signage for the pool. Members will be encouraged not to use the pool if they are ill and could spread disease. Also, swim diapers will be absolutely required to be worn by any children who are not yet thoroughly toilet trained. This is for the good of all pool users. It is expensive to clean the pool if the water becomes fouled. Members are encouraged to be aware and take action if these guidelines are seen violated. The committee has also asked that options for improving dehumidification of the pool area be explored at the April Study Session and Board Meeting. If a total replacement system is not deemed feasible at this time due to cost, then an upgrade to the current duct work in the building may be an alternative. Please plan to attend the April Study Session if you have issues or questions on this proposal. The pool committee thinks it important to deal with excess humidity in the pool, fitness room and clubhouse building to avoid long term damage to this valuable, irreplaceable, community resource.

**WATER:** The meeting was held at 5 pm at the Office. The following attended: Art Burke, Manager; Greg Rae, Water System Manager; Mike Smith, Board Liaison; Larry Southwick, Chair; Ed Skowyr and Thad Bickling

**1.** We received a new letter from the Dept. of Ecology stating that a previous letter in 2000 was incorrect and that our water rights would be reduced from 192 to 160 acre feet per year. We reviewed that 2000 letter and it clearly states that we have 192 acre feet per year and that the 160 number was inappropriately determined. We also looked at the basis for the 192 number from the original water right documentation. Art and Ed will draft a response letter defending the 192 figure. The basis for water planning for our community is to allow 250 gallons of water per connection (household) per day (gpcd) for 665 connections (full build out). 1 acre foot = 325,851 US gallons so 192 acre feet = 62,563,474 gallons / 365 days per year / 665 connections = 258 gpcd. Similarly, 160 acre feet of water rights results in 215 gpcd. These are annual average figures and actual use varies considerably from winter to peak summer days. Our actual use on average for 2009 varied from 114 gpcd to 291 gpcd with an annual average of 199 gpcd. We need to fight to keep the 192 acre feet in water rights to sustain our planning level for the community through full build out.

**2.** Requests for bids were sent to four well drilling companies on February 18 for drilling a new

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replacement for Well No. 5. Bids are due on March 18. Art will take the award of contract to the Board for authorization to award a contract if the bids come in within range of the preliminary estimate provided by Gresham Well Drilling, one of the potential bidders. Greg will follow up with Depts. of Ecology and Health and the Jefferson County Health Dept. for the well drilling. Greg will also contact electricians for wiring the new well. And Greg will contact Robinson & Noble, water well geologist consultants regarding the specific location of the new well. **3.** Ed is working on the updated water system plan with information from Greg and Bob Leach, our consultant. **4.** Greg will get with Stewart Pugh and Jeannie to go over the water meter reading information to see if we have potential customer water leaks from the freezing weather. **The next meeting will be on April 5, 2011 at 5 pm at the Office.**

**New Business Information Items:**

Mike Smith, Richard Hilfer and Art Burke will continue to review personnel policies. Additional changes/recommendations will be brought to April Study Session

Richard Hilfer presented information that was received from the law firm of Goff & DeWalt describing the recommended procedures to follow for amending the community Covenants to allow for future amendments. Richard Hilfer will write a detailed article for the April newsletter providing a description of the process.

Working with the Water Committee, Art Burke has sent out bid documents for the replacement of Well #5. Bids are due on March 18<sup>th</sup> and will be reviewed at the April Study Session.

It has been noted that the fund raising accounts of the Environmental, Fitness, Marina and Pool Committees do not meet current reporting requirements. Art Burke will be working with Finance Committee Chair Karen Krug to review Cape George Rules and Regulations as it relates to level of control over these Committees and bring recommendations to the April Study Session.

Robin Scherting and Leanne Ryan have scheduled a planning meeting for the 50<sup>th</sup> Year Celebration on Wednesday, March 30, 1 pm at the Clubhouse.

**New Business Action Items:**

**Motion 1:** John Hanks moved, Mike Smith seconded to allow the Social Club to construct an outdoor fire pit centered approximately twenty feet north –northeast of the northeast corner of the existing brick barbecue pit. The fire pit would have an approximate eight foot outside diameter and stand approximately 14 – 16 inches above ground level. The construction would be of stacked Roman style stones mortared together and bedded in a concrete base. The Social Club will pay for the materials and the labor will be provided by volunteers. Passed 5/0

**Motion 2:** Tom Ramsey moved, John Hanks seconded to approve the resolution to transfer \$30,731.40 from Marina Reserves to General Investments Account for repairs of Marina pilings done by Redside Construction. Passed 5/0

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**Motion 3:** Tom Ramsey moved, John Hanks seconded to approve the resolution to transfer \$496.00 from Marina Reserves to General Investments Account for materials from Crescent Equipment used in repairs of Marina pilings. Passed 5/0

**Open Board Discussion:** Tom Ramsey brought up the issue of renter's rights pertaining to access of the Cape George common areas. This is a subject that has come up periodically and has been addressed by the Board at past meetings. It was mentioned at the Study Session that the motion giving the renters access to the beaches may have been passed in error. Members should also remember that they have a vested interest in the community that renters don't have.

**Announcements:**

April 12, 2011, Study Session at 3:00 pm

April 14, 2011, Regular Board Meeting at 7:00 pm

**Adjournment:** Tom Ramsey moved, Leanne Ryan seconded to adjourn the Regular Board meeting at 7:55 pm. Passed 5/0

Submitted by:

\_\_\_\_\_

Richard Hilfer, Secretary

Approved by:

\_\_\_\_\_

Robin Scherting, President

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**President Robin Scherting called the meeting to order at 4:20 PM.**

In Attendance: Robin Scherting, Leanne Ryan, Tom Ramsey, Richard Hilfer, John Hanks, Mike Smith, Dick Poole

**Motion 1:** Leanne Ryan moved, Tom Ramsey seconded to adjourn the meeting to an Executive Session. Passed 6/0

Discussions at the Executive Session are confidential

**Motion 2:** Tom Ramsey moved, Leanne Ryan seconded resume the Special Board Meeting. Passed 6/0

No action taken by the Board

**Motion 3:** Tom Ramsey moved, Leanne Ryan seconded to adjourn the Special Board Meeting at 5:15 pm

Submitted by:

\_\_\_\_\_

Richard Hilfer, Secretary

Approved by:

\_\_\_\_\_

Robin Scherting, President



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Thank you to the Social Club for the purchase of a new projection screen for the Clubhouse. This is a great addition and will get a lot of use during some of the upcoming programs.

Tank Farm News - Donnie has completed work on the construction of a chlorine storage area at the tank farm. Water Manager Greg Rae and Donnie are preparing for the State Department of Health Sanitary Survey of our water system later this month. Donnie has also begun getting the area ready for the new well to be drilled, by removing some trees and preparing to relocate a section of the fence.

The next time you are visiting one of our many common areas, take note of the beautiful landscapes that are being maintained by our volunteers. These are some of the hardest working people that I have encountered and are often out there in the cold, rain, sleet and snow making everything look great for us. They do everything from painting sign and benches to planting and caring for trees, shrubs and flowers. They include: Ann Candioto, Barbara Hill, Bernie Del Valle, Mardella Rowland, Margaret Leaf, Steve and Kris Shapiro, Mary Maltby, Dick Poole, Jim and Donna Bodkin, Kyanne and Roger Andersen, Pat Hartman, Barb Glenn, Susan Nivert, Gretchen Cooper, Betty and John Hanks, Ann Simpson, Ron and Sharon Niccoli, and Ray and Eileen Pierson.

Preliminary work is underway on a number of projects and purchases, including:

- Appeal to the State Pollution Control Hearing Board regarding our water rights.
- Purchase of replacement riding lawn mower.
- Replacement of Well #5.

I have received the following reports/complaints over the past month:

- Mooring line undone on boat in Marina
- Tree overhanging neighbors property on Sunset Blvd
- We've received several reports of septic system alarms going off in various areas of the community.
- Three teens in the pool without a member present.
- Para glider landing in the Clubhouse parking lot.
- Right of way infringement at residence on Alder Drive.
- Water bubbling out of ground at lot on S. Palmer Drive.
- Loud music coming from residence on Pine Drive.
- Non serviceable vehicle at residence on Pine Drive.

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**Committee Reports: BUILDING:** 181 Quinault Loop building in progress. Finlay checked height of trusses. Met design parameters. 220 Quinault Loop: Permit application reviewed by Roger Anderson, Ann Simpson, Terry Stebbins, and Finlay. All appeared to be in line with rules and regulations except setback from road right-of-way was found to be less than 25 feet. Advised that Building Committee could not approve, but that Board of Trustees could supply variance. Explained variance procedure. 102 Marine View Place: Finlay approved permit for ancillary building. Building committee met and determined would attempt to meet monthly, on first Tuesday at 1:30 pm in clubhouse. Determined that all available members should review permit applications for homes. Established internal logistics procedures for committee. **ENVIRONMENTAL:** At our April meeting we finalized arrangements for Bob Tilley's program on Underwater Cape George on April 23. Kyanne Anderson and Pat Hartman, volunteers, have weeded and planted new heathers, which the Committee bought, at Memorial Park. Betty and John Hanks planted a number of new shrubs, purchased with Committee funds, in front of the Clubhouse in the area that was dug up for the needed electrical repairs. Art reported on the estimated costs of a crushed rock path to the Colony mailboxes which we have been researching because of safety concerns. Out of pocket costs would be about \$2200, plus staff and volunteer time and labor. We are daunted by the size of this project on top of our other responsibilities, but will discuss it further at future meetings. Art and Donnie have stocked, out of the Maintenance budget, crushed rock and compost use by volunteers in common areas. We need to follow up with our licensed spray contractor about poison hemlock and weed control. We discussed the extraordinary amount of damage to the bluffs from heavy rains. Art is photographing some of the slides. We decided to put a cautionary article in the newsletter as the slides have altered somewhat the access to Glass Beach and timing with the tides to get safely around the point. We want to plan a program at our next meeting for everyone, and especially waterfront property owners on this problem. Under new business we decided to buy a battery powered trimmer for the use of volunteers on heathers, lavenders, junipers and such. Cost will be about \$100 which the Committee will cover. **EMERGENCY PREPAREDNESS:** The committee met to discuss our response to the March 11, 2011 tsunami advisory. The Incident Management Team activated at 5:15 am. As recommended by the tsunami advisory from Jefferson County Dept. Of Emergency Management, we closed off the road to the clubhouse/marina area and the entrance to Memorial Park. We removed the barriers at 10:00 am when the Jeff Co DEM stood down. We agreed to present a workshop for Cape George residents owners & renters) on earthquakes & tsunamis soon. The agenda will include the risks to CG residents & private & community property. We will provide information on how to prepare, how to act during and what to do after an earthquake/tsunami. Three folks volunteered to take photos of the CG bluffs for the presentation. (The workshop will be at 3 pm on April 17, at the clubhouse. Presenters: Jack Salmon & Thad Bickling. Photographers: Art Burke, Jim Fling & Stewart Pugh. Displays will be prepared by Sue McKay, Mikel Stull & Kitty Rucker. Mikel & Kitty will take care of light refreshments.) **FINANCE:** **Quiz of the Month: Looking back to 2009, what was the 'income/ (loss)' for the year?** A. \$100,657 B. (\$18,634) C. \$5,324 D. -\$0- E. (\$24,676). **Correct answer.....It depends!** A. Total CASH transferred from operating accounts to reserve accounts. The figure includes \$12, 809 in interest income. Detailed breakdown of CASH transfer was: a. General reserves = \$30,557, of which \$4,261 was interest. b. Water reserves = \$60,566, of which \$1,965 was interest. c. Marina reserves = \$9,534, of which \$4,074 was interest. B. Net loss of the Operating Fund per the 2009 audited financial statements. a. Net income for the Replacement (Reserve) fund was \$23,958. b. Replacement fund shows \$30,809 of the 2009 General Assessment recharacterized as Capital Assessment. c. Combined net income of both Funds per the 2009 audited financial statements. d. Net income per filed 2009 tax returns (1120 – regular corporate tax returns). a. Shows \$30,000 of the General Assessment being recharacterized as Capital Assessment. E. Net loss per the “books” according to the filed 2009 tax

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return (1120). **Notes from March meeting:** **1. Update on responses to December 2010 questions and comments:** Written responses were provided by the Manager and are attached. **2. Update on responses to January 2011 questions and comments:** Written responses were provided by the Manager and are attached. **3. Review February financial statements.** Written responses were provided by the Manager and are attached. There is still some investigational work that needs to be completed on many items. **4. Committee fund raising and rule changes:** After considerable discussion, the redlined version of CP20 was recommended to the Board for adoption. It was further recommended that FIN05 be eliminated since it duplicates CP20. **5. Additional Rule changes:** FIN01/FIN07 - Petty Cash – recommend that FIN01 and FIN07 be changed to authorize two (2) Petty Cash funds and the funds are to be reconciled quarterly. FIN02 – recommend references to Encumbrance reporting be removed and that item #10 be modified to be consistent with the budget change language in the by-laws. FIN01/ CP20 – Manager financial authority – recommended that the Manager have financial authority up to \$5,000 in both policies (all other conditions remain). **6. Depreciation Schedule:** Tom Ramsey and Barbara Barnhart will work with the Manager to reconcile the depreciation schedule. Karen Krug will provide some standard guidelines for use in drafting the new policy on capitalization and depreciation. **7. Suggested Board Policies** – the topic of developing a basic set of policies for Board adoption was introduced. A preliminary list of topics follows. The list will be formalized at the next meeting. **Accounting methodology** – GAAP, accrual, fund, etc., Asset capitalization and depreciation, Bad debt allowance and annual review, Multiple Bids on projects/expenditures over \$25,000, Annual review of reserve study, audit and tax return, Funding of new capital projects/items, Others - ??? – Investment policy, Other - ??? . **8. Resignation of Committee member** – Don Thorne has submitted his resignation due to scheduling conflicts. The Committee will be recruiting new members. The meeting was adjourned. Next meeting is scheduled for April 18 at 9:30am in the Clubhouse. **MARINA:** Charlie Boulay called the meeting to order. **Budget items: Funding presently in the 2011 Budget:** \$11,000 Marina float replacement, \$1,500 General supplies, \$1,000 Tools and equipment, \$1,800 from 2010 Marina Sales. \$5,000 was budgeted in 2010 for a Gate System for Marina Storage but hasn't been pursued. A question was asked if the funding could be used for other projects. A suggestion was made to start a funding scenario for multi year projects such as the on-going dock repair and replacement of dock floats which will continue for approximately five years or longer. **Projects:** Seven pilings were repaired in December and January leaving additional work to be accomplished. Repairs will be undertaken on the south foot ramp platform to replace rotted wood structures on the platform leading to the foot ramp. Chain link fence will also be used to replace the railings on the platform. Dock Float replacement will continue through out the year. A suggestion was made to increase the work parties to Tuesday and Thursday every week. **Dredging** to the entrance of the marina will be conducted in July, Funding is budgeted for 2011. **Saturday work parties** will be held in June, July and August to accommodate people who work during the week. June 11 Ben Fellows, July 9 John Hanks, August. **Buoy Replacement:** One of the mooring buoys disintegrated in 2010 and will be replaced with a commercial Buoy system at a cost of approximately \$3,000 if approved by the Cape George Board. Funding would come from reserves. Winter freezing and piling replacement work broke the dock water lines in places and will be fixed by Marina Volunteers. **Permits:** Gary Rossow is continuing to obtain permits for the marina to accomplish work in a marine environment from governmental agencies. A biological assessment was updated in January for new endangered species in our area. A dredging permit will be acquired for the July marina entrance dredging. A sediment bypass was discussed for the marina entrance. Permit funding sources need to be clarified. (Board/Finance). Stillwater Marine Construction was asked by John Hanks to look at construction alternatives for the north wall of the marina. They will suggest possible options and general cost estimates. **Marina Sale First weekend in May.** Jeannie Wright will be asked to do a mass email requesting items for the marina sale. Ads will be placed in the Peninsula

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Daily News and the Leader. Items are to be dropped off at the marina shop. A notice will be placed in the May Cape George Newsletter. **Marina Promotions:** Ways to promote the marina were discussed. **50 year celebration in July.** Marina Day was discussed to show off the marina to Cape George members. Before a Marina Day can be held the foot ramp platforms have to be safety approved by the Manager. **Cape George Regatta August.** Members Present: Charlie Boulay, Gary Rossow, Penny Jensen, Paul Happel, John Hanks. Bob Frenette, Jack Scherting, Tom Ramsey, Bob Schlentner, Ben Fellows, Dick Poole, Mac McDonald, Art Burke. Meeting adjourned by Charlie Boulay. **WATER:** The meeting was held at 5 pm at the Office. The following attended: Art Burke, Manager; Greg Rae, Water System Manager; Ed Skowyra, Thad Bickling and Stewart Pugh. Art provided an update of the appeal to the Department of Ecology (DOE) regarding our water rights. Attorney Bill Clarke submitted the appeal on March 11<sup>th</sup>. The Pollution Control Hearing Board (PCHB) initially scheduled a pre-hearing conference call for April 13, at 9am, but we have since learned that DOE has a scheduling problem with this date so it will be rescheduled to a later date. As soon as this date is known, notification will be sent out. In preparation to this pre-hearing conference call, a preliminary list of exhibits and witnesses will need to be provided to PCHB and DOE. Art had mentioned to Bill that we were going to be initiating a records request to DOE for all documents pertaining to our water rights. Bill offered to take care of that for us and forward the documents once they were received. A total of six bid packages were distributed to well drillers in our region for the replacement of Well #5 (designated Well #7). Gresham Well Drilling was the only company to respond. The committee reviewed the one bid that was received and found everything to be in order. Most of the committee members had a high degree of confidence that Gresham would do a good job for the community based on past performance. It is their recommendation that Gresham Well Drilling be awarded the contract. Art has placed this item on the April 12<sup>th</sup> Study Session agenda for the Trustees consideration. Additional discussion covered that the permit process with Jefferson County was underway and that no problems were anticipated. The replacement of the production meter for Well #5 was also briefly discussed. Art has included this request on the April 12<sup>th</sup> Study Session agenda for the Trustees consideration. Ed is continuing to work on the development of the Water System Plan (WSP) and will be working with NTI and Greg on compiling the necessary information. Ed will provide updates at the next meeting

**New Business Information Items:**

- Three additional members have joined Bernie Del Valle on the Nominating Committee. They are: Bill Stull, Barbara Barnhart and Ben Fellows
- Art Burke will continue to provide monthly updates concerning our water rights appeal to the Pollution Control Hearing Board.
- The Board recommended publishing proposed changes to Cape George rules FIN01 Manager's Financial Authority, FIN02 Policy and Procedures on Annual Budget, FIN07 Petty Cash Fund and CP20 Delegation of Authority to Manager and Committees, and deletion of FIN05 Delegation of Authority to Manager and Committees in the May Newsletter for member comment.
- Finance Committee members, Treasurer Tom Ramsey and Art Burke have reviewed the 2010 Draft Audit for Cape George and have proposed changes to CPA Jay Vandal.
- Art Burke has been reviewing qualifications and levels of service of Reserve Study consultants with the Finance Committee and will be making a recommendation to the Trustees at the next

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Study Session. Art will continue to provide information articles in the newsletter related to Reserve Studies.

- The Board recommends moving the previously scheduled mail out date for ballots from June 1<sup>st</sup> to June 6th to shorten the period of time between when ballots are received and when “Meet the Candidate” session is scheduled.
- The Board recommends changing the start time of the Annual Membership Meeting from 2:00 pm to 1:00 pm to allow for the 50-Year Celebration to begin at 3:00 pm.

**New Business Action Items:**

**Motion 1:** John Hanks moved, Richard Hilfer seconded to approve the changes to Cape George Rule EMP01 “Personnel Policies & Employment Guidelines”. Failed 0/6 as amended

**Amendment to Motion 1:** Tom Ramsey moved, Richard Hilfer seconded that Motion 1 be put off until after the proposed changes were printed in the May newsletter. Failed 1/5

**Motion 2:** Mike Smith moved, Tom Ramsey seconded to defer all action on the policy changes until next month’s Board meeting. Passed 6/0

**Discussion pertaining to amending Cape George Covenants:** **Richard Hilfer** pointed out that some Cape George members may suspect that the Board has a hidden agenda for wanting this amendment to the covenants. In an effort to be more transparent, the Board has agreed to print a letter from the past Presidents to the Board in the May newsletter, as well as a rebuttal letter from the Board. **Tom Ramsey** pointed out that this amendment is only to make it possible to make amendments in the future. It would change the requirement from 100% vote to 2/3 votes needed to change the covenants. **Dick Poole** was curious as to how out of date our covenants are with regards to state legislature. **Mike Smith** is concerned that once the ability to amend the covenants is available that the members will want to make amendments based on their own personal agendas. Mike also stated that we should wait until the **STATE** legislature has made a ruling concerning covenant changes.

**Motion 3:** Mike Smith moved, Dick Poole seconded approve expenditures for the replacement of Well #5 in the following amounts: Gresham Well Drilling-\$47,678.28, Straits Electric-\$7,733.00, Better Bilt Storage Barns-\$2,410.92, United Pipe and Supply-\$1,307.30 with funds to come from Water Reserves. Passed 6/0

**Motion 4:** Leanne Ryan moved, Tom Ramsey seconded to dissolve the Ad Hoc Committee reviewing property maintenance issues & discuss future direction of this committee. Passed 6/0

**Motion 5:** Tom Ramsey moved, John Hanks seconded that Cape George Colony Club Board of Trustees approves the adoption of the updated 2010 Reserve Schedule. Passed 6/0

**Motion 6:** Dick Poole moved, Mike smith seconded to approve the resolution to transfer \$680.00 from Marina Reserves to General Investments Account payable to Marine Surveys & Assessments for providing an update to our biological assessment. Passed 6/0 as amended

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**Amendment to Motion 6:** Mike Smith moved, Tom Ramsey seconded to amend Motion 6 to read that \$680.00 comes from Marina Operations not Marina Reserves. Passed 6/0

**Motion 7:** John Hanks moved, Dick Poole seconded to approve the expenditure of \$2,856.70 for a new off shore mooring buoy with the funds to come from Marina Reserves. Passed 5/1

**Motion 8:** John Hanks moved, Dick Poole seconded to approve the expenditure of \$4,687.30 to replace 48 dock floats with funds coming from Marina Reserves. Passed 6/0

**Motion 9:** Leanne Ryan moved, John Hanks seconded to approve the expenditure of \$4,878.00 to replace the riding lawn mower with funds coming from General Reserves and fund raising efforts by the Environmental Committee and proceeds from Granny's Attic. Passed 6/0

**Open Board Discussion:** Mike Smith, Leanne Ryan & Tom Ramsey will all be gone for the May Board meeting.

**Announcements:**

May 10, 2011, Study Session at 3:00 pm

May 12, 2011, Regular Board Meeting at 7:00 pm

**Adjournment:** Leanne Ryan moved, Tom Ramsey seconded to adjourn the Regular Board meeting at 8:35 pm. Passed 6/0

Submitted by:

\_\_\_\_\_

Richard Hilfer, Secretary

Approved by:

\_\_\_\_\_

Robin Scherting, President

CAPE GEORGE COLONY CLUB  
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MAY 12, 2011  
7:00 PM

**President Robin Schertering called the meeting to order at 7:00 PM.**

**Welcome & Comments** – Robin Schertering, President

Welcome

Thank you to Cape George for support of Granny's Attic and Marina Sale – They were the most successful, each making \$2,500+

Thank you to Julie Kalar for her many years as the CG Welcome Lady

Welcome to Lee Jensen for becoming our first Welcome Man

Three open positions for Board of Trustees positions the nominees are Penny Jensen, Carol Wood & Ross Anderson

**In Attendance:** Robin Schertering, Richard Hilfer, John Hanks, Tom Ramsey, Richard Poole

**Action on Minutes:** Richard Hilfer moved, Dick Poole seconded to approve the minutes of the Special Board Meeting of April 12, 2011. Passed 4/0. Richard Hilfer moved, Dick Poole seconded to approve the minutes of the Regular Board Meeting of April 14, 2011. Passed 4/0

**Membership Report:** Richard Hilfer

Zoran & Linda Temunovic

161 Pine Drive.

**Treasurer's Report:** Tom Ramsey

**As of April 30, 2011**, the Checking Account total was \$29,325.21. There are a total of 4 CD Accounts totaling \$355,527.80, and 1 Money Market Account totaling \$193,154.43, and 2 Petty Cash Funds totaling \$600.00 for a total of \$578,607.44 in cash and investments. **Accounts Receivables:** As of April 30, 2011, Accounts Receivable totaled \$5,623.51. There are 4 accounts over 60-days past due & 16 accounts over 90-days past due. **Summary of Expense and Income Statement Review:** As of April 30, 2011, General Operations is \$20,409.00 under budget; Water Operations is \$8,799.00 under budget; and Marina Operations is \$5,732.00 under budget.

**Manager's Report:** Art Burke

On April 15<sup>th</sup> a section of high bluff slid down to become a part of the low beach bluff in the vicinity of Sunset Blvd. just south of the south Marina parking lot. Member Jack Schertering just happened to be in the Marina area when it happened and saw much of the slide occur. Anyone walking along the top of the bluff should stay well back from the edge as many of these areas are not only unstable but also severely undercut.

We have received the umbrella insurance policy renewal. The Finance Committee has made a preliminary review and do not see any major issues. We have not received the remaining renewals notices yet but have contacted our agent to move the process along. Once received, we will forward these to Fin Com. This will be the last year in the three-year cycle of the base policy.

During the later part of April we learned that Maintenance Assistant Dean Haslam would not be returning to work for Cape George. We have advertised the position, received applications and are preparing to begin interviews this week. We should have the position filled by the week of May 16<sup>th</sup>.

The State Department of Health conducted a Sanitary Survey of the Cape George tank farm and water handling system. This comprehensive look at our water operations is conducted to make sure that we are following safe practices in our delivery of water to members. Aside from a couple of recommendations on installing a gasket on a cover and screening an overflow pipe, no issues were discovered.

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The spring growing season is well underway, which also means a lot of our resources are being dedicated toward keeping ahead of the growth. Common areas in turf grass have already been mowed three times. The first cycle of lot mows was completed on May 9<sup>th</sup>. An application of herbicide was used to control poison hemlock and also a pre-emergent was used in some of our landscaped areas. Work will soon begin on maintaining ditches.

I have received the following reports/complaints over the past month:

- Cracks forming in the ground in backyard of residence on Sunset Blvd.
- Silver SUV speeding on Dennis Blvd.
- Dog roaming the community and getting into trash.
- Raccoons being fed from residence on Hemlock Drive.
- Yellow sports car driving too fast on Dennis Blvd.
- Member operating commercial business from residence on Maple Drive.
- Marina slip holder reported construction material from piling project splashed on his boat.

**Committee Reports: BUILDING:** 110 Magnolia Drive – Ann Simpson & Joel Finlay reviewed the driveway permit. Approved and passed on to the Roads Committee for their approval. 41 Dennis Blvd – Reviewed plans for ancillary building for covering firewood with Bldg. Committee. Gave permit request back, suggesting he finish the house construction first. **ENVIRONMENTAL:** At our May meeting we reviewed our “Underwater Cape George” program, presented by Bob Tilley. We had a crowd of about 70 people and the show was well received – as were the desserts. We have bought a battery operated hedge trimmer for use by volunteers working on our common areas. It is being cared for by Kyanne Andersen and available by arrangement with her. We discussed the cost of spraying Poison Hemlock and the frustration of knowing we will never eradicate it all. The representative of the Noxious Weed Control Board has taken it upon herself to come out here and check on our efforts. Our annual Beach Walk, conducted by volunteer docents from the Marine Science Center will be at noon on Saturday, June 4<sup>th</sup>, taking advantage of a very low tide. We had considerable discussion on the possibility of a Workshop on the erosion problems occurring on our bluffs. We are contacting Eliot Menashe, a recognized authority on Puget Sound bluffs, in hopes of arranging a two part workshop: field trip and power point presentation. The cost for this would be about \$1200.00. We hope to generate interest, particularly among waterfront owners, sufficient to fund this expert help. Mr. Menashe was the author, with David Sullivan, of a bluff report done here about ten years ago. We will plan a casual party later this summer to thank our highly valued hands-on volunteers. Barbara Hill expressed a few concerns about plants at the Ridge Dr entrance. Art and Donnie will look at a tree to be trimmed or removed and Barbara plus Ann Simpson will monitor the health and well being of the planting we did there last year. **EMERGENCY PREPAREDNESS:** The Emergency Preparedness Committee presented a workshop on Earthquakes and Tsunamis on April 17. Seventy residents attended. Speakers Thad Bickling and Jack Salmon discussed the current expert opinions about the risk of earthquakes, tsunamis and landslides to Cape George. They provided specific information on how CG resident should prepare for such events and what they should do in the event of an earthquake or tsunami warning. Keppie Keplinger, public information officer for East Jefferson County Emergency Management Department provided additional information on how to prepare, Grab 'n Go bags and handed out Disaster Cookbooks. Sue McKay supplied a variety of literature and two examples of Grab 'n Go bags. Several folks said they were interested in volunteering with the EPC committee. The committee will host a volunteer recruitment event on May 10. **FINANCE: Quiz of the Month: What tax return does CGCC file?** A. 1120-H, B. 1120, C. None, D. Both The correct answer is D. CGCC has filed both forms in the past; of course, never at the same time. **Updates on April Board actions – finance related topics:** Verbal updates provided covering financial related matters from the 4/13 Board meeting. **Necessary follow-up on Jan or Feb statement:** There were no specific follow-up items

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requested. A comment was made that there were still a number of items where the response had been ‘will investigate’ (or similar language). These items should be completed and formally reported. **Review of March 2011 financials:** The March first-run observations were distributed. There were several items added to the March observation list. A question was raised and discussion ensued concerning proper treatment receivables that were not ‘current’, i.e. one year or less. Several options for statement presentation were discussed. It was recommended they stay in A/R until collected but they should be noted on the A/R supporting schedule. There was considerable discussion concerning accuracy of statements and supporting schedules. It was decided that the Treasurer, Manager and a member of FINCOM would meet with Clarity to develop strategies for improving the accuracy and integrity of reported financial materials. **Update and/or questions on 2010 Audit:** Material has been submitted to auditor but no call has yet been scheduled. **Suggested Board Polices:** The list was discussed. Material on differences between policy and procedure was distributed as was an example of a policy on Asset Capitalization and depreciation. It was suggested that the policies be combined as much as practical to eliminate confusion and decrease the potential for divergence between documents. A possible consolidation grouping might be: **General accounting policy**, GAAP, accrual accounting, modified fund accounting, bad debt review and allowance calculation, multiple bids on large projects, formal annual review of reserve study, year-end audit, tax return. Consider including check signing, petty cash and records retention. **Asset capitalization and depreciation** – probably better as a distinct policy. **Investment policy** – probably better as a distinct policy. **Funding of new capital projects/items** – could be added to General accounting (above) or to existing Reserves (FIN04). Being no other business the meeting was adjourned. Next meeting is scheduled for Monday, May 16<sup>th</sup> at 9:30 am in Clubhouse. **ADDITIONAL UPDATES** – EHB1309, the bill requiring HOAs to periodically perform reserve studies and formally disclose reserve information to members has passed both House and Senate. Insurance info for the three renewable policies (excess liability, D&O and auto) has started to arrive. G. Semick has agreed to spearhead the review this year. **MARINA:** Charlie Boulay called the meeting to order at 11:00 am May 3, 2011. The Coast Guard Auxiliary will do boat inspections at the Marina. A sign up sheet is available in the Marina Office. Sign up and a convenient time to inspect your boat will be arranged. Coast Guard inspection information is available in the Marina office or contact the Coast Guard via internet for what items will be inspected. Gary Rossow and Charlie Boulay will lock in a price with a contractor to dredge the entrance to the Marina this summer. A new buoy system was approved by the Board and has been installed for \$2,580.00 at the mouth of the Marina, replacing the buoy that broke away last year. The buoy is rated for a 46 foot boat. The Marina now has two buoys. **Marina Sale:** The Marina is still gathering goods to sell at the annual Marina Sale. Sign up sheets were passed around to volunteers to work at the sale. The sale will also be placed on Craig’s List to increase exposure. Art Burke will restrict the entrance key pad to certain people during the week prior to the Marina Sale. Volunteers were requested to work the Marina sale and the tear down session on Saturday afternoon and Sunday. A sump pump and hoses were donated to the Marina and will be kept in the emergency cache in the Marina office. In an emergency if a boat is taking on water in the Marina the sump pump can be plugged in and thrown into the boat to dewater the boat until a more permanent fix is established. An 8 foot stainless steel table was donated for a fish cleaning station and will be installed to replace the existing table. Marina Volunteers will replace the railings on the north landing with chain link fence similar to the replacements on the south landing of the Marina. Thanks to all the volunteers who worked on the south boat dock landing to make it safe for Marina users. Art Burke asked that we not overload the trash dumpsters. Cape George is charged extra for any items above the rim of the dumpster. Approved dock floats will be purchased from a company in Enumclaw WA. To save money a U-haul truck will be rented to pick up the floats and transport them to Cape George. Six new dock boxes will be ordered to replace old worn out dock boxes in the Marina. Penny Jensen is coordinating a Marina Party to show off the Marina. Certain boats will be available to board so the community can see what a great asset the Marina is. The Long Range Marina Planning Committee is actively planning for the Marina’s future. Permits are required from the Corps of Engineers; an extension dredging permit has been received from Jefferson County. The U.S. Fish and Wildlife Service and the State of WA Ecology also require permits to be completed. A sediment bypass was discussed for the Marina. Sediment would be removed from the north side of the Marina

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entrance and trucked to the south side of the boat parking lot and dumped over the edge on the south side. The theory is to remove sediment from the north side of the Marina entrance creating an area that will fill up with sand, so the migrating sand will not fall into the entrance of the Marina. Cost would be approximately \$1,600 per day per dump truck and equipment. Approximately 1,500 cubic yards of sand would be moved. A geological firm could evaluate the sediment bypass for \$2,000. Repairing the North Sea wall of the Marina was discussed. Because the last 2.3 million dollar reconstruction estimate was too much for Cape George to handle, alternatives need to be sought. A lesser design by Layton and Sell would lower the initial estimate by 20 %. The cost of the redesign would be approximately \$5,000. Other suggestions were to cut the pilings off and create a rock wall similar to what we now have creating a rock jetty. Another suggestion by Stillwater Marine is to replace the original pilings with new pilings, plastic or metal sheet pilings. Suggestions were made to look into Layton and Sell engineering and Stillwater Marine and compare prices. What we need at this time is a bid on paper of a Raw Order Of Magnitude estimate to determine the price of each fix so Cape George can evaluate the possibilities of each estimate. After the bids are presented an engineering drawing would be drawn up to go out for bids on the proposed project. Marina Board Members present at the meeting were: Bob Frenette, Penny Jensen, John Hanks, Ben Fellows, Jack Scherting, Gary Rossow, Paul Happel, Tom Ramsey, Bob Schlentner, Harbor Master Charlie Boulay and Cape George Manager Art Burke. The meeting was adjourned by Harbor Master Charlie Boulay.

**New Business Information Items:**

A draft of a policy for Cape George to follow when a rule change is being considered will be published in the June newsletter for member comment before being approved.

Art Burke gave an update of progress with Dept. of Ecology to reinstate Cape George acre-feet of water from 160 to 192 as originally assigned. It was suggested that CG request reimbursement of attorney fees when this is resolved.

Tom Ramsey, Karen Krug and Art Burke held a conference call with Jay Vandal our accountant CPA concerning issues related to 2010 Audit.

Art Burke recommended and the Board approved contracting with Reserve Data Analysis to conduct a full reserve study for the organization. The Board previously approved not more than \$7,000 be used for this study.

The covenant change issue will be moved forward to the June Study Session for further discussion. Richard Hilfer will provide a recommendation of possible next steps.

Robin Scherting reported that the CG 50-Year Celebration is progressing. The Marina Committee will be part of the planning of the celebration. The next meeting will be held on Thursday, May 19, at 1:00 P.M. in the Clubhouse.

Art Burke talked about the erosion happening along the bluff areas in CG and that the Environmental Committee is working on presenting a workshop for all CG members that will deal with bluff erosion, the impact it is having and best management practices to not accelerate the problem.

A portion of the monies from fund raisers from the Environmental Committee and Granny's Attic will be deposited into the CG General Operations account and will be used to offset the cost of Donnie's new lawn mower.

The draft of the proposed charter for a new Standing Committee dealing with Property Maintenance will be published in the June newsletter for review and member comment before being approved.

A discussion took place concerning whether WiFi or DirecTV satellite service would receive more use by members in the Clubhouse/Fitness Room/Marina area. The Social Club currently pays for the DirecTV and is considering changing to WiFi.

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**New Business Action Items:**

**Motion 1** Richard Hilfer moved, Tom Ramsey seconded to approve the proposed & published changes to Cape George rules EMP01, FIN01, FIN02, FIN05, FIN07, & CP20. Passed 4/0

**Motion 2:** Tom Ramsey moved, John Hanks seconded that the Board of Trustees approves the Marina Committee's request to expend \$2,000 for a littoral drift study funded by the Marina Operating Account. Passed 4/0

**Motion 3:** Tom Ramsey moved, Dick Poole seconded to approve the resolution to transfer \$3,078.00 from General Reserve Account to the General Investment Account for the purchase of a riding lawn mower from Steve's Repair. Passed 4/0

**Motion 4:** Tom Ramsey moved, Richard Hilfer seconded to approve the resolution to transfer \$2,781.00 from Marina Reserve Account to the General Investment Account for the purchase of a Helix mooring buoy system from Alpha Marine. Passed 4/0

**Motion 5:** Dick Poole moved, Richard Hilfer seconded that Cape George Colony Club Board of Trustees approves request from four members for due date adjustments. Passed 4/0

**Open Board Discussion:** It was mentioned that Cape George is in need of a volunteer ride coordinator to bring together members who need rides to appointments & members who are willing to provide this service. There will be an article in the June newsletter asking for volunteers.

**Announcements:**

June 14, 2011, Study Session at 3:00 pm

June 16, 2011, Regular Board Meeting at 7:00 pm

**Motion 6:** Richard Hilfer moved, Dick Poole seconded to adjourn to an Executive Session for the purpose of discussing legal issues at 8:10 pm. Passed 4/0

Discussions at the Executive Session are confidential

**Motion 7:** Richard Hilfer moved, Tom Ramsey seconded resume the Regular Board Meeting at 8:40. Passed 4/0

No action taken by the Board

**Adjournment** Tom Ramsey moved, John Hanks seconded to adjourn the Regular Board Meeting at 8:41. Passed 4/0

Submitted by:

\_\_\_\_\_

Richard Hilfer, Secretary

Approved by:

\_\_\_\_\_

Leanne Ryan, Vice President

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
JUNE 16, 2011  
7:00 PM

**Vice President Leanne Ryan called the meeting to order at 7:00 PM.**

**Welcome & Comments** – Leanne Ryan, Vice President

Welcome

Ballots for Elections were sent out June 6, Thank You to Election Committee Co-Chairs Joyce Skoien and Mercy Del Valle and their crew

CG Handbook may be revised and ready for distribution by Annual Meeting

**In Attendance:** Leanne Ryan, Richard Hilfer, John Hanks, Tom Ramsey, Richard Poole, Mike Smith

**Action on Minutes:** Richard Hilfer moved, John Hanks seconded to approve the minutes of the Regular Board Meeting of May 12, 2011 as amended. Passed 5/0

**Membership Report:** Richard Hilfer

Peter Messerschmidt

11 Colman Drive.

**Treasurer's Report:** Tom Ramsey

**As of May 31, 2011**, the Checking Account total was \$37,597.51. There are a total of 4 CD Accounts totaling \$355,527.80, and 1 Money Market Account totaling \$193,236.46, and 2 Petty Cash Funds totaling \$600.00 for a total of \$586,961.77 in cash and investments. **Accounts Receivables:** As of May 31, Accounts Receivables totaled \$25,628.92. This amount reflects assessments applied on May 1<sup>st</sup>. There are 11 accounts over 90 days past due. **Summary of Expense and Income Statement Review:** As of May 31, 2011, General Operations is \$17,159.00 under budget; Water Operations is \$11,074.00 under budget; and Marina Operations is \$6,288.00 under budget.

**Manager's Report:** Art Burke

In mid-May we received a heavy 24-hour rainfall. As a result, large quantities of debris at the top of the Ravine Trail were washed down into culvert gratings causing them to be blocked. The deluge of water then began to run across the surface of the trail causing extensive damage. During the initial work to unclog the grating and culverts it was discovered that there was a new source of water in the immediate area causing additional damage. Over the next two weeks the area was excavated and drained to expose a culvert that had been buried when the ravine trail was installed. Work is underway to repair the trail surface.

Work on the Reserve Study has begun. A site visit by Reserve Data Analysis is scheduled for Friday, June 17.

On May 24<sup>th</sup> I met with Cape George attorney Bill Clark, Department of Ecology Representative Marie Peters and Attorney General's representative Sharonne O'Shea to discuss our pending appeal with the Department of Ecology. At the conclusion of this meeting information was reviewed with Water Committee members and the Cape George Board. Over the next few weeks we are hoping to work toward a negotiated settlement with the Department of Ecology.

On June 8<sup>th</sup> I participated in a webinar dealing with "Complex Collection Matters." Through Cape George's membership in the Community Association Institute we are provided a variety of education opportunities and other resources.

The office staff assisted with the printing and compiling of materials for the Trustee Elections. This included ordering envelopes, designing and printing ballots, etc.

New mats have been ordered and will soon be installed in the pool changing room. This addition will improve health and foot comfort in these areas.

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We are currently working on further using the capabilities of our water meter system. Over the next few months the “Leak Detection” feature will be explored allowing us to search for potential leaks on a monthly basis. Thanks to Stewart Pugh for pursuing this.

Final work is underway on the development of the Cape George Water System Plan. This State required document provides a complete detailed explanation of how our water system is designed and operated. Thanks to Ed Skowrya for all of his work in writing large portions of this plan and coordinating the effort to get it completed.

I have received the following reports/complaints over the past month:

- Vacant lot mower not doing a very good job.
- Graffiti on bus shelter at Highlands entrance.
- Boats damaged as a result of marina piling project.
- Ravine Trail damaged as a result of blocked culverts.
- Ditches in need of mowing in Village and Colony.
- Poison hemlock growing on property on Sunset Blvd.
- Pool lane marker damaged.
- Property on Ridge Drive not being maintained.
- Property on Maple Drive has large mess in backyard.
- Clippings being piled at lot on Maple Drive.
- Member requesting action on hedge complaint.
- Scotch Broom and Poison Hemlock growing at property on S. Rhododendron Drive.
- Scotch Broom growing at properties on San Juan Drive.
- Dogs barking all day at residence on North Palmer.
- Tires damaged at two residences on Pine Drive.
- Fireworks being set off at residence on Hemlock Drive.

**Committee Reports: BUILDING:** May 30 - 220 Quinault Loop, Kavruck property. Redesigned house appears to fit on property. Approved permit with Ann Simpson, Roger Anderson, and Joel Finlay present from committee. Ann Simpson and Joel Finlay established grade at high point of foundation, 20 7/8 inches below survey cap on NE corner of property. May 28 - 61 Alder, Otey home. Joel Finlay advised of needed procedures for very small ancillary building on back of property. May 30 - 61 Alder, Otey home. Joel Finlay approved building permit application for ancillary building. **FINANCE:** Finance Committee held its regular monthly meeting on May 16, 2011, 9:30am at the Clubhouse. It was known that a quorum would not be present so the meeting was limited to review of previous topics for the purpose of closing open items. The list of reviewed items included: 1. Updates on May Board actions – as reported in newsletter. 2. Close March 2011 financial statement issues - all issues satisfactorily resolved. 3. Close April 2011 financial statement issues – all issues satisfactorily resolved. 4. Update on 2010 Audit – no change since last update available. 5. Depreciation schedule reconciliation and

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Capitalization policy – policy will be sent to Board. Discussion with subgroup working on schedule reconciliation as there appear to be numerous inconsistencies and questions – important document since it supports Balance Sheet asset values. 6. Update on 2011 Insurance renewal – work in process. 7. Update on new Board policies – postponed until June meeting. 8. Update on new FINCOM member – will wait until new Board seated to formally request adding new member. The next meeting is scheduled for June 20, 2011 at 9:30am in the Clubhouse. **WATER:** The meeting was held at 5 pm at the Office. The following attended: Art Burke, Manager; Larry Southwick, Committee Chair; Committee members Ed Skowyra, Stewart Pugh, Thad Bickling and Brian Ritchie; and Scott James, Cape George CC member. From 5:00 to 5:15, we had a discussion regarding Bill Clarke's letter and several related documents that are pertinent to the water rights issues. A copy of Bill's letter is attached which provides a basis for some of this discussion. A decision needs to be made to follow Bill's recommendation to 'settle' our appeal with Department of Ecology (Ecology) for now or to pursue the appeal to the Pollution Control Hearings Board. At 5:15, Bill called in and we held a discussion with him on the speaker phone. Ed asked several questions that lead to further discussion with Bill and the Committee. The key question was, 'what would be the status of our water rights if we agree to settle now as suggested?' The answer is that the current 'decision' by Ecology would be rescinded, as if it never occurred, and would be replaced with an extension of our 'permit' to 2016 – that would be the only issue addressed for now and that's all we really need now. We, in fact, are only appealing the current decision because it includes the reduction of water rights to 160. Settlement just removes the water right issue from the decision. We could argue that it would leave us at 192 acre feet based on the 2000 Ecology decision which is our objective anyway. Ecology argues that the 2000 decision was "ultra vires," which means that Ecology did not have the legal authority to increase the quantity through the change decision and is therefore void. Their argument is that reverts to the 1975 decision establishing the 160 acre feet and that, if we didn't agree with it, we should have appealed it then, not now which we (Cape George) didn't appeal. That, for our purpose was all resolved by the 2000 decision which pointed out that the 1975 decision was made in error and provided the basis for establishment of the 192 acre feet. Bill's argument for an appeal is that the basis for the water rights bears on the 'original intent' which we maintain was 192 acre feet and we have several documents that support it. His concern is that we may stand to lose that argument and then lose the opportunity to get it back. Ed's argument is that, as the 2000 Ecology decision clearly stated, the 1975 decision to reduce the rights to 160 was invalid. Bill's counter argument is that we should have appealed it then, not now. In our favor, the Municipal Water Law, which was upheld by the recent court decision, now includes Cape George as a 'municipal' system and that preserves our water rights from relinquishment, i.e., 'use it or lose it,' which Ecology was programming. Bill suggested another approach would be for us to file for a water right 'certificate' based on current actual/historical water use and also a 'permit' for the remainder of our water rights for future growth to build out. That would lock in our current use but would still leave us open for the future. The Committee was not favorable of that approach. Bill's recommendation is that this all can better be resolved through our completion and submission of a new Water System Plan (WSP) than by pursuing the appeal process. Ed has drafted the WSP and will take another look at that section to word it properly and send it to Bill to review. The risk in the appeal process is that we would be the test case for the new processes following the court resolution of the Municipal Water Law and become a precedent-setting case that Ecology doesn't want. If we were not successful, and there is some legal basis for that outcome, we would forever be bound by the decision of 160 acre feet. If we settle now, we leave that issue open and pursue other means to achieve it through the WSP process. The Committee concurred. Procedurally, the settlement agreement would have Ecology rescind the recent 'decision' and re-issue a new decision extending the permit to 2016, and that we would agree to work

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with Ecology to clarify the water rights through the WSP process. Bill urged us not to be in a hurry to complete the WSP to provide some time for Ecology to resolve some of the implications of the Municipal Water Law with other agencies and issues. Bill has received a few more documents from Ecology that he will be sending us and likewise, we have a few more to send to Bill. We are at least getting a comprehensive documentation file for this whole issue. This will be addressed at the Board Study Session on June 14 with any needed action at the Board meeting on June 16. Other issues for our discussion, the new well drilling is waiting for final approval of the permit by the Jefferson County Department of Health. They raised an issue about the on-site diesel fuel storage and the need for spill containment. The State didn't seem to have a concern and approved the sanitary inspection. Well drilling will proceed when we receive the permit. Also, the meter reading program is producing good results regarding leak detection that indicates a potential leak on the owners' side of the meter by finding no period of time with zero use. The properties are identified and follow up with the owners. Another new feature that we're going to address is the ability to identify any meters with 'backflow' that is a reverse flow through the meter, which should never occur anyway because of check valves, but would indicate a failure. It's not likely to be physically useful would be procedurally useful to support the backflow prevention program as mandated by Department of Health. Next meeting would normally be July 5<sup>th</sup> but I'll be away from July 5 to 12. The Board meets on July 12 and 14. The annual membership meeting is July 16. I suggest that we hold the next Water Committee meeting on June 28 and skip a July meeting. Please respond by email if that's okay.

**New Business Information Items:**

The Covenant change discussion will be continued at the July Study Session.

Updates and review of the 2010 Audit have been completed and a final document will be requested.

A program discussing our fragile bluffs has been coordinated by the Environmental Committee for Saturday, July 2<sup>nd</sup>. More information is available at the office.

**New Business Action Items:**

**Motion 1** Mike Smith moved, Dick Poole seconded to accept the recommendation of the Water Committee to work with Attorney Bill Clarke on a negotiated settlement with Washington State Department of Ecology to reissue a permit extension without superseding permit modifications. Passed 5/0

**Motion 2:** Mike Smith moved, John Hanks seconded that the Board of Trustees accept Scope of Services contract dated June 10, 2011 from Attorney Bill Clarke to work with Cape George Colony Club on a negotiated settlement with Washington State Department of Ecology in an amount not to exceed \$9,600. Passed 5/0

**Motion 3:** John Hanks moved, Mike Smith seconded that the Manger work with the Pool Committee to develop cost estimates for replacing our existing equipment with a refrigerant type dehumidification system for the pool building. Passed 5/0

**Motion 4:** Tom Ramsey moved, Dick Poole seconded to that the Board of Trustees approves the publication of the Finance Committee's recommended "Capitalization and Depreciation Policy" in the next newsletter, with the intent of incorporating it into the Cape George Finance Rules and Regulations. Passed 5/0

**Motion 5:** Tom Ramsey moved, Richard Hilfer seconded that the Cape George Colony Club Board of Trustees approves the transfer of 2010 Net Income to the following Reserve Accounts: General Operations Reserves, \$34,377; Water System Reserves, \$57,413; and Marina Reserves, 2,026. Passed 5/0

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**Motion 6:** Tom Ramsey moved, Mike Smith seconded to approve renewal of Commercial Umbrella Liability policy from Community Association Underwriters of America, Inc. in the amount of \$3,190. Passed 5/0

**Motion 7:** Tom Ramsey moved, Mike Smith seconded to approve renewal of Directors and Officers Liability policy from Community Association Underwriters of America, Inc. in the amount of \$3,170. Passed 5/0

**Motion 8:** Tom Ramsey moved, John Hanks seconded to approve renewal of General policy from Community Association Underwriters of America, Inc. in the amount of \$21,764. Passed 5/0

**Motion 9:** Tom Ramsey moved, Dick Poole seconded to approve renewal of Commercial Auto Insurance Policy from Community Association Underwriters of America, Inc. in the amount of \$1,554. Passed 5/0

**Motion 10:** Richard Hilfer moved, Dick Poole seconded to consider and decide on the appeal from member Dean Shinn for complaint related to PP07 "Business Activity". Passed as amended 3/2

**Amendment to Motion 10:** Tom Ramsey moved, Richard Hilfer seconded to amend motion 10 to read as a motion to deny the appeal. Passed 5/0

**Motion 11:** Dick Poole moved, John Hanks seconded to approve the request of the Social Committee to be de-chartered. Passed 5/0 Richard Hilfer requested that it be reflected in the minutes that this is a request made by the Social Committee and not by the Board of Trustees.

**Motion 12:** Dick Poole moved, Tom Ramsey seconded to approve the Property Maintenance Committee Charter as published in the newsletter. Passed 5/0

**Motion 13:** Richard Hilfer moved, Dick Poole seconded to approve the Rule Change Procedural Policy as amended. Passed 5/0

**Open Board Discussion:**

**Announcements:**

- Study Session July 12, 3:00 PM
- Regular Board July 14, 7:00 PM
- Annual Meeting July 16, 2:00-3:00 PM
- Cape George 50-Year Celebration July 16, 3 PM
- Salmon BBQ July 17, 3 PM

**Motion 14:** Richard Hilfer moved, John Hanks seconded to adjourn to an Executive Session for the purpose of discussing legal issues at 8:40 pm. Passed 5/0

Discussions at the Executive Session are confidential

**Motion 15:** Tom Ramsey moved, John Hanks seconded resume the Regular Board Meeting at 8:55. Passed 5/0

No action taken by the Board

**Adjournment** Mike Smith moved, Tom Ramsey seconded to adjourn the Regular Board Meeting at 9:00. Passed 5/0

Submitted by:

\_\_\_\_\_  
Richard Hilfer, Secretary

Approved by:

\_\_\_\_\_  
Robin Scherting,, President



CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
JULY 14, 2011  
7:00 PM

In cooperation with the Port Townsend Marine Science Center a crab larva survey is being conducted off the north dock in the marina. The information being gathered will provide answers as to where the crab in our area and Hood Canal are being produced.

I would like to thank retiring Trustees Leanne Ryan, Tom Ramsey, and Dick Poole for their years of service to the community. They have been great to work with and have provided me tremendous support. Considering that these are volunteer positions that often times require a considerable amount of time and dedication, they deserve a big round of applause.

- I have received the following reports/complaints over the past month:
- Sign at residence in the Highlands pushed over and damaged.
- Vehicle abandoned in front of mail boxes in the Colony.
- Vehicles driving too fast on Dennis Blvd.
- Barking dog complaint on N. Palmer Dr. and San Juan Dr.
- View complaint on San Juan Dr.
- Grass needs to be mowed at the Marina Park
- Lot on S. Palmer Dr. not mowed
- Residence on S. Palmer Dr. not mowed
- Hedge complaint on Maple Dr.
- Property maintenance complaint on Maple Dr.
- Property maintenance complaint on Pine Dr.
- Property maintenance complaint S. Palmer Dr.
- Property maintenance complaint N. Rhododendron Dr.
- Group of teenagers in the pool after hours.

**Committee Reports: ENVIRONMENTAL:** Members present: Kyanne Andersen, Amy Brandon, Ann Candioto, Gretchen, Cooper, Betty Hanks, Barb Hill, Eileen Pierson, Kitty Rucker, Robin Scherting and Manager Art Burke. **Minutes:** There were 2 changes in the Financial Report of last month. It should have read “We paid \$1750 retainer to Elliott Menashe” and “we paid \$108.67 for the trimmer.” **Budget:** We took in \$1050 on the Bluff Presentation and spent \$1750 on the speaker, approximately \$208 for coffee, coffee cups, stamps, etc. and \$100 to the Marine Science Center for the Beach Walk. We’re in the hole, like our National Government, and Gretchen suggested we raise our Debt Ceiling. ☺ **OLD BUSINESS:** Ann thanked Robin, Kitty, Phyllis and Gretchen for all their hard work for the Bluff Presentation. It was well received and we all learned a lot, such as lawns allow almost as much runoff as parking lots and we have extremely fast drainage which may be why we don’t have water in the ditches. Ann will leave the information at the office for members to see. She will also write a small summery for the board. Aluminum Recycling: Peninsula Recycling pays \$.24 for aluminum - \$.40 in Bremerton. We will put this on the agenda for our next meeting when Dick Poole is here. Memorial Park Update: Kyanne spent 4 days weeding. One sprinkler is missing and Kyanne cut back the heather to open up another one. Also, one is sprinkling the driveway. Donnie has weed whacked and it now looks great with the work he and Kyanne have done. Kyanne suggested a “Pledge Drive” for

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volunteer hours of time, etc. Thank You Party: Betty has volunteered to have the party at her house. Keep it simple: hamburgers, Polish hotdogs, members of the committee bring a side dish and the committee will provide soft drinks. The date will be Wednesday, July 27<sup>th</sup>. **NEW BUSINESS: August meeting:** Everyone agreed we need a break so there won't be a meeting in August. **50<sup>th</sup> Cape George Anniversary:** Ann needs display material. **Watering lawn at Clubhouse:** Ann would like to see it go dormant after the BBQ and save gallons of water, we agreed. **Marine Point:** Betty said it needs water out there. Robin said the wind dries it out quickly. We need to plant only plants that will take it. (barberry, sedum, etc.) Eileen said it has become overrun with weeds. Robin suggested the Marina Committee take it over. We all thought that was a great idea. **Budget for maintenance:** We will meet at an area designated by Ann before our meetings. **Dead Crows:** Robin said a member told her there were 3 dead crows and the member was concerned that they may be diseased. **Entrance Signs:** Eileen and Ray will paint the signs again, with a more green/blue color to blend in with the newly painted firehouse. Permission was given. **Chairperson:** Art said the Board needs a recommendation for the Chairperson for our Committee for 2011/2012. Thankfully, Ann will stay on as our chairperson. Thank You, Ann!! Meeting adjourned at 10:45. **WATER:** The meeting was held at 5 pm at the Office. The following attended: Art Burke, Manager; Larry Southwick, Committee Chair; Committee members Ed Skowrya and Thad Bickling. Cape George CC members Scott James and Mercy Del Valle also attended. Scott has requested to be appointed to the Water Committee after attending the last several monthly meetings. We invited Mercy to join but she declined. Mercy Del Valle addressed her concern about the arsenic levels reporting in the recent "*Consumer Confidence Report Water Quality in 2010*" that was mailed out with the ballots for Board member elections. The *Report* shows an arsenic level of 9 ppb (parts per billion) versus the EPA standard of 10 ppb. Mercy had reviewed the scientific studies related to arsenic effects on public health and found that, according to a National Academy of Science study published in 1999, the EPA standard of 10 ppb will amount to a cancer incidence of 1 in 500. To be consistent with other EPA standards with regard to the presence of toxins and pollutants which require a maximum cancer incidence of 1 in 10,000, a safe arsenic level in water should be 0.5 ppb. Seattle and Port Townsend drinking waters have arsenic levels below 1ppb, which is the minimum detection level of current analytical methods. Discussion followed. Some years ago, the national standard was 50 ppb and the U.S. finally followed other nations in reducing the level to 10 ppb. The technology to measure arsenic levels used to be only down to 3 ppb and is now below 1 ppb. As the technology improves and the scientific studies proceed, we might see the standard lower so what do we need to do to prepare for it? Ed said that our samples and test results are for raw water (from the wells before treatment) in accordance with the standard requirements. If you exceed the 10 ppb, then further treatment is required but, since we are below the standard, no further action is required and we don't test the water after treatment. It was felt that our treatment might reduce the arsenic level appreciably but we don't know. Art will discuss this with Greg to see what it would take to get a sample and test taken of our treated water to see what we are actually providing to our residents. We discussed the scope of work provided by Bill Clarke, water rights attorney for the appeal of the Dept. of Ecology water rights determination. The Board has already taken action to approve the additional work. We must insist that any agreement with Ecology be silent on the water rights or show that we currently have water rights of 192 acre-feet as stated in the 2000 Ecology letter on record. Ed is still working on the language regarding water rights in the draft Water System Plan (WSP) and will provide a copy for Bill to review. Ed has received comments from Bob Leach of NTI and is working to incorporate them. Larry will also provide a red line markup for editorial review. Well 5 replacement permits have all been received and the notice to proceed has been given to Gresham Well Drilling. Art and Greg have completed the site planning and Donnie

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is going to move some fencing. The drilling could start in the next week or two. Larry handed out a draft of the annual committee report for review and comment and will attach an electronic copy to the members with this meeting report. The next meeting will be on **August 2, 2011 at 5 pm at the Office**. Reminder of the annual membership meeting on July 16 where the committee reports will be presented.

**New Business Information Items:**

The Covenant change discussion will be suspended to allow the Washington Common Interest Ownership Act drafting committee to propose legislation that may address our Covenant issues. Richard Hilfer will be writing a letter of support to the Washington Common Interest Ownership Act drafting committee describing our communities challenging covenant issues.

The Pool Committee is continuing work on gathering quotes and information on replacing the existing dehumidification system in the pool building. As information becomes available it will be brought before the Board.

The Manager and Water Committee are waiting to receive a draft settlement agreement from attorney Bill Clarke related to Cape George water rights. Once received, the draft will be reviewed at the next Board meeting.

The Manager has begun to gather potential members for consideration by the Board to be appointed to the new Property Maintenance Committee.

The Bluff Erosion Workshop coordinated by the Environmental Committee was a great success. Handouts are available in the office covering some of the information presented during the workshop.

**New Business Action Items:**

**Motion 1** Tom Ramsey moved, Dick Poole seconded to move forward with the publication of the proposed Cape George Colony Club Critical Accounting Policy as recommended by the Finance Committee. Passed 6/0

**Motion 2:** Tom Ramsey moved, Mike Smith seconded to move forward with the publication of the proposed Cape George Colony Club Investment Policy as recommended by the Finance Committee. Passed 6/0

**Motion 3:** Tom Ramsey moved, Leanne Ryan seconded to approve the proposed Capitalization & Depreciation Policy as published in the June newsletter. Passed 6/0 as amended.

**Amendment to Motion 3:** Mike Smith moved, John Hanks seconded that the Capitalization & Depreciation Policy become Cape George Rule FIN05. Passed 6/0

**Motion 4:** Leanne Ryan moved, Dick Poole seconded to approve the appointment of Scott James to the Water Committee. Passed 6/0

**Open Board Discussion:**

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**Announcements:**

Annual Meeting – July 16, 2:00 P.M  
Special Board Meeting – July 16, 2:45 P.M  
Cape George 50-Year Celebration – July 16, 3:00 P.M  
Salmon BBQ – July 17, 1:00 – 3:00 P.M  
Study Session – August 9, 3:00 P.M  
Board Meeting – August 11, 7:00 P.M

**Motion 5:** Leanne Ryan moved, Richard Hilfer seconded to adjourn to an Executive Session for the purpose of discussing legal & possible personnel issues. Passed 6/0

Discussions at the Executive Session are confidential

**Motion 6:** Leanne Ryan moved, Tom Ramsey seconded resume the Regular Board Meeting at 8:35. Passed 6/0

**Motion 7:** Leanne Ryan moved, Tom Ramsey seconded to grant the present Manager a third week of vacation in 2011 & three weeks of vacation per year in 2012. Passed 6/0

**Adjournment** Mike Smith moved, Tom Ramsey seconded to adjourn the Regular Board Meeting at 8:40. Passed 6/0

Submitted by:

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Carol Wood, Secretary

Approved by:

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Richard Hilfer,, President

CAPE GEORGE COLONY CLUB  
SPECIAL BOARD OF TRUSTEES MEETING  
JULY 16, 2011  
3:10 PM

- 1) Welcome and Introductions – Robin Scherting.
- 2) In Attendance: Robin Scherting, Richard Hilfer, John Hanks, Michael Smith, Ross Anderson, Penny Jensen, Carol Wood.
- 3) Election of the Board of Trustees

Motion 1: Robin Scherting moved, Carol Wood seconded to elect Richard Hilfer as President to the Board of Trustees. Passed 6/0

Motion 2: Richard Hilfer moved, John Hanks seconded to elect Robin Scherting as Vice –President to the Board of Trustees. Passed 6/0

Motion 3: Penny Jensen moved, John Hanks seconded to elect Carol Wood as Secretary to the Board of Trustees. Passed 6/0

Motion 4: Penny Jensen moved, Mike Smith seconded to elect John Hanks Treasurer to the Board of Trustees. Passed 6/0

Motion 6: Richard Hilfer moved, John Hanks seconded that the Board have a discussion about the times of the Study Session & the Board Mtgs. Passed 6/0.

Motion 7: Richard Hilfer moved, John Hanks seconded that the Study Sessions & Board meetings should remain at the same time as in the past. Passed 6/0

It was decided that a Board Training Session will take place August 9th after the Study Session

The calendar for 2011-2012 was accepted as presented to the Board.

New Board liaisons where chosen for each of the committees

Board Goals: It was decided that there would be member participation for each motion before the Board discussion.

- 4) Adjournment: Motion to adjourn was made by Penny Jensen, seconded by Carol Wood. Motion passed 6/0 Meeting Adjourned at 3:20 PM

Submitted by:

Approved by:

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Carol Wood, Secretary

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Richard Hilfer, President



CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
AUGUST 11, 2011  
7:00 PM

Final lot mows of the season began the week of August 8<sup>th</sup>. This years schedule was adjusted slightly due to the late start of the growing season. Our goal in scheduling these mows is to reduce the amount of seed production of some nuisance plants.

I have received the following reports/complaints over the past month:

- Storage and Junk Vehicles complaint on Sunset Blvd.
- Willow branches growing into roadway on Maxwell Ave.
- Sink hole in roadway on Saddle Dr.
- Noxious weed complaint on Maple Dr.
- Hedge complaint on Maple Dr.
- Ditches in need of mowing in the Highlands
- Barking dog complaint on N. Palmer Dr.
- Barking dog complaint on San Juan Dr.
- Report of musty smelling water at residence on Maple Dr.
- Property maintenance complaint at yard on Vancouver Dr.
- Aggressive dog complaint at residence on N. Palmer Dr.
- Noxious weed complaint at lot on S. Palmer Dr.
- Unaccompanied minor in Clubhouse and later seen on roof of Clubhouse.
- Unaccompanied minors on Marina docks.
- Property maintenance complaint at two vacant lots on Maple Dr.
- A 4-wheeler was reported driving on the beach north of the clubhouse.

**Committee Reports: BUILDING:** *Building permits issued:* JOEL JANETSKI: 432 Sunset Blvd. Colony, Construct a house. High point of grade & setbacks inspected by Roger Anderson & Ann Simpson on 8-3-11. GEORGE BAILEY: 290 Dennis Blvd. Village Install manufactured home. High point of grade & setbacks inspected by Roger Anderson & Ann Simpson on 8-3-11. *Driveway connection permits issued:* KEN BRINK: 90 Dennis Blvd. Village Install driveway apron on recently purchased residence. July 22, 2011: Joel Finlay resigned as chairman of the Building Committee. Art asked me to serve as chair (girl). I agreed. August 2, 2011: Monthly meeting with Roger Anderson & myself in attendance. Discussed trying to get more members onto the committee. Viewed application for Janetski build. August 2 – August 6. I met twice with two members that had concerns about the 290 Dennis build. August 6 Galen and I took readings on both southern points of grade to satisfy one members concern. **FINANCE:** Finance Committee held its regular monthly meeting on July 19, 2011, 9:30am at the Clubhouse. Members present were B. Barnhart, J Harrington, G. Semick and K. Krug. Board members present were R. Hilfer, R. Scherting and J. Hanks. Also present were T. Ramsey and A. Burke.

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**Committee discussions included:** Updates-**Finance related topics – July Board actions**, Passage of Capitalization policy as FIN05, Critical Accounting Practices and Investments will be published for comment. **Previous open financial statement issues** – from a FINCOM perspective, all May issues were considered closed. **2010 audit - NOTE: Since the meeting, a copy of the 2010 audit, which appears to be complete and correct in all material aspects, has been received and is attached to these notes.** **Other updates** – It was noted that a **correction to the 2010 tax return** had been requested by a FINCOM member. It was reported that the correction dealt solely with the amount listed as Other Income – Ramp fees. **June 2011 financials.** The Committee had **positive feedback for the Manager and his team** concerning the recent improvements to the financial statements. Their hard work is producing noticeable results. **Several items need additional information** and/or investigation. Those include: The increase in **Unearned General Income** is still of concern. The explanation provided does not address the majority of the increase (May to June). It was again noted that prepaid water income is not being treated in a manner similar to the unearned general assessment. This should be thoroughly reviewed prior to the start of the next fiscal year. It was also noted that R&M was under budget for the second year in a row. Always a difficult category, a historical review of those expenditures and amounts might be useful prior to 2012 budgeting. There was **confusion remaining over Marina income accounts and transactions.** The Committee recommended that G. Semick work with the Manager and Marina Chair to ensure a common understanding of the marina income activities. This will also help with continuity of future budgeting and comparative analysis and a documentation of features unique to marina income will prevent future questions. The **three module education program** was discussed. The modules can be used by new FINCOM members, Board members and other interested parties. The first module – “What did I get myself into?” (Basics of HOA finance)” was available for review and comment. The two remaining modules will provide information on Reserves and Taxes. A two-page summary, prepared by the Finance Committee in June of 2007 will be reviewed to ensure salient elements are included in the new education modules. **NOTE: That two-page June 2007 document is attached to these notes.** It was also mentioned that the Washington CAI website contained useful, free educational material on a variety of topics specific to HOAs. There was discussion of **future modifications to FIN04 (Reserves) and FIN02 (Budgeting)** that might result from EHB 1309 (effective 1/1/2012). G. Semick will begin that process. Earlier adoption of the requirements of EHB 1309 was also discussed. A ‘trail run’ would be useful in determining how the requirements can best be satisfied would be useful. This will be a good year for that trail run since we will have a new, external reserve study upon which to rely for the 1309 requirements. It was not immediately known if Reserve Data Analysis has a report format aligned with 1309. **Other business: Common property** – B. Barnhart had prepared a summary memo on the initial results of a review of office documents related to corporation versus tenants-in-common property. **NOTE: That Common Property memo is attached to these notes.** Initial review indicates that most of the ‘common property’ was deeded to the corporation. Most of that property does not appear on the corporation’s balance sheet; not uncommon in HOA situations. Differences in accounting treatment for capitalized versus non-capitalized real and personal property make this issue one that should be completely documented. There may be other transactional issues related to this property as well so it will remain on FINCOM’s WIP list.

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**Nominations of potential new FINCOM members** – several individuals have expressed an interest in becoming members of FINCOM. There was discussion of the committee's responsibilities as outlined in the Charter and the currently represented skill set. In a renewal of past practices, FINCOM will request that any potential member provide a brief biographical sketch along with a statement of interest that highlights those specific areas where background and professional experiences will be accretive to the efforts of the existing group. The next meeting is scheduled for August 15, 2011 at 9:30am in the Clubhouse. The July meeting was adjourned. **W-I-P (work-in-process; ongoing projects)** Modules Two and Three of education program, Defect correction - depreciation schedule, Modifications to FIN03, Modifications to FIN04 and FIN02, Documentation of common property **MARINA:** Marina Chair & Harbormaster, called the meeting to order a 11 am. Present were Jack Scherting, Paul Happel, John Hanks, Ben Fellows, Gary Rossow, Dick Poole, Penny Jensen, Mac McDonald, Brian Ritchie, & Ross Anderson. Members discussed the Marina Open House, which was conducted the same day as the 50<sup>th</sup> anniversary of Cape George event. The group agreed that the event was poorly attended because of bad weather. Some felt that it should have been separated from the community based event. The committee discussed the possibility of trying again in 2012, but with more publicity and perhaps offering boat rides, a crab feed, or folding it in with the sailing regatta. No decision was made. Boulay reported that the harbor entrance has been dredged to minus 2 ½ ft., which is shallower than usual. This is because state and federal authorities were slow to grant the necessary permit, so that the dredging could not be done during the low tides in early July. Gary Rossow reported that the work had to be done on tides of minus 1.3 and minus 1.7 feet, rather than minus 3 ft in July. The cost was \$8,935. Eventually, the permit was granted but the community must agree to discourage boaters from using the entrance at low tide. Boulay also reported that two contractors have been contacted about submitting bids to repair the harbor entrance & jetty. No decision was made. Gary Rossow reported that eight boats have signed up for the annual regatta, scheduled for Saturday, Aug. 6<sup>th</sup>. He requested \$250 from Marina funds to pay for food, drinks and other costs associated with the event. Members discussed whether this is an appropriate expenditure. Some thought it was not, because the event caters solely to sailors. Others pointed out that the Marina spends money on other things such as fish-cleaning & crab cooking stations that cater only to fishermen. It was suggested that, in the future, the regatta be incorporated with the Marina Open House. Rossow pointed out that, to do that, the regatta would need to be scheduled first, because it requires minimal tide change. It was moved and seconded that an attempt would be made to combine the two events in 2012. The vote was unanimous in favor. Rossow pointed out that he still needs some money for this year's regatta. It was moved and seconded that \$250 be spent for regatta needs. The committee voted unanimously in favor. Rossow reported that a consultant's study suggests that more than 2,000 yards of silt per year washes along the Cape George shoreline & is deposited in the area of the Marina. The consultant suggested digging out part of the high tide line and beach immediately north of the north jetty, in hopes that this would change the drift of the silt. This idea was discussed, but no decision was made. The meeting adjourned at 12 noon. **WATER:** The meeting was held at 5 pm at the Office. The following attended: Art Burke, Manager; Greg Rae, Water Manager; Mike Smith, Board Liaison; Larry Southwick, Committee Chair; Committee members Scott James, Ed Skowrya and Stewart Pugh. While waiting for a conference call with Bill Clarke, we discussed

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the situation with the new Well 7. On August 1, Gresham Well Drilling had finished drilling the new well and it turned out to be a dry hole. They called Doug Dow of Robinson, Nobel, Saltbush, the well geologist, and Doug advised not drilling further but to abandon this hole and relocate for another try. Gresham moved to another job while we decide what to do next. We decided that Greg would talk with Doug Dow and ask how close we could drill next to the existing Well 5. Ed felt that was the best location, knowing that Well 5 was a good producer and that we would not be using both wells at the same time. We may or may not be able to retain old Well 5 for a backup. Gresham will need to decommission the dry hole. They may or may not be able to withdraw the new casing or it may not be financially worthwhile. Art will talk to Gresham about the current expenses and estimate for the cost to drill another well as discussed. We do need to proceed with another well drilling effort. Bill Clarke, our attorney for the on-going water rights negotiations with the Dept. of Ecology, called in on the speaker phone so we could discuss the current status and provide direction. The previous discussion/agreement was that Ecology would grant us the requested five year extension of our permit and remove all references to the water rights. The Attorney General's Office, representing Ecology has changed the attorney assigned to this negotiation and he presented a proposal to reduce the time period to two years, instead of five years. After discussion, it was agreed that Bill would contact the AG's attorney and insist on the five year extension. If that fails, we will ask for the Pollution Control Hearings Board to provide a mediator and take that approach to get the five year extension. That approach will leave our water rights at 192 acre feet for now and we'll address that issue in our new Water System Plan. Ecology will then have to approve or deny that WSP. We will appeal again if they deny the 192. We discussed the draft Water System Plan. Ed is nearly finished and has to discuss some final details with Bob Leach, our consultant (Bob will have to sign and stamp the final draft). Ed will also finalize the language in the water rights section and submit that to Art to send to Bill Clarke for review before we submit the WSP to the Dept. of Health. The WSP doesn't require Ecology approval but they do have jurisdiction over the language in the water rights section. Stewart will draft a newsletter article to explain the calls he has been making regarding the water meter leak detection. The new meter reading system software flags any accounts that show a continuous flow 24 hours a day indicating a potential leak on the customer's side of the meter. Stewart then gets a report that shows the accounts and calls the customer to alert them. It's then up to the customer to find and repair any leaks. Donnie does provide support to the customer as needed. Art also has sent out around 30 post cards to customers that have shown excessive water use, typically those with irrigation systems. The next meeting will be on **September 6, 2011 at 5 pm at the Office.**

**New Business Information Items:**

The Manager and Water Committee are working with attorney Bill Clarke on a possible settlement with the Department of Ecology related to Cape George water rights. If a settlement agreement can not be worked out, a mediation process will be the next step. Updates will be provided to the Trustees at the next Board meeting.

The Manager is continuing work on gathering potential members for consideration by the Board to be appointed to the new Property Maintenance Committee.

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The Board was presented information on the recently completed Littoral Drift Study. The study provided necessary information to determine the feasibility of pursuing a sediment catch basin at the marina entrance.

The Manager was directed to gather additional information related to two Pacific Madrona trees on South Palmer Drive whose health is declining and report back to the Board at the September Study Session.

The Board has been requested to allow a ping-pong table to be used and stored in the Clubhouse. The Board is awaiting more information concerning this request.

**Member Participation:** Robin Scherting would like to state, as a Club member, that she wants to point out that the new Building Maintenance Committee must be able to be productive. They need to not just identify problems, but to work with the members & manager at coming up with solutions to solve the situation.

**New Business Action Items:**

**Motion 1** John Hanks moved, Carol Wood seconded to approve the proposed Cape George Colony Club Critical Accounting Policy and designate as FIN08. Passed 5/0

**Motion 2:** John Hanks moved, Carol Wood seconded to approve the proposed Cape George Colony Club Investment Policy and designate as FIN09. Passed 5/0

**Motion 3:** John Hanks moved, Carol Wood seconded to approve the 2010 Audit as presented by CPA Joseph Vandal. Passed 5/0

**Motion 4:** Mike Smith moved, John Hanks seconded to publish the amended Cape George Colony Club Rule PP03 Outdoor Burning to include prohibition of the use of fireworks as presented at the Study Session. Passed 5/0

**Motion 5:** Robin Scherting moved, John Hanks seconded to approve the 2011-2012 Core Committee Chairs & Members: Finance, Water, Roads and Building Committee. Passed 5/0. (This complete list is available in the Cape George office.)

**Motion 6:** Robin Scherting moved, Mike Smith seconded to approve the 2011-2012 Committee Chairs, with members not needing Board approval: Emergency Preparedness, Election, Environmental;, Fitness, Marina, Nominating, and Swimming Pool. Passed 5/0. (This complete list is available in the Cape George office.)

**Motion 7:** John Hanks moved, Mike Smith seconded to approve the expenditure of \$3,168 to replace 36 dock floats with funds coming from Marina Reserves account. Passed 5/0

**Open Board Discussion:**

**Announcements:**

Study Session – September 13, 3:00 P.M

Board Meeting – September 15, 7:00 P.M

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**Motion 8:** Robin Schertering moved, Mike Smith seconded to adjourn to an Executive Session for the purpose of discussing legal & possible member rule violation. Passed 5/0

Discussions at the Executive Session are confidential

**Motion 9:** John Hanks moved, Carol Wood seconded resume the Regular Board Meeting at 8:35. Passed 5/0

No action taken by the Board

**Adjournment:** Robin Schertering moved, John Hanks seconded to adjourn the Regular Board Meeting at 8:40. Passed 5/0

Submitted by:

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Carol Wood, Secretary

Approved by:

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Richard Hilfer,, President

CAPE GEORGE COLONY CLUB  
SPECIAL BOARD OF TRUSTEES MEETING  
SEPTEMBER 13, 2011  
7:00 PM

**President Richard Hilfer called the meeting to order at 5:20 PM.**

In Attendance: Robin Scherting, Richard Hilfer, John Hanks, Mike Smith, Ross Anderson, Carol Wood, Penny Jensen

**Motion 1:** Penny Jensen moved, Carol Wood seconded to adjourn the meeting to an Executive Session for the purpose of discussing legal issues. Passed 6/0

Discussions at the Executive Session are confidential

**Motion 2:** Carol Wood moved, Mike Smith seconded to resume the Special Board Meeting. Passed 6/0

No action taken by the Board

**Motion 3:** Mike Smith moved, Penny Jensen seconded to adjourn the Special Board Meeting at 5:45pm

Submitted by:

\_\_\_\_\_

Carol Wood, Secretary

Approved by:

\_\_\_\_\_

Richard Hilfer, President

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
SEPTEMBER 15, 2011  
7:00 PM

**President Richard Hilfer called the meeting to order at 7:00 PM.**

**Welcome & Comments** – Richard Hilfer, President

Welcome

The first draft of the Reserve Study dealing with our General Reserves has been received and is being reviewed.

**In Attendance:** Richard Hilfer, Robin Scherting, Michael Smith, Ross Anderson, Penny Jensen

**Action on Minutes:** Penny Jensen moved, Robin Scherting seconded to approve the minutes of the Regular Board Meeting of August 11, 2011. Passed 4/0.

**Membership Report:** Penny Jensen

No New Members

**Treasurer's Report:** Penny Jensen

**As of August 31, 2011**, the Checking Account total was \$5,784.20. There are a total of 5 CD Accounts totaling \$355,608.30, and 1 Money Market Account totaling \$143,440.62, and 2 Petty Cash Funds totaling \$600.00 for a total of \$505,433.12 in cash and investments. **Accounts Receivables: As of August 31: 2011**, Accounts Receivables totaled \$11,123.27. There are 2 accounts over 30 days ( 5 on payment schedule), 5 accounts 60 days & 15 accounts over 90 days past due. We did win a settlement for \$2,000.00+ which will clear two past due accounts. **Summary of Expense and Income Statement Review: As of August 31, 2011**, General Operations is \$22,399.15 under budget; Water Operations is \$12,456.44 under budget; and Marina Operations is \$3,410.02 under budget. (A revised copy of this report is available in the Cape George office.)

**Manager's Report:** Art Burke

The unusually wet spring identified a number of drainage issues that we are correcting. This includes a portion of Vancouver Drive where a drain tile collapsed and backed water up over the road surface. We are replacing the tile and adding a couple of additional catch basins to the area.

The final cycle of lot mows is complete. Follow up work will continue on lots that were not cleared by the tractor mower due to obstacles, such as trees, stumps, rock piles, septic mounds, etc.

Puget Sound Energy recently discovered a billing error that dates back to the beginning of this year. The error has to do with how much we have been charged per kwh, at the swimming pool, when service was upgraded from a single phase service to a three phase. As a result, we have been given a credit of \$3,477.32.

The 2012 budget planning cycle is well underway. I am fortunate to have a lot of support in assembling and compiling information. Committees who have an interest in the budget have been contacted and I have met the majority of them.

Jefferson County Public Health conducted their annual inspection of the pool and as is typically the case, we received very positive feedback. The areas that are inspected include water chemistry, record keeping, filtration equipment, pool cleanliness, safety equipment, and shower/changing rooms.

We have scheduled the carpets to be cleaned in the Clubhouse and Fitness Room, and the tile floor to be stripped, waxed and sealed in the Clubhouse during the last week of September. Members should anticipate the Fitness Room being closed on September 26<sup>th</sup> and Clubhouse closed September 26-29<sup>th</sup>.

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The pool had been scheduled to be closed during the week of September 19-23 for floor refurbishing but will remain open. We are currently working on some of the logistics for this project and will keep the community updated as we get this scheduled.

I have received the following reports/complaints over the past month:

- Property encroachment complaint on Cedar Dr.
- Noise complaints concerning Clubhouse rental.
- Tree removal complaint on Vancouver Dr.
- Women's shower/changing room at pool not being cleaned adequately
- Items not being removed from the Clubhouse refrigerator

**Committee Reports: BUILDING:** Building permits issued: **Meacham: 141 Pine Drive** - Construct one car garage. Art Burke and Galen Peterson did setback measurements on 8-19-2011. **Mitchell/McLachlan: 444 Sunset Blvd** - Construct single family home. Galen Peterson and Bob Frenette inspected the setback lines for the foundation and established the high point of grade on Sept 6th. **Janetski: 432 Sunset Blvd.** - Galen Peterson and Roger Anderson established high point of grade on 30 Aug. **Bailey: 290 Dennis Blvd.** - : Galen Peterson did height inspection on home on Sept. 6<sup>th</sup>. Building Committee meeting was held on Sept 6th. In attendance were Galen Peterson, Art Burke, Roger Anderson, and Bob Frenette. We talked about steps and sidewalks in the setbacks. **EMERGENCY PREPAREDNESS:** 1. This has been a busy year for Emergency Preparedness. **Activations**, Tsunami March 11, 2011, Wildfire Sept 4, 2011. **Education Activities for 2011:** Monthly newsletter articles based on *Get Emergency Prepared* by Heather Taracka. Two presentations about Tsunami/Earthquake Preparedness --Thad Bickling, Carolyn and Jack Salmon, EPC Committee April 17, 2011 & August 27. Presentation by Bill Beezley, East Jefferson Fire & Rescue on "Preparing for Wildfire"-- June 15, 2011. Hot Weather Awareness Posters on Bulletin Boards: EP Fair with the Port Ludlow Fire District Safety Trailer -EPC Committee August 27, 2011. **Training activities:** Open House for potential volunteers May 12, 2011. Post tsunami training for IMT & 1<sup>st</sup> Responders on March 22, 2011. Continued participation in East Jefferson Neighborhood Reps bi-monthly meetings: **Special Needs:** Compiled list of folks with special needs. 2. The Emergency Preparedness committee met this week to plan for the next year: A repeat of the Wildfire Preparation workshop is scheduled early in October. We plan some other activities to encourage CG residents who live at the wild land interface to provide defensible space around their homes. We have scheduled a training session for the Incident Management Team next Wednesday in conjunction with the statewide Earthquake Drill and Tsunami Siren Test. Additional training for 1<sup>st</sup> Responders will be scheduled soon. The EPE is actively recruiting additional 1<sup>st</sup> Responders, particularly in the Village and the Highlands. The Special Needs Committee will continue to provide one on one information to folks who may need extra help in the event of a disaster. In addition, they will improve the first aid capabilities of the EPC. Finally, the Emergency Preparedness Plan will be updated. We take this opportunity to thank Bill Stull for 10 years of volunteering for Cape George Emergency Preparedness. Bill & Mikel plan to travel so much that they have retired from active participation. **ENVIRONMENTAL:** We started our meeting with a round of thank-yous to John and Betty Hanks for hosting our Volunteer Party, to Barb Hill for supplying archival materials for our display at the CG 50<sup>th</sup> Anniversary and to Ray and Eileen Pierson for repainting all the entrance signs to our community. There is controversy regarding use of our well water to irrigate a section of the beach area next to the Clubhouse. Since this project was initiated by Dick Poole, who was not present, we postponed discussion until the October meeting. Also in October we will take time to make an overview of the entire exterior Clubhouse area – what are our priorities? Do we have the volunteers and budget? It is our plan to do this for each of the Common areas for which we have responsibility.

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We talked about the “doggie boxes” that we maintain to assist members and visitors in picking up after their dogs. We will request a volunteer to repair the boxes themselves and, among ourselves, have taken responsibility to keep specific boxes filled with plastic bags. We discussed working with the Marina Committee on planting of native plants which may be required for the dredging permit they are seeking. We also discussed policy and practice on the removal of trees in Cape George road right-of-ways and decided no action was needed at this time. We discussed the scheduling of our educational programs and our fundraiser events for the coming year. The Committee thinks we need to clarify rules steps and sidewalks in regards to the setbacks. We tabled until Ann gets back. . **FINANCE:** Finance Committee held its regular monthly meeting on August 15, 2011, 9:30am at the Clubhouse. All Committee members were present and they were joined by Manager A. Burke and Treasurer J. Hanks. The items discussed included: **1. Updates:** A. Finance related topics – August Board actions. i. Approved CAP and Investment policies. ii. Approved 2010 audited financial statements. iii. Approved purchase of additional 36 dock floats – Reserve expense – this item had not been on the Study Session or original Board agenda – add on item. iv. Info item – Dry hole/Well #7 – possible \$20,000 to \$25,000 cost overrun – SEE ALSO #6 BELOW. B. **Previous open financial statement issues – none.** i. There still remains an interest in unearned income account balance. C. **Other updates** - i. Marina income documentation process – documenting for future reference and consistent application; project will be completed prior to budgeting for 2012. D. **Other updates** – i. FIN02 and FIN04 revisions – related to Reserve Account law – on-going. ii. FIN03 revisions – research continues – on-going. **2. July 2011 financials:** A. Formal statements emailed on 8/5/11. B. Trend and initial issues emailed on 8/7/11. C. First run observations – provided to Manager 8/8/11, i. Responses provided prior to meeting; integrated list distributed – ATTACHED. ii. Clarification that \$1,500 budget variance in water is NOT an assessment variance as had been originally stated in Observation #1 but rather a timing variance in excess water fees. **3. Education reference packet:** A. Electronic version emailed 8/8/11 to FINCOM members. B. Copies provided to Board 8/9/11. C. Printed copies distributed to FINCOM members. i. Most important reference pages in the document = 1-4; 1-5;1-6;1-9;1-12;1-13; 2-2;2-3;2-4;2-10;3-3; 3-5;3-6;4-4. ii. These pages either contain the most important financial issues facing CIRAs or they contain. **4. Budget 2012:** A. Comprehensive list of items mentioned throughout the year. Intent is to limit unnecessary last minute communications during budget preparation. B. Initial list modified during the meeting – ATTACHED. **5. Status of potential members** – a verbal update was provided. Interested members have until early September to respond to the Committee’s request. **6. Other business:** A. Dry well/Cost Overrun and discussion of By-law Article VIII, (3) i. “...the Board shall not obligate the Club to any expenditure of funds more than Fifteen Thousand Dollars (\$15,000) in excess of the total provided in the budget for the current year. [Emphasis added]. ii. “...any expenditure” seems to include operating and capital items that were presented to members during the budget approval process. iii. The cost overrun related to drilling Well #7 is anticipated at \$20,000 to \$25,000. The approved capital budget for this project was \$50,000. iv. The By-law provides no sanctions, remediation or exceptions. v. No argument that the well drilling needs to occur. vi. The drilling contract may need to be reviewed to determine if a modification is necessary. B. CP08A – rule may need to be modified if changes made to water charging process. **W-I-P (work-in-process; ongoing projects):** (I) Defect correction - depreciation schedule, (II) Modifications to FIN03, (III) Modification to FIN04 and FIN02, (IV) Marina income practices documentation. **MARINA:** The Cape George Marina Committee met at 11 am, Tuesday, Sept. 6 2011, at the marina shop building. Present were Charlie Boulay, Paul Happel, Penny Jenson, Carl Schwersinske, Tom Ramsey, Jack Scherting, Gary Rossow, Dick Poole, Ben Fellows, Don Lee, John Hanks, Mac McDonald, Art Burke and Ross Anderson. **Dock access:** Boulay convened the meeting at 11 am and suggested that new rules are needed to limit access to the docks. He pointed out that children have been on the docks without supervision, and there have been incidents of damage and theft, including the theft of several live crabs from a submerged crab trap. Fellows warned that other residents may object to be restricted from docks that are community property. Others pointed out that the clubhouse and pool are also community property, but are kept locked with limited access. After lengthy discussion, it was moved and seconded that Art Burke draft a rule limiting access to boat owners, friends and contractors. That motion was

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approved by unanimous consent. **Tool loans:** Boulay reported that marina tools are frequently borrowed and not returned. He proposed a rule that borrowed tools must be returned to the shop within 48 hours or by Monday evening so they are available for marina workdays. This was moved and seconded and approved by the committee. **Dock clutter:** Boulay is concerned about crab pots, fishing gear and other personal items cluttering the docks. However, the committee decided this can be addressed on an individual, person-to-person level instead of imposing a rule. **Public safety access:** Boulay reported that he has had discussions about public safety agencies – including Homeland Security, the Sheriff’s Office and fire departments about providing dock space for emergency vessels. Cape George is the only marina between Port Townsend and Sequim Bay, and agencies would like to have access. Boulay suggested that such access could become an argument for government approval of upcoming marina improvements. The committee approved Art and the board pursuing contact with the appropriate agencies to offer our support. **Winterizing:** Boulay reported that Mac McDonald and others are discussing ways to shut down water to the docks before there is a significant risk of damage from freezing. Dick Poole volunteered to work with McDonald to prepare a checklist. **Storage shed:** Boulay suggested building a small tool shed specifically for marina tools and not available to other residents. This could be done for about \$1500, he said. However, other members suggested a better approach is to clean out the existing tool storage area, creating more space for tools that are actually used. **Dinghy storage:** Boulay suggested there is a need to designate some dock space for stowing dinghies, charging \$25 or \$50 per year. He also suggested that dock space be added so that kayaks could be stowed on the docks, making them easier to launch. **Channel:** Rossow reported that he is about to submit a letter to state Fish and Wildlife officials dealing with littoral drift of sediment. The community hopes to obtain state and federal approval for excavating on the north side of the jetty in hopes this will reduce silting in the channel entrance. Rossow said the job may cost \$10,000 to \$15,000, but he hopes to have a firm estimate in time for the October meeting. **Pilings:** Rossow reported that seven badly-deteriorated pilings have been repaired for about \$5,000 each, and that the repairs appear to be adequate. Additional pilings will need to be repaired in the future. Art Burke warned that the contractor took a beating on the first round of repairs, and may charge more for future repairs. **Floats:** Fellows suggested that dock floats need to be cleaned of marine organisms every few years, and that this may require hiring a diver. But Hanks said he is working on an idea for using a pressure washer to accomplish the same end. **Moorage fees:** Boulay said the issue of fees and surcharges for 2012 will be discussed at the October meeting. **Ramp key:** Boulay reported that there are too many keys to the boat ramp in circulation, because people have copied the key and passed it along. He is considering switching locks to a “Do Not Duplicate” key. Others asked if it would be feasible to go to a digital access system similar to what is used for the clubhouse and pool. Burke warned this would be costly. No decision was made. **Shop repairs:** Schwersinske reiterated that the aging shop structure is deteriorating; many of the logs are rotting and the structure was built without proper footings. He has drawn up plans to rebuild the structure from the inside, using new steel framing inside, and supporting them with new footings cut into the existing concrete slab. Essentially, a new building would be constructed inside the old one, thereby eliminating the need to seek building permits. Rossow pointed out that the costs would come from the Cape George general fund, not from the marina fund. Boulay adjourned the meeting at about 12:30 pm. **WATER:** The meeting was held at 5 pm at the Office. The following attended: Art Burke, Manager; Greg Rae, Water Manager; Larry Southwick, Committee Chair; Committee members Scott James and Ed Skowyra. 1. We discussed the situation with the new Well 7. No new progress, we still have to provide direction to Gresham Well Drilling. A recent pump test of the other wells shows little drawdown so we have no concern about placing another well in proximity to the existing wells (where we have the highest likelihood of finding water). Doug Dow of Robinson, Nobel, Saltbush, the well geologist advised not drilling within 20 feet of an existing well. Ed would like to be as close to Well 5 as reasonably possible to have the best chance of hitting that aquifer. We suggest about 10 feet from Well 5 in the direction of Well 6. The Finance Committee raised concern about a provision in the Cape George bylaws that limits the amount that can exceed the budget to \$15,000 without going out to a vote. The project budget is \$50,000 and we’ve already received a bill from Gresham for \$23,000 of the \$45,000 bid for the

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first attempt and dry hole. We have to assume that the next attempt will cost another \$45,000. Plus, we need to budget around \$10,000 for the necessary electrical and piping work. And we assume that Gresham will need to decommission the dry hole for maybe another \$2,000. That projection will take the total cost estimate to around \$80,000 or \$30,000 over the project budget. HOWEVER, Ed stated that the intention of the \$15,000 limit applies to the total annual budget as approved by the voters, not to individual line items. That is to allow the Board the flexibility to fund overruns in some areas with offsetting under-runs in other items. (That would be consistent with my own municipal budgeting experience). Art and/or Greg will talk to Gresham about the current expenses and estimate for the cost to drill another well as discussed. We do need to proceed with another well drilling effort. 2. Nothing has changed since our last meeting regarding negotiations with DOE on our water rights appeal. We did discuss potential strategy but will continue current course of action through Bill Clarke. 3. Stewart is continuing to contact homeowners when the meter reading system identifies potential leaks. He's getting the normal responses varying from 'thanks' to denial. It is an effective tool to help us make the owner aware of likely leaks but it's up to them to repair it. We also discussed the need to check into the battery systems in the water meters to see what and when to plan for replacing the batteries. 4. 2012 Budget requests. The only projects that we could think of at this time are to re-calibrate the production meters at the well site and to provide spill containment for our diesel fuel tank to prevent a potential leak from contaminating the area. Greg will look into both to get some cost estimates. The next meeting will be on **October 4, 2011 at 5 pm at the Office**. (Larry will be on vacation from October 7 to 22)

**New Business Information Items:**

Manager Art Burke reported that the two Pacific Madrona trees on N. Palmer Dr. that were requested to be removed by a member are not on common property and no further action would be taken.

The Board directed Manager Art Burke to develop a draft two part notice that can be used to provide warning to vehicles parked on common property without the required permit.

**Member Participation:**

**New Business Action Items:**

**Motion 1** Michael Smith moved, Penny Jensen seconded to approve proposed changes of Cape George Colony Club Rule PP03 Outdoor Burning as published in the September Newsletter. Passed 4/0

**Motion 2:** Robin Scherting moved, Penny Jensen seconded to publish the proposed revisions to Cape George Colony Club Rule MIS01 Election Procedures. Passed 4/0

**Motion 3:** Robin Scherting moved, Michael Smith seconded to publish the proposed revisions to Cape George Colony Club Rule CP08a Water Conservation Pricing. Passed 4/0

**Motion 4:** Penny Jensen moved, Robin Scherting seconded to move forward with the drilling of a replacement for Well #5. Passed 4/0

**Motion 5:** Penny Jensen moved, Michael Smith seconded to approve the resolution to transfer \$7,551.78 from the Marina Reserves to the General Investment Account for the purchase and transportation of dock floats from KADCO USA. Passed 4/0

**Motion 6:** Robin Scherting moved, Penny Jensen seconded to approve expenditure of \$13,190 for the repair of Cape George roads by Lakeside Industries, Inc. Passed 4/0

**Motion 7:** Penny Jensen moved, Robin Scherting seconded to approve request to allow a ping-pong table to be placed at the Clubhouse. Passed 4/0

**Motion 8:** Ross Anderson moved, Penny Jensen seconded to approve four Due Date Adjustment forms from members. Passed 4/0

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**Open Board Discussion:**

**Announcements:**

Study Session – October 11, 3:00 P.M

Board Meeting – October 13, 7:00 P.M

**Adjournment:** Penny Jensen moved, Robin Scherting seconded to adjourn the Regular Board Meeting at 7:34 pm. Passed 4/0

Submitted by:

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Carol Wood, Secretary

Approved by:

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Richard Hilfer,, President

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
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**President Richard Hilfer called the meeting to order at 7:00 PM.**

**Welcome & Comments** – Richard Hilfer, President

Welcome

An Executive Session to discuss a personnel issue and possible member rule violation is planned at the conclusion of Board Meeting.

First draft of the Water and Marina reserve studies has been received and are being reviewed by the appropriate committees.

2012 budget process is underway and two Special Budget meeting are scheduled – October 18<sup>th</sup> at 3 pm to review reserve and capital projects and October 20<sup>th</sup> at 3pm to review and possibly approve the final budget package.

**In Attendance:** Richard Hilfer, Robin Scherting, Michael Smith, Ross Anderson, Penny Jensen, John Hanks, Carol Wood

**Action on Minutes:** Carol Wood moved, Mike Smith seconded to approve the minutes of the Special Board meeting of September 13, 2011. Passed 6/0. Carol Wood moved, John Hanks seconded to approve the minutes of the Regular Board Meeting of September 13, 2011. Passed 6/0.

**Membership Report:** Carol Wood

Clayton & Deilla Smith purchased 150 Ridge Drive

**Treasurer's Report:** John Hanks

**As of September 30, 2011**, the Checking Account total was \$38,169.18. There are a total of 5 CD Accounts totaling \$355,901.79, and 1 Money Market Account totaling \$143,484.44, and 2 Petty Cash Funds totaling \$600.00 for a total of \$538,155.41 in cash and investments. **Accounts Receivables: As of September 30: 2011**, Accounts Receivables totaled \$26,220.89. There are 10 accounts over 30 days past due (5 on payment schedule) 2 accounts over 60 days past due & 16 accounts over 90 days past due. **Summary of Expense and Income Statement Review: As of September 30, 2011**, General Operations is \$22,055.45 under budget; Water Operations is \$15,703.38 under budget; and Marina Operations is \$4,369.00 under budget.

**Manager's Report:** Art Burke

During the last week of September we had the Clubhouse tile floor stripped and rewaxed and also had the carpeting in the Clubhouse and Fitness Room deep cleaned. Work is still planned to have the pool changing room redone sometime this fall and we will keep the community notified as this gets scheduled.

Planning for the 2012 Budget has been underway for some time now. Drafts are being circulated among the Trustees and Finance Committee for their review/input and we are on track to have a draft for final review during the Special Budget Meeting on October 20<sup>th</sup>.

We have received the first draft of the Water and Marina reserve study. These documents will be reviewed and adjusted over the next few weeks by members of the Water and Marina Committees.

I attended the Community Association Day held by the Washington State Community Association Institute. This day long event brings together managers, board members and service providers involved in the business of homeowner and condominium associations. There were some great educational presentations and the vendor displays were also very worthwhile.

Wireless internet service is now available at the Clubhouse and surrounding area. When using a wireless device you will find "cg clubhouse" in your available signal list. After installation, we did a little testing on how far and

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strong the signal is and were pleased to find that we had three or more bars throughout the Clubhouse, parking lot, Fitness Room, and Shop. This service is being made available by the Social Club. Thank You, Social Club!!!

Donnie and Aki have begun work on trimming back trees and shrubs encroaching along our roadways. This project will continue as time allows for approximately the next 3-4 weeks.

I have received the following reports/complaints over the past month:

- Repeated excessive speed complaint on Dennis Blvd.
- Keys not working in marina gates
- Report of the mail boxes being rifled through in the Village.
- Vehicle broken into at residence in Village.
- Barking dog complaint on Pine Dr.
- Barking dog complaint on Alder Dr.
- Electronic lock not working at Fitness Room

**Committee Reports:** The following committee reports were submitted to the Board of Trustees: BUILDING, ENVIRONMENTAL, FINANCE and WATER. These reports are attached to these minutes and incorporated by reference.

**New Business Information Items:**

Port Townsend Marine Science Center has requested access to the Marina docks for the purpose of collecting water samples for research related to algal blooms (red tides). Ross Anderson will be gathering additional information.

An updated two-part parking violation form was approved for use and will begin to be used as soon as materials have been acquired.

Speeding in the community and enforcement options was discussed and additional information will be gathered and presented at the November meeting.

**Member Participation:**

**New Business Action Items:**

**Motion 1** Carol Wood moved, John Hanks seconded to approve proposed changes of Cape George Colony Club Rule MIS01 Election Procedures as published in the October Newsletter. Passed 6/0

**Motion 2** Penny Jensen moved, Robin Scherting seconded to approve proposed changes of Cape George Colony Club Rule CP08a Water Conservation Pricing as published in the October Newsletter. Passed 6/0

**Motion 3:** Robin Scherting moved, John Hanks seconded to approve the appointment of Neil Lupkes to the Building Committee. Passed 6/0

**Motion 4:** Mike Smith moved, Penny Jensen seconded to approve the proposed changes to Building Regulations related to a rewording of the definition of living space and place it on the November ballot for member approval. Passed 6/0

**Motion 5:** Carol Wood moved, John Hanks seconded to approve the request from the Social Committee to use Cape George Newsletter & Bulletin Boards for the Holiday family fund raiser. Passed 6/0

**Motion 6:** Robin Scherting moved, Mike Smith seconded to approve the request of a member for a Due Date adjustment. Passed 6/0

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
OCTOBER 13, 2011  
7:00 PM

**Open Board Discussion:**

**Announcements:**

October 18 - Special Budget Meeting at 3:00 pm

October 20 – Special Budget Meeting at 3:00 pm

November 8 – Study Session at 3:00 pm

November 10 – Regular Board Meeting at 7:00 pm

**Motion 7:** Carol Wood moved, Mike Smith seconded to adjourn the Regular Board Meeting to an Executive Session for the purpose of discussing personnel issues and possible member rule violation at 7:40 pm Passed 6/0

Discussions at the Executive Session are confidential

**Motion 8:** Carol Wood moved, Ross Anderson seconded to reconvene the Regular Board Meeting

**Motion 9:** Ross Anderson moved, Robin Scherting seconded to affirm the Manager's decision in regards to the hedge complaint at 30 Maple Drive. Passed 6/0

**Motion 10:** Mike Smith moved, John Hanks seconded to approve the Manager's recommendation for salary increase for Donnie Weathersby and Jeannie Braga. Passed 6/0

**Motion 11:** Ross Anderson moved, Penny Jensen seconded to increase the Manager's salary by five percent (5%) Passed 5/1

**Adjournment:** Robin Scherting moved, Carol Wood seconded to adjourn the Board Meeting at 9:10 pm. Passed 6/0

Submitted by:

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Carol Wood, Secretary

Approved by:

\_\_\_\_\_  
Richard Hilfer, President

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**COMMITTEE REPORTS RECEIVED BY BOARD OF TRUSTEES**

**BUILDING:** *Building permits issued:* CHARLES BOULAY: **193 N Rhododendron** Colony, Construct a carport. Setbacks checked by Bob & Ann on 9-27. RICHARD DALEY: **151 Hemlock Drive** Village. Construct 2 decks. Setbacks checked by Joel & Ann on 9-29. *FILLS, EARTHWORKS, etc.* CHARLES BOULAY: **Div 3 Bilk 8 Lot 12** Colony, Clear property to install drainfield & curtain drain. (8-11-11)10-4-11 Monthly Meeting attended by Bob Roger, Neil, Don Lee & Ann. Continued discussion of setback areas. Viewed Minimum Dimension regulation. A member found the wording of the last sentence to be inappropriate. After a discussion with the member I inserted main & other in place of ground & second and submitted it to the building committee members for their input. The majority agreed with the change.

**ENVIRONMENTAL:** Members present: Amy Brandon, Gretchen Cooper, Art Burke, Dick Poole, Robin Scherting, Barbara Hill, Phyllis Ballough, Kitty Rucker, and Betty Hanks. \* The meeting started with continued discussion about watering the grass area next to the Clubhouse and the e-mail Ann sent out. Dick Poole waters the area, once a week, with a tractor watering device which takes longer but waters deeply. Betty Hanks waters the clubhouse area, the 4 way stop and several other community areas when needed. She said several plants were lost at Memorial Park when no one was watering it and some plants had to be replaced. - costing more money. Dick asked Art if there was any shortage of water and Art said not at the present time. It was voted 7-1 that we keep the status quo. Ann was away and Kitty volunteered to run the meeting in her absence. Thank you, Kitty. The minutes were approved. Budget: No report. **OLD BUSINESS:** 1\*) (See above) 2) Betty will check with the Shapiro's about the Jetty garden as we decided at a previous meeting that we would give that area to the Marina. Phyllis thinks the front garden looks good. The shore pine is growing nicely. The area in front of the fitness room will have to wait as there is going to be some work done there. The rock area by the pool looks ok. 3) Fundraiser in November: It was suggested that the potato bake be moved to February 18th due to all the things already planned for the month of November. We will celebrate Amy's 94<sup>th</sup> birthday on the 15<sup>th</sup> of February. The vote was unanimous. Robin and Phyllis will help Kyanne. 4) Dick Maltby did a wonderful job refurbishing the Doggie Boxes and Norma Lupkes did a great job pruning the rhodies at the Village mailboxes. Kitty will send thank you notes to both of them. 5) The committee thanked Barbara and Carl for their work at the South Entrance of the Village. 6) Dick said the recycling would cost too much as we would have to take it to Bremerton. Betty suggested we get a large recycling container and maybe have smaller, labeled containers inside the clubhouse. Art will look into this for our next meeting. **NEW BUSINESS:** 1) Betty will check with WSU for someone to give a talk on underwater litter. She will also check on a Honey- Bee (and other Bees) Presentation. Robin suggested a fall garden tour "Behind Closed Gates". There are several wonderful gardens behind fences in our community. Maybe tour the gardens and come back to the clubhouse for tea & cookies and vote on a special garden. Kitty asked if we are going to have a Pancake Breakfast. Phyllis will do the shopping; Kitty the Publicity and Amy will come. Kitty checked the office calendar and it will be on Saturday, November 5<sup>th</sup>. Write it on your calendars! Dick suggested a program on "Sea life on the Bay". He will look into it. The meeting adjourned at 10:26a.m.

**FINANCE:** Finance Committee held its regular monthly meeting on September 19, 2011, 9:30am at the Clubhouse. Present were J. Harrington, G. Semick, and the Treasurer J. Hanks. The items discussed included: **1. updates** –a. Finance related topics – September Board actions. i. Proceed with well; did discuss the by-law \$15,000 restriction and felt there were other reserve projects that could be modify to ensure compliance. ii. Moved forward with publishing change to excess water charging. iii. Transferred \$7,551.78 from reserves for dock floats. iv. Accepted a \$13,190 bid for road repairs – Lakeside. 1. Road repairs are not a reserve item but there is \$5,000 budgeted in R&M – Roads. a. Previous open financial statement issues. i. A refund for the

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
OCTOBER 13, 2011  
7:00 PM

Insurance overpayment was received in August (\$192.) B. Other updates – i. Completed Marina Income documentation project –1. Recommended establishment of separate account for Guest moorage/ramp use as this is generally taxable income. Amounts to \$526.75 YTD through Sept. **2. Also \$175 in sub-leases included in moorage.** This was not reclassified. i. Status of revisions to FIN02 and FIN04 – in process. ii. Status of revisions to FIN03 – in process. iii. Status of corrections to Depreciation schedule – temporarily suspended. **3. August 2011 financials** a. Preliminary statements emailed on 9/10/11; corrected statements emailed 9/15/11. b. Trend, basic projection and initial issues were emailed on 9/20/11. c. First run observations provided 9/12/11; responses received 9/15/11 (attached). d. There was discussion of the unresolved credit balances in Unearned Revenue account. It was recommended that more research occur before refunding any of the larger balances. **4. New Reserve Study** – considerable discussion of the remaining process for the new study. a. When are the remaining pieces expected? b. By what mechanism will comments/issues be addressed and how will those decisions be made? c. What process has been established for consolidating comments, modifications, etc? d. Will there be a second iteration prior to formalization? e. Once finalized, who will be maintaining the new software program? f. A limited set of observations on the General section were provided on 8/23/11. g. Members felt that it was too late to incorporate the new study into the 2012 budget process. h. G. Semick will prepare a short summary of the new reserve requirements for the newsletter. h. It was also discussed that the new reserve study should be preceded or accompanied by a multi-pronged education program for the entire Community. **5. Budget 2012-a.** The budget is still under development so material was not available for the meeting. b. It was suggested however recommended that the Board hold two special budget meetings; one to focus on Reserve/Capital projects and the other to focus on the operations budget. **6. No recommendation for new members this quarter.** a. Individuals who had expressed an interest were asked to provide basic bio info as per FINCOM Charter. All declined and withdrew. (A copy of the request is available). **7. The next regular meeting is** scheduled for October 17<sup>th</sup>. The meeting will be a budget review to prepare formal comments prior to the October 20<sup>th</sup> special Board meeting.

**WATER:** The meeting was held at 5 pm at the Office. The following attended: Art Burke, Manager; Mike Smith, Board Liaison; Greg Rae, Water Manager; Larry Southwick, Committee Chair; Committee members Scott James, Zane Wyll, Ed Skowyrza and Thad Bickling. 1. The primary purpose for the meeting and the need to reschedule to October 26 was to review and respond to a draft settlement agreement with the Department of Ecology regarding our water rights appeal. Bill Clarke, our attorney had emailed a copy that we've had to review and this evening's meeting was for a conference call with Bill to discuss it. We began the meeting at 5 pm with some preliminary discussion including our disagreement with some of the terms. Bill called into the meeting at 5:15. First, Bill said that he had feedback through a realtor's contact that the appeal and potential litigation had raised some concerns by a potential purchaser and felt we needed to get the word out to our community to calm any unwarranted concerns. Bill said he would draft a couple paragraphs explaining the appeal and negotiations for us to provide to the community. We are progressing with negotiations and do not anticipate lengthy or expensive litigation for Cape George Colony Club. We need to make that fully understood by the community and any potential buyers, through explicit communications to the Board and a newsletter article to the members. Second, Bill said he would have some constructive comments on the language in the Draft Water System Plan (WSP) relative to our water rights issues and our course of action with the Dept. of Ecology. He felt that we should file our draft WSP after we reach a settlement agreement with DOE. Ed clarified that the WSP is under jurisdiction of the Dept. of Health, not DOE, although DOE can comment on the water rights statements in the WSP. Bill felt that DOE has limited resources to review the WSP and may not even review it. We still need to make our case for our water rights in the context of the WSP, with or without DOE review. The DOH fully understands the situation and our status under the Municipal Water Law. Bill made several suggestions for changes to the draft settlement agreement that was provided by the Attorney General's office (staff attorney assigned to this case). We'd like to add a sentence in the beginning that Cape George is recognized as a municipal water supplier under the definitions in state law. That will put us in the framework of the newer Municipal Water Law that is in our favor. We need to affirm our

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
OCTOBER 13, 2011  
7:00 PM

192 acre feet rights as the basis for the agreement rather than working from the 160 acre feet DOE has drafted in two places. Bill suggested adding a sentence to Section 4 so that would only trigger if we fail to reach agreement with DOE. Bill also suggested moving the dates out to December 31, 2013 and January 1, 2014 instead of 2012 and 2013 as drafted. That will give more time for others to get some of these kinds of issues resolved with DOE before we have to take issue if we don't reach agreement before then. In Section 6, Bill suggested we add the current G2-23774 and any other water rights to keep our future options all open. Bill will draft a markup of the agreement and forward it back to the AG's office with a copy to us. The conference call was completed at 5:45.

1. Nothing new on the status of the drilling of a new Well 7. Greg will still follow up with the necessary permits and whether we need to decommission the dry well. 2. Ed has received comments back from Bob Leach regarding the draft WSP and will incorporate them and comments from Bill Clarke, then finish the draft WSP. He will review it one more time with Art and send the final draft back to Bob. The next meeting will be on **November 1, 2011 at 5 pm at the Office UNLESS OTHERWISE NOTIFIED.** Larry will be on vacation from October 7 to 22 but we might need to have the meeting the last week of October (25?) to finalize our 2012 budget input.

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
OCTOBER 18, 2011  
3:00 PM

President Richard Hilfer called the meeting to order at 3:00 PM.

Welcome & Comments – Richard Hilfer, President

Welcome

Discussion occurring at today's meeting will become Exhibit C of the Budget package and summarized at the Special Budget Meeting on October 20, 3 pm.

In Attendance: Richard Hilfer, Robin Scherting, Michael Smith, Ross Anderson, Penny Jensen, John Hanks, Carol Wood

The following budget presentations were:

- a. Proposed 2012 General Reserve and Capital Projects Presentation – Art Burke
- b. Proposed 2012 Marina Reserve and Capital Projects Presentation – Charlie Boulay
- c. Proposed 2012 Water Reserve and Capital Projects Presentation – Art Burke

Board member questions and discussion, followed by member participation and questions regarding these items.

**Announcements:**

October 20, 2011 – Special Budget Board Meeting at 3:00 p.m.

November 8, 2011 – Study Session at 3:00 p.m.

November 10, 2011 – Regular Board Meeting at 7:00 pm

Adjournment: Robin Scherting moved, Ross Anderson seconded to adjourn the Board Meeting at 5:40 pm.

Passed 6/0

Submitted by:

Approved by:

\_\_\_\_\_  
Carol Wood, Secretary

\_\_\_\_\_  
Richard Hilfer, President

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
OCTOBER 20, 2011  
3:00 PM

President Richard Hilfer called the meeting to order at 3:02 PM.

Welcome & Comments – Richard Hilfer, President

Welcome

A summary of discussions related to proposed 2012 Capital Budget/Replacement & Repairs—Exhibit C, occurred at the Special Budget Meeting on October 18<sup>th</sup> at 3:00 p.m. was presented.

In Attendance: Richard Hilfer, Robin Scherting, Michael Smith, Ross Anderson, Penny Jensen, John Hanks, Carol Wood

The following budget presentation was made by Art Burke, John Hanks and Karen Krug:

- a. Proposed 2012 Revenues – Exhibit A
- b. Proposed 2012 Expenses – Exhibit B
- c. Proposed 2012 Capital Budget/Replacement & Repairs – Exhibit C
- d. Proposed General Assessment, Special Assessment and Fees Schedule
- e. End of year and projected reserve account balances
- f. Finance Committee recommendations

Board member questions and discussion, followed by member participation and questions regarding these items.

**Motion 1** Carol Wood moved, Robin Scherting seconded to approve as presented or as amended the Manager and Finance Committee recommendation for increases in general assessments for 2012. Passed 6/0

**Motion 2:** Carol Wood moved, Michael Smith seconded to approve as presented or as amended the Manager and Finance Committee recommendation for fees for 2012. Passed 6/0

**Motion 3:** John Hanks moved, Robin Scherting seconded to approve as presented or as amended the Manager and Finance Committee recommendation for 2012 Capital Budget. Passed 6/0

**Motion 4:** Michael Smith moved, John Hanks seconded to approve as presented or as amended the Manager and Finance Committee recommendation for 2012 Operating Budget. Passed 6/0

**Motion 5:** Carol Wood moved, Penny Jensen seconded submission of t the Board recommended 2012 budget to the Cape George Membership for their consideration in the November ballot vote.

**Motion 6:** Michael Smith moved, Ross Anderson seconded that the approve a Special Assessment of \$444 per lot for assessment year 2012 to be applied to the Marina Seawall Repair Reserve Account to provide funding for the repair, rebuilding and/or replacement of the north marina seawall, and that the Board further resolves that if this Special Assessment is approved by the members it shall be payable over two years with \$222 of the assessment to be paid in three equal installments in 2012 and the remaining \$222 to be paid in three equal installments in 2013. Passed 6/0

**Motion 7:** Carol Wood moved, John Hanks seconded that that this Board resolve to collect the Special Assessment for the Marina Sea Wall repair, if passed by the membership, over a two year period paid in six installments, three in 2012 and three in 2013. Passed 6/0

**Announcements:**

November 8, 2011 – Study Session at 3:00 p.m.

November 10, 2011 – Regular Board Meeting at 7:00 pm

Adjournment: Robin Scherting moved, Penny Smith seconded to adjourn the Board Meeting at 5:20 pm. Passed 6/0

Submitted by:

Approved by:

\_\_\_\_\_  
Carol Wood, Secretary

\_\_\_\_\_  
Richard Hilfer, President

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
NOVEMBER 10, 2011  
7:00 PM

**President Richard Hilfer called the meeting to order at 7:00 PM**

**Welcome & Comments** – Richard Hilfer, President

Welcome

Ballots for the 2012 budget were mailed on November 1<sup>st</sup> and have been received by members.

If there are any questions related to the 2012 budget packet we will try to address them during the Member Participation section of the Board Meeting.

**In Attendance:** Richard Hilfer, Robin Scherting, Carol Wood, Ross Anderson, Penny Jensen, John Hanks

**Action on Minutes:** Robin Scherting moved, Carol Wood seconded to approve the minutes of the Regular Board Meeting of October 13, 2011. Passed 5/0. Carol Wood moved, John Hanks seconded to approve the minutes of the Special Budget Board Meeting of October 18, 2011 and the minutes of the Special Budget Board Meeting of October 20, 2011. Passed 5/0.

**Membership Report:** Carol Wood

Jennifer McLean & Cindi Port

181 Sunset Blvd

Darrell Sanders

560 Sunset Blvd

**Treasurer's Report:** John Hanks

**As of October 31, 2011**, the Checking Account total was \$21,765.65. There are a total of 4 CD Accounts totaling \$356,006.76, and 1 Money Market Account totaling \$143,527.09, and 2 Petty Cash Funds totaling \$600.00 for a total of \$521,899.50 in cash and investments. **Accounts Receivables: As of October 31, 2011**, Accounts Receivables totaled \$14,574.36. There are 0 accounts over 30 days ( 7 on payment schedule), 17 accounts over 60 days & 13 accounts over 90 days past due. **Summary of Expense and Income Statement Review: As of October 31, 2011**, General Operations is \$21,886.74 under budget; Water Operations is \$13,989.32 under budget; and Marina Operations is \$4,579.73 under budget.

**Manager's Report:** Art Burke

We received a report from a member whose crab gear was vandalized and stolen from a boat moored in the marina. Washington Dept. of Fish and Wildlife officers and Jefferson County Sheriff's Dept. recovered some of the stolen items in the bay over by the mill.

Road repairs are underway on community property. Some of this work is related to fixing areas of asphalt disturbed by underground water movement or tree root decomposition. Other areas are follow up repairs to patches that failed.

Donnie and Aki have completed work on roadway clearing in the Highlands and portions of the Village. It took approximately 3 weeks to cut back the trees and brush that were encroaching on the roads.

Donnie has begun the process of winterizing summer equipment and prepping winter equipment for the approaching colder weather. Twelve yards of sand and several hundred pounds of salt have been stockpiled in anticipation of the first snow of the season.

The second attempt at drilling a replacement for Well #5 is currently underway. Initial reports from the well drilling company are looking favorable. It is always a challenge to predict with 100% certainty where the water will be at 300 feet below the ground.

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
NOVEMBER 10, 2011  
7:00 PM

A member expressed concern over the safety of a very large, multi topped cedar on community property in the vicinity of the Village mailboxes. After making a number of site visits with staff and tree service it was agreed that the tree was a hazard and should be removed. We will be working with the tree service on having it removed in the next few weeks.

I have received the following reports/complaints over the past month:

- A bolt securing the south marina parking lot gate was cut off.
- Property maintenance complaint on Pine Drive
- Non-conforming ancillary building complaint on Pine Drive
- Exterior lighting not shielded complaint on Pine Drive
- Exterior lighting not shielded complaint on Maple Drive
- Hazardous tree on common property adjacent to residence
- Report of low water pressure in the Highlands
- Hedge complaint at Sunset Blvd. residence

**Committee Reports:** The following committee reports were submitted to the Board of Trustees: BUILDING, and WATER. These reports are attached to these minutes and incorporated by reference.

**New Business Information Items:**

The Board authorized the signing of an engagement letter for the services of Certified Public Accountant, Joseph Vandal to conduct the organizations year end audit for 2011.

The issue of speeding in the community was discussed and will be moved forward for further discussion at the December Study Session. It was also the Boards recommendation that a Stop sign be installed at the north intersection of Quinault Loop and South Palmer Drive.

The Board reviewed the policy related to fund raising by outside groups and after discussion, agreed that no changes would be made at this time.

A request from United Good Neighbors to conduct fund raising activities within the community was not considered since it was in violation of the policy for fund raising by outside groups.

**Member Participation:**

**New Business Action Items:**

**Motion 1** John Hanks moved, Robin Scherting seconded to approve that a Marina Seawall Repair Reserve Account be established for the purpose of collecting funds for the repair and/or replacement of the Marina seawall. Passed 5/0

**Motion 2:** John Hanks moved, Ross Anderson seconded to approve the resolution to approve Ascencia Bank as a depository for reserve fund investing activities. Passed 4/0/1

**Motion 3:** Robin Scherting moved, Penny Jensen seconded to approve the resolution to transfer \$23,544.00 from Water Reserves to the General Investment Account for well drilling by Gresham Well Drilling. Passed 5/0

**Motion 4:** John Hanks moved, Penny Jensen seconded to approve the resolution to transfer \$1,131.25 from Water Reserves to the General Investment Account for tank farm fencing by Pro Link Fence. Passed 5/0

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
NOVEMBER 10, 2011  
7:00 PM

**Motion 5:** Carol Wood moved, Penny Jensen seconded to uphold the previous decision of the Building Committee to approve the Building Permit for the project at 444 Sunset Blvd. Passed 5/0

**Motion 6:** John Hanks moved, Penny Jensen seconded to approve the final settlement agreement with Washington State, Dept. of Ecology, regarding the appeal that was filed with the Pollution Control Hearing Board concerning Cape George water rights and development extension schedule. Passed 5/0

**Motion 7:** Carol Wood moved, John Hanks seconded to approve the Due Date Adjustment form from member. Passed 5/0

**Open Board Discussion:**

**Announcements:**

Study Session – December 13, 3:00 PM

Board Meeting – December 15, 7:00 PM

**Adjournment:** Robin Scherting moved, John Hanks seconded to adjourn the Regular Board Meeting at 8:05 PM. Passed 5/0

Submitted by:

\_\_\_\_\_

Carol Wood, Secretary

Approved by:

\_\_\_\_\_

Richard Hilfer, President

**COMMITTEE REPORTS RECEIVED BY BOARD OF TRUSTEES**

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
NOVEMBER 10, 2011  
7:00 PM

**BUILDING:** Earthworks permits issued: Paul Happel: **251 S. Palmer Drive**, Colony, Locate drainfield. Ylva Ljungberg: **Lot 20, Div 3** Village. Septic installation. Monthly Meeting, Nov. 7, 2011: 1. Viewed Variance application for **444 Sunset Blvd.** Recommend approval (unanimous). 2. Discussed 200' Shoreline Jurisdiction which may limit what a member may do within 200' of the high water line. The Committee agrees that we should create a regulation to inform members that they must communicate their plans with the County Permit Center prior to us being able to sign any CGCC application. 3. It was suggested that we create a checklist for when we preview a build packet.

**WATER:** The meeting was held at 5 pm at the Office. The following attended: Art Burke, Manager; Greg Rae, Water Manager; Larry Southwick, Committee Chair; Committee members Ed Skowyra, Scott James, Stewart Pugh, Thad Bickling, and Zane Wyll.

1. Gresham Well Drilling moved on-site yesterday and began drilling new Well 8. They anticipate being at the water level tomorrow. They will then install the pump and begin the 24 hour pumping test of the well to determine capacity, drawdown and recovery. They will prepare a well report that will be submitted to the Dept. of Health. Water quality samples will need to be taken and sent to the lab. Results have to be approved by Health before we can put the well into service. We'll still have to do the piping and electrical systems. Ed will ask Bob Leach of NTI if we will need a full engineering report for the new well. Gresham still hasn't received the final approval from Dept. of Ecology for the decommissioning of dry Well 7. Latest information is that they will not have to perforate all 300 feet of well casing to the bottom, only the top 130 feet. This will result in a significant savings for us.
2. No new information from Bill Clarke with regard to the draft settlement agreement with Dept. of Ecology. Assuming Ecology agrees with the feedback we've provided along with Bill's comments, Ecology should approve a revised draft that Art will take to the Cape George Board of Trustees for approval. Ed will need to incorporate the final agreement into the draft Water System Plan (WSP).
3. Ed is working with Bob Leach to finalize the draft WSP. Ed will need updated numbers from Greg and Stewart will provide information on the progress he's been making with the leak reports from the water meter readings (see below).
4. FYI, the Board approved changes to the water billing rule CP08a regarding water conservation pricing, i.e. the overage billing for those that exceed an annual average of 250 gallons per day. The changes do not affect the quantity or price, just how the numbers are shown in annual quantities to provide a better description of how the billings are calculated.
5. Stewart reported on continuing efforts and success with the water meter reading feature that flags potential customer leaks by listing accounts that have round the clock usage for period during the monthly readings. He gets a computer printout with the usage and then contacts the owner to let them know and asks them to check it out. It has been running around 50 accounts and is being reduced to 25 – 30 per month. The report has also helped identify accounts with on-going discrepancies in the billings. Ed asked Stewart to run a report that identifies the numbers of accounts where no usage is shown, i.e. the house is vacant for a period of time. That will produce a better number of actual use customers for the calculations of use per connection for the WSP. It will result in better documentation of our total needs for our water rights.

The next meeting will be on **December 6, 2011 at 5 pm at the Office.**

CAPE GEORGE COLONY CLUB  
SPECIAL MEMBERSHIP MEETING  
DECEMBER 13, 2011  
2:45 PM

**President Richard Hilfer called the Special Membership meeting to order at 2:45 PM.**

**In Attendance:** Richard Hilfer, Robin Scherting, Michael Smith, Ross Anderson, Penny Jensen, John Hanks, Carol Wood

Richard Hilfer announced that election ballots would be received if placed in the ballot box present until 3:00 p.m., at which time the polls would be closed.

**Member Participation:** None

**Announcements:** The Board of Trustees meeting will be December 15, 2011 at 7:00 p.m. Election results will be announced at this meeting.

**Adjournment:** Penny Jensen moved, Carol Wood seconded to adjourn the Special Membership Meeting at 3:01 p.m. Passed 6/0

Submitted by:

\_\_\_\_\_  
Carol Wood, Secretary

Approved by:

\_\_\_\_\_  
Richard Hilfer, President

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
DECEMBER 15, 2011  
7:00 PM

**President Richard Hilfer called the meeting to order at 7:00 PM**

**Welcome & Comments** – Richard Hilfer, President

Welcome

Anyone wishing to observe the ballot counting was allowed to do so up until tallying began, then they were asked to leave

**In Attendance:** Richard Hilfer, Robin Scherting, Carol Wood, Ross Anderson, Penny Jensen, John Hanks, Mike Smith

**Action on Minutes:** Carol Wood moved, Robin Scherting seconded to approve the minutes of the Regular Board Meeting of November 10, 2011. Passed 6/0.

**Election Result** – Carol Wood

The election results are as follows.

There were a total of 338 ballots cast, of these 320 were valid. All of the issues were passed.

<u>ISSUE</u>	<u>APPROVE</u>	<u>DISAPPROVE</u>
Budget Plan for 2012	259	58
IRS Resolution	291	28
Special Assessment	191	129
Building Regulation	273	40

The Board would like to thank the members of the Election Committee who took on the task of counting the votes: Mercy del Valle – Chair, Bernie del Valle, Gail Krentzman, Carolyn Lee, Mary Maltby, Richard Maltby, Kitty Rucker, Leanne Ryan & Mikel Stull. **Thank you one & all for your hard work as volunteers.**

**Membership Report:** Carol Wood

Dave & Kerri Bradley

201 Pine Drive

**Treasurer's Report:** John Hanks

**As of November 30, 2011**, the Checking Account total was \$37,635.39. There are a total of 3 CD Accounts totaling \$303,034.90, and 1 Money Market Account totaling \$131,598.60, and 2 Petty Cash Funds totaling \$600.00 for a total of \$472,868.89 in cash and investments. **Accounts Receivables: As of November 30, 2011**, Accounts Receivables totaled \$11,332.23 There are 3 accounts over 30 days ( 7 on payment schedule), 0 accounts over 60 days & 25 accounts over 90 days past due. **Summary of Expense and Income Statement Review: As of November 30, 2011**, General Operations is \$5,820.25 under budget; Water Operations is \$17,083.46 under budget; and Marina Operations is \$4,782.62 under budget.

**Manager's Report:** Art Burke

We received a complaint from Century Link regarding an infected computer that was accessing the WiFi service at the Clubhouse. The computer was infected with a particularly troublesome virus known as the Conficker Worm. Because of this we have installed a password protection to the system and will be providing this to members who contact us by phone, email, or in person. We have also made adjustments to the firewall.

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
DECEMBER 15, 2011  
7:00 PM

All members who access the WIFI network at the Clubhouse are asked to make sure their computers are running regularly update virus protection.

The project to refinish the pool changing room floors is underway and should be completed by Christmas. This was a great partnership with the Pool Committee, members of the community and Cape George Colony Club staff.

The most recent attempt at replacing well # 5 (new well) was very successful. The 24 hour flow tests that were conducted earlier this month indicated that this well will be rated at 205 gallons per minute (gpm). Our hope had been to attain at least 185 gpm.

I assisted the Fitness Room Committee Chair in developing draft revisions to the Fitness Room rules. These changes will be reviewed by the committee members and then presented to the Trustees at a future Study Session for consideration.

A large hazardous tree was identified in the vicinity of the Village mailboxes and subsequently removed.

I have received the following reports/complaints over the past month:

- Property maintenance complaint on Cedar Drive.
- Dog barking complaint on N. Palmer Drive (2).
- Aggressive dog off leash on N. Palmer Drive
- Speeding on Dennis Blvd.

**Committee Reports:** The following committee reports were submitted to the Board of Trustees: BUILDING, EMERGENCY PREPAREDNESS, FINANCE and WATER. These reports are attached to these minutes and incorporated by reference.

**New Business Information Items:**

Discuss opportunities for improving communication in the Cape George community through the newsletter, website, and other forms of communication – Ross Anderson

Review of Cape George insurance coverage as it relates to liability of Marina entrance structural failure – Penny Jensen

Approve Gail Krentzman as Chair of the Ad Hoc Committee assigned to investigate all aspects of installing a Pickleball court & report their findings to the Board. – Richard Hilfer

**Member Participation:** Home Owners are reminded that they are required to post the red and white Fire Side Address Signs visibly on their property.

**New Business Action Items:**

**Motion 1:** John Hanks moved, Mike Smith seconded to approve the resolution to approve Sallie Mae Bank as a depository for reserve fund investing activities. Passed 6/0

**Motion 2:** Carol Wood moved, John Hanks seconded to approve the updated Reserve Schedule as presented by the Finance Committee for inclusion with the 2011 audit documents. Passed 6/0

**Motion 3:** Penny Jensen moved, Mike Smith seconded to update Cape George Rule EMP01 – Personnel Policies as submitted. Passed 6/0

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
DECEMBER 15, 2011  
7:00 PM

**Motion 4:** Penny Jensen moved, Carol Wood seconded to make changes to CP03 “Marina Use”& CP03a “Marina Registration Form” as submitted regarding wording on liability. Failed 0/6

**Open Board Discussion:** Penny Jensen reported that the Ping Pong table has been delivered to the club house and assembly will be arranged.

**Announcements:**

Study Session – January 10, 3:00 PM

Board Meeting – January 12, 7:00 PM

**Motion 5:** Robin Scherting moved, Penny Jensen seconded to adjourn to an Executive Session to discuss personnel issues and a member complaint appeal at 8:00 pm. Passed 6/0

Discussions at the Executive Session are confidential

**Motion 6:** Robin Scherting moved, John Hanks seconded to adjourn the Executive Session and resume the Regular Board Meeting at 8:05 pm. Passed 6/0

**Motion 7:** Robin Scherting moved, Carol Wood seconded to give three employees Christmas bonuses of \$100.00 each. Passed 6/0

**Adjournment:** Penny Jensen moved, Mike Smith seconded to adjourn the Regular Board Meeting at 8:10 pm. Passed 6/0

Submitted by:

\_\_\_\_\_

Carol Wood, Secretary

Approved by:

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Richard Hilfer, President

CAPE GEORGE COLONY CLUB  
BOARD OF TRUSTEES MEETING  
DECEMBER 15, 2011  
7:00 PM

**COMMITTEE REPORTS RECEIVED BY BOARD OF TRUSTEES**

**BUILDING:** 11-16-11 - Checked height of home & trusses at 432 Sunset.

12-5-11 - Monthly Meeting: Discussed culverts & driveway connections with Larry Southwick.

Reviewed rough draft of preview checklist.

**EMERGENCY PREPAREDNESS:** There was a verbal report given by Thad Bickling

**FINANCE:** Finance Committee held its regular monthly meeting on Monday, November 21, 2011, 9:30am at the Clubhouse. Present were B. Barnhart, J. Harrington, K. Krug, J. Hanks, Treasurer and A. Burke, Colony Manager. G. Semick joined the meeting via conference call. The items discussed included:

1. Updates

a. Finance related topics from November Board actions were outlined and included:

- i. Establishment of Seawall reserve account
- ii. Board action to establish a new depository relationship with Ascencia Bank
  1. Information also provided to the Board regarding website for bank credit reviews - (1) Bankrate.com/Safe and Sound and (2) BauerFinancial.com
- iii. Reserve transfers for two items related to the drilling of the new well totaling just over \$24,600
- iv. Finalization of 2011 audit engagement letter
- v. Questions from the Board regarding the cash comments contained in the FINCOM October Finance Statement Observations were addressed

b. Previous open financial statement issues (erroneously listed in the agenda as October and November)

- i. September - all open September items have been resolved
- ii. November – Note 2 from original November statements remains unclear and additional information was requested
- iii. There was also a discussion regarding the process currently followed for collection of overdue AR. The discussion was contextual as FIN03 is currently being updated.

2. November 2011 financials – see above

3. Updates to existing Reserve Schedule

a. The following items need to be added to the 2011 reserve schedules prior to the schedules being ratified by the Board and subsequently included in the 2011 audit:

- i. General reserves – new riding lawn mower and removal of old mower
- ii. Water reserves – Well #8 (replacement cost still unknown) and notation regarding decommissioning of Well #5
- iii. Marina reserves – Major repairs to 7 basin pilings; new Helix buoy and modification of existing buoy notation; and the 2011 dock float replacements.

4. RDA preliminary draft Reserve Study

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- a. The Committee again expressed its appreciation to prior groups (Boards from as far back as 2000, the original Reserve Committee and other working Committees) for their work on the original reserve schedules and the Excel program used to maintain those schedules over the years.
- b. The final version of the RDA reserve study becomes the basis for statutory information which must be included with budget material starting with Budget 2013 so the veracity of the material is crucial.
- c. There was considerable discussion regarding the process to be used to gather comments from invested Committees (Water, Roads, Marina and Finance) and how that information would be communicated with RDA. It was understood that process would go forward under the direction of the Manager and would likely occur in January or February 2012.
- d. It was suggested that should there be significant differences between CGCC modifications and the RDA position, a representative from RDA could meet with the review groups to reach a mutually acceptable position.
- e. There was a discussion of the process for funding major reserve items, i.e. use of special assessments versus routine anticipatory contributions. Opinions of the group differ.
- f. The Committee's formal comments are contained in three memos. This information is being provided to the Manager for consolidation with the comments from other reviewing groups. The three memos are:
  - i. General Reserves (Attachment1\_General)
  - ii. Water Reserves (Attachment2\_Water)
  - iii. Marina Reserves (Attachemnt2\_Marina)

5. Other business – There was no other business.

The meeting was adjourned. The next regular meeting will be Monday, December 19, 2011 at 9:30 am at the Clubhouse.

**W-I-P (work-in-process; ongoing projects)**

- ( I) Depreciation schedule – correction of multiple defects
- ( II) Modifications to FIN03 – Collection practices
- (III) Modification to FIN02 and FIN04 – changes resulting from new RCW

**WATER:** The meeting was held at 5 pm at the Office. The following attended: Art Burke, Manager; Greg Rae, Water Manager; Larry Southwick, Committee Chair; Committee members Ed Skowyra, Scott James, and Stewart Pugh.

1. New Well 8 is very successful and the 24 hour pump test has been completed. Per the Manager's Dec 2 email, "We had originally hoped to have a well that produced 185 gallons per minute. Chad said that the well would be rated at 205 gallons per minute. During the entire 24 hour period that the well was pumped, the water level fluctuated only a few inches and the recovery rate was only a few seconds." Gresham installed the new pump today. Now we need to get the final report from Gresham, run it by Bob Leach of NTI, and then submit a project report to the Dept. of Health. After getting DOH approval, Greg and Donnie will plumb it into the system and have Double D Electrical wire it. Then we'll pour a concrete slab and have a pre-fab shed put in place for the pump house.

Well 5 will be disconnected from the system but we intend to keep it available for emergency backup. If not, we would have to decommission it. It's a good well, just not enough capacity for our

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future needs. We discussed whether to have the pump removed or leave it in place. If we remove it, we would have to have it re-installed if we ever need to use it, paying twice. If we leave it in place, it will need to be wired so we can exercise it on a regular basis to keep it operational. If we need it in an emergency, it would still have to be re-commissioned, tested and approved before it can be reconnected to the plumbing and disconnect either Well 6 or 8. New Well 8 will be replacing Well 5 in our 'water rights' and we can't operate both at the same time.

Well 7, the recent 'dry hole' has been decommissioned per Dept. of Ecology requirements.

2. Ed has completed the draft of the WSP and sent it to Bob Leach of NTI to finish and submit it to the Dept. of Health. The remaining work is mostly completing and assembling all the attachments.

Stew provided data from the water meter reading software that shows we have around 25% of our connections with low or zero volume, due to vacancies or part time use. Normally we figure our average consumption by dividing the total volume by the total number of connections. That includes all of the 'zero' volumes which doesn't reflect the actual average use per connection. We won't add that information to the WSP but will use it in our negotiations with the Dept. of Ecology to justify our higher figure for water rights.

The current median water volume which is the point where half are higher and half are lower is 70 gallons per connection per day.

Stew continues to work on the water leak report from the meter reading data. He has addressed all of the larger volume leaks and is now working on the smaller ones.

3. The settlement agreement with the Dept. of Ecology regarding our water rights appeal has been completed. No new information from Bill Clarke at this time but we'll need to meet with him soon to develop our approach to negotiations with DOE. We need to push this process because we have to complete it in 2012 per the settlement agreement. That could be problematic with the current cut backs in state government and the backlog of water right applications.
4. The Board has hired a consulting firm to conduct formal reserve studies for the community as now required by law. They have completed a study for the general facilities and are now working on the water system reserves. Larry and Greg have provided some comments but we now need to sit down with Art and complete a thorough review. It includes all water facilities at the well/tank farm but not the water piping systems. When finalized and adopted by the Board, that will drive the annual deposit in our water reserve account which may affect water rates. It basically lists all facilities, their original costs, the anticipated life in years and the ultimate replacement costs, using those figures to arrive at an annual reserve payment for each facility. The result is an on-going, pre-paid replacement as facilities deteriorate or break down.
5. There have been a few recent water shutoffs due to non-payment, most are not occupied. We've had a few foreclosures and 'walk-aways' in Cape George but not as bad as some other communities and condos.

The next meeting will be on **January 3, 2011 at 5 pm at the Office.**