

CAPE GEORGE COLONY CLUB
ANNUAL MEMBERSHIP MEETING
July 21, 2012

1. **Call to order:** President Richard Hilfer called the meeting to order at 2:00 PM.
2. **In Attendance:** Richard Hilfer, John Hanks, Michael Smith, Penny Jensen, Carol Wood, John Garrett
3. **Action on Minutes:** Tom Ramsey moved, Ray Pierson seconded, to approve the minutes from the last Membership Meeting of July 16, 2011. Motion passed by a majority vote of members present.
4. **Membership Report:** Carol Wood, Secretary provided the oral report. There were 35 new members which represent 21 properties. The written report is available at the CGCC office.
5. **Treasurer's Report:** John Hanks, Treasurer

Assets

| | 2011 | 2012 | Variance |
|----------------|----------------|----------------|--------------|
| Cash | \$558,682.77 | \$664,716.77 | \$106,034.00 |
| Current | \$11,166.55 | \$212,239.72 | \$201,073.15 |
| Fixed | \$1,529,726.72 | \$1,625,893.96 | \$96,167.20 |
| Other | \$31,167.37 | \$37,697.98 | \$6,530.61 |
| Total | \$2,130,743.41 | \$2,540,548.43 | \$409,805.02 |

6. **Manager's Report:** Arthur Burke, Manager

The unusually wet spring identified a number of drainage issues that were corrected during the late summer of 2012. This includes a portion of Vancouver Drive where a drain tile collapsed and backed water up over the road surface. The tile has been replaced and additional catch basins added to the area.

During this past year we contracted to have a professional company conduct a reserve study for the organization. The final product has been approved and we are preparing to begin the process of presenting the outcomes to the membership. Over the last year we took the initiative to begin to orient the membership to what a reserve study is and how it is funded through articles in the newsletter.

After collecting input from the community, we set up a wireless network at the Clubhouse area. With the existing equipment members are able to access the WiFi network from the Clubhouse, Fitness Room, Pool, Workshop, most of the marina and parking lots. Thanks to the Social Club for their generous support of this project.

During the fall of 2011, the maintenance guys conducted an extensive trim back of the trees in the Highlands. This 3 week project will likely need to be repeated about every three years to keep up with encroaching growth.

In December of 2011, Donnie, I and a team of Cape George volunteers, tiled the floors in the men's and women's changing room at the pool. This was another great example of successful volunteerism in the

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community. Borrowed equipment, shared expertise and good supervision made the project go very smoothly. Now we have a much more attractive floor that is easier to clean.

The Cape George staff assisted with the Fitness Room wall reconfiguration project. Staff assisted with plan development, contract management, painting, flooring and sourcing some supplies. One other outcome from the project was the development of barrier free access to the Fitness Room through the pool. These collaborative undertakings with committees and volunteers are what make Cape George such a great place to live and work.

Late in January we learned that we had been randomly selected to be audited by the Department of Labor and Industry. Although not as scary as being audited by the IRS, we spent several hours assembling documents identified on their checklist. The final report from the audit was very favorable.

Preventative maintenance was conducted on the boilers and heat pumps at the pool and clubhouse areas. A problem was discovered with one of the boilers and repaired. The other equipment only required normal maintenance. All of this equipment is on an annual maintenance schedule by HVAC service professionals.

The community's insurance policy was up for renewal after having operated at a fixed rate for the preceding three years. Working with the Finance Committee and Trustee Penny Jensen, competitive proposals were received from insurance companies that work with homeowners associations and a complete review of coverage was conducted.

Early in 2012 the office staff enlisted the services of a computer tech vendor to evaluate the current software and hardware system. As a result some of our systems were upgraded to provide a more stable platform for our work to be conducted on.

Working together with the Water Manager and members of the Water Committee, I am continuing to work toward a resolution to our water rights issues with the State Department of Ecology. Although not completely resolved, we are feeling confident that there is likely a resolution in the future.

A new style of "Parking Violation" tags was developed and is now available to members interested in monitoring this activity in the community. If you frequent any of our common property parking lots and would be interested in using these tags, please visit the office to receive instruction on how they are to be used.

An exhaust fan was installed at the pool with funds from the Pool Committee. As a result, there has been an increased efficiency in controlling humidity in the building. We will be continuing to gather information on the repair/replacement of the existing ducting and heat exchanger in an effort to further reduce humidity levels and thus protecting the building.

Working with volunteer Joyce Skoien, the office staff is preparing the release of an updated Community Directory. This time we will be bringing the production back "in-house" to better manage updates and keep the document current.

7. **Water Manager's Report:** Greg Rae, Water Manager, provided both an oral and written report. The complete written report is available at the CGCC office.

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8. **Committee Reports:**

BUILDING COMMITTEE

Committee Members: Bob Frenette, Roger Anderson, Joel Finlay, Terry Steben and Ann Simpson, Chair

During the past year the committee approved:

- 13 Building Permits
- 11 Earthworks Permits
- 7 Driveway Connections
- 2 Variances

Earthworks permits: - Colony, 13, Village, 5, Highlands, 0 Total 18 (includes driveway connections).
Building permits: - Colony, 7, Village, 5, Highlands, 1 Total 13 (Includes three new residences)

EMERGENCY PREPAREDNESS COMMITTEE

The Cape George Emergency Preparedness Committee (EPC) continues to prepare for potential disaster impacts on CG residents, members and renters. The EPC met twice during the year to provide guidance to the committee chairs.

EPC Education Chair, Sue McKay, has provided preparedness information each month for publication in the CG newsletter. We held a special community training event in August with the Port Ludlow Fire Department and their incredible fire/earthquake/storm training trailer and staff. At that event we also repeated a previous workshop on earthquake and tsunami preparedness. In October we held a Firewise presentation for the community which emphasized best practice mitigation and fuel sources removal for individual homeowner's. This presentation was timed so as to take advantage of a teaching moment after the to-close-for-comfort Beckett Point fire. A great deal of relevant material and resources was researched and presented to the community and much of this material is still available through the EPC. Additional community education opportunities are continually researched.

The CG EP volunteers were activated only once in the past 12 months thankfully. This was the Beckett Point fire in September and our response included preparations to evacuate parts of the Village and Highlands if necessary, and activating our Neighborhood Information Command Center (NICC – formerly EOC) to monitor County communications from our HAM radio.

The EPC Priority Assistance (formerly Special Needs) Sub-Committee, chaired by Maria Porter, is gathering information from those residents who self-identify as needing a little extra help in the event of a disaster. The committee provides information on how to prepare directly to those folks with special needs. Maria has also coordinated the purchase and assembly of emergency medical supplies that are customized to the types of needs CG residents might have during a community disaster. These supplies are kept in 2 large red coolers on wheels and are maintained regularly – you may see them at our next community event. These are wonderfully logical and comprehensive kits.

The Incident Management Team and Neighborhood Responders (formerly 1st Responders), coordinated by Carolyn Salmon, hold several training exercises each year with the participation of the five CG HAM radio operators. Their primary responsibility, in a real emergency, is to assess and gather CG condition information and transmit it to the county Emergency Management Department so appropriate resources

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can be dispatched. CG Incident Management Team and Neighborhood Responders are not trained to provide rescue or first aid services but may assist residents in the event of a disaster as they are willing and able.

The EPC co-chairs and other EPC members continue to attend the bi-monthly Neighborhood Representatives' meetings sponsored by Jefferson County Emergency Management Department (jeffcoec.org) and also linked with resources of Local 20/20 (l2020.org). Through these meetings the EPC maintains valuable relationships with county EMD personnel and related agencies as well as other East Jefferson community organizers and EPC's.

We are proud to note that in October we were asked to speak at the regular Jefferson County Neighborhood Organizer's Emergency Preparedness meeting. We are recognized due to our continued efforts in organizing and educating this community so it was requested that we share our experiences and goals with other communities. This recognition and support recharges our batteries and keeps us at it.

FINANCE COMMITTEE

As in past years, the Finance Committee completed a review of the draft budget prepared by the Manager and made recommendations to the Board concerning components of that budget including the special assessment. As per the charter, the Committee completed the annual update of the reserve schedules for inclusion in the audit and reviewed the materials related to the audit including the annual calculation of cash in excess of expenses.

Throughout the past twelve months the Committee reviewed the preliminary version of the new reserve study, completed the first round of revisions to the corporation's formal listing of depreciable assets, drafted a new comprehensive policy for the collection of accounts receivable and completed a detailed analysis of competing insurance coverages. The Committee also prepared five year projections covering both operational and reserve activities and completed an initial analysis of historical cash positions. Each month the Committee reviews the interim financial statements and related information and provides input to the Board and Manager to help ensure the integrity and consistency of financial results. The Committee also provides recommendations and interpretations related to internal and external financial practices, rules and requirements. Efforts focused on streamlining external audit activities as well as efforts to ensure the Corporation's compliance with the new Washington statutes regarding reserve studies are on-going.

This past year members have included Barbara Barnhart, Jean Harrington, Karen Krug, and Georgette Semick. The Committee's Board liaison is the Treasurer, John Hanks and the Club's Manager, Art Burke serves as an ex-officio member of the group.

The Finance Committee is advisory to the Board. The Committee meets on the third Monday of each month and meetings are open to the entire Community. Committee materials are available through the office or the Committee chair.

Respectfully submitted,
Karen C. Krug, Chair
Finance Committee

MARINA COMMITTEE

The last twelve months have brought change to the Marina Committee related to leadership and how we do things. Harbormaster, Charlie Boulay stepped aside leaving a vacuum that needing to be filled.

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Recognizing the complex and diverse duties of the Harbormaster, the Committee created the second position of Marina Committee Chair. These two individuals have specified duties spelled out in the new Marina Committee charter that was approved by the Board of Trustees on July 12, 2012. Presently, Mac McDonald serves as acting Harbormaster and Tom Ramsey serves as acting Marina Committee Chair.

Historically, the Marina Committee had been charged with maintaining the community workshop, repairing and replacing tools. Members of the non-boating community wanted a greater presence and say in the maintenance and operation of the workshop. We now have a stand-alone Community Workshop Committee with their charter also being approved by the Board of Trustees on July 12, 2012. The Marina Committee will coordinate with the Workshop Committee on a as-needed basis.

The on-going dock float replacement program is approximately 65% complete. There are a remaining 135 float assemblies remaining to be installed. The Marina Committee can install 42 to 50 assemblies a year. A new stainless steel fish and crab cleaning station was installed at the South end of the Marina which should last for many years. New stainless steel dock ladders were installed on the Marina, replacing, what was felt to be inadequate and unsafe existing ladders. New life rings and enclosures are currently being planned for. A 12-inch compound miter saw was also purchased since the existing one lacked necessary safety features. The ladders, life rings, and miter saw were/are paid for by Marina fundraising monies which are a result of the annual Marina sale, which raised in excess of \$1700 in 2012.

Marina Committee members performed annual housekeeping task that include: pressure washing docks; re-numbering boat slips; finalizing the replacement of boat cleats, replacing structural supports, and small dock repairs too numerous to mention.

The Marina Committee is hosting a BBQ in conjunction with the Annual Cape George Regatta on August 11, 2012. All Cape George members and Cape George staff are invited to attend. The committee will provide wine, beer, salads and dessert with members providing their own protein to burn. This is the first year the Committee has hosted such an event and we're hoping it is a success. We'll ask everyone to sign up in the office in order to determine food and beverage quantities.

POOL COMMITTEE

I took over the Pool Committee in September 2011. The major changes since then are:

1. An agreement between the Pool Committee and the Fitness Committee expanded the area of the Fitness Room about 20% while reducing the pool area insignificantly. This helped lower heating costs somewhat.
2. In March the shower area floors were tiled.
3. Noise in the pool has been reduced by eliminating the box fans and replacing them with a 24 inch commercial fan in the utility room.
4. There has been a reported increase in participation in the deep water aerobics class. This is part of the broader goal of the Pool Committee to encourage further usage of the pool. A series of DVDs has been purchased by members and are available to anyone who wants to learn more about water exercising.
5. Vandalism has been reduced with no significant issues since March. A NO Tolerance policy is in effect.

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6. The next major funded project is the replacement of the air handler and the ducting system. It has been recommended that we install a new exposed ducting system and new air handler. Bids are currently being sought. This is part of a larger plan to refit the entire system.

All Members are encouraged to use this tremendous asset for better health and enjoyment.
Respectfully, Neil D'Acquisto

ROADS COMMITTEE

Members: Larry Southwick – Chair, Harry Hider and Bob Holtz, members. The current committee was formed in October 2003. New members would be welcome because the Chair may be away periodically and Bob Holtz is not a full-time resident.

The purpose of the Committee is to: review and advise the Board regarding all roads issues; review and approve driveway and ditch/culvert permits; work with the Manager on roads operations, maintenance and repair issues; and submit recommendations for annual budget needs for roads.

The business for the 2011 – 2012 year was as follows:

On-going Activity

Most of the on-going Committee activity involves review, inspection and approval of driveway permits and other permits related to roads and drainage in the community-owned rights-of-way. The Chair is required to sign off on building, driveway and earthwork permits to assure that Board-adopted rules and regulations are met. This is done in conjunction with the Building Committee.

The Committee inspects our roads and advises the Manager and Board regarding on-going maintenance and operation. Good maintenance of road shoulders and ditches are important and cost effective measures to preserve our roads. Although our roads appear to be in good shape, we still need to conduct periodic inspection and evaluation to insure their future service to our membership.

Pavement Repairs

Last fall, we assisted the Manager in identifying several locations throughout Cape George that needed pavement repairs. The Manager solicited bids and we assisted in selecting a contractor. This type of contract repairs will be done periodically as needed and budgeted. Typically they are just small localized settlements or breaks in the pavement.

Reserves Study

We assisted the Manager in reviewing and making recommendations with regard to the portion of the general reserves study that related to roads and long-term funding for pavement needs.

WATER ADVISORY COMMITTEE

Members: Larry Southwick – Chair; Mike Smith – Board Liaison; Art Burke – Manager; Greg Rae – Water System Manager; Thad Bickling, Scott James, Stewart Pugh, Brian Ritchie, Ed Skowyra and Zane Wyll

The Committee is advisory to the Board of Trustees on all matters pertaining to the water system and works to maintain the integrity of the water system. The Committee membership is approved by the Board.

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Meetings are typically held on the first Tuesday of each month at 5 pm at the Office. Meeting reports are provided to the Board after each meeting.

Greg Rae is the licensed 'Water Manager' and oversees the technical and health-related operations. The day-to-day operations of the water system such as meter reading, leak repairs and new connections are performed by the Manager and staff. Emergency coverage is provided 24/7 as needed.

The main items of Committee business for the July 2011 – June 2012 year were as follows:

Water Rights

Our highest priority has been to preserve our historical water rights of 192 acre-feet (192 acres of water, one foot deep per year). This has been an on-going issue since we received an “Amended Superceding Water Right Permit” dated February 23, 2011 from the Washington State Dept. of Ecology (DOE) that stipulated our water rights of 160 acre-feet, based on previous records and determinations. We, with the approval of the Cape George Board of Trustees, hired a water rights attorney and filed an appeal. We negotiated a settlement that extended our current water right permit to February 1, 2016. We are currently negotiating with DOE for a permanent resolution of our water rights but they continue to pressure for a lower number.

On an annual basis, 192 acre-feet of water rights amount to an average of 258 gallons per connection per day. Similarly, 160 acre-feet of water rights amount to an average of 215 gallons per connection per day. Our design guidelines require 250 gallons per connection per day so you can see the importance of preserving the 192 acre-feet of water rights. The smaller 160 acre-feet may or may not impact the ability of Cape George to provide building permits in the future for the last few properties, depending on Washington State Dept. of Health approval. There is a total of 665 potential connections at full buildout (home on every possible lot) and we are currently just over 500 connections so that is a number of years away but we have an obligation to preserve water rights for the total 665.

Water System Plan (WSP)

We completed and submitted a new Water System Plan to the WA State Dept. of Health for review and approval. It was officially accepted but we have not received any comments yet. We do expect that there will be some comments that will need to be addressed before they will approve it. The completion of Well 8 (see below) is pending the WSP review because all of the required documentation for the new well is included in this document. The WSP also includes all of the documentation required for our water rights which will be reviewed by the DOE (see above). The bulk of the WSP was prepared by member Ed Skowrya, with a lot of input from Greg Rae and assistance by Art Burke and Stewart Pugh. Our engineering consultant, Bob Leach of NTI in Port Angeles provided the technical/professional resources. The WSP is available in the office for members to review if they wish.

New Well 8

A new well was successfully drilled and tested with good results. As stated above, the required documentation for the well was submitted to the Dept. of Health in the WSP for approval before we can place the new well in operation. The old Well 5 will then be disconnected from the system but will be kept in reserve for potential emergency or back up use in the future. It would need to be re-prepared and approved before it could be put back into use.

Water Tank Cleaning and Inspection

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We recently hired a contractor to inspect and clean the inside of the water tanks. They do that with a man in scuba gear that has all been decontaminated with a chlorine wash before entering the water. The tanks are all in good condition and the sediment on the floors was vacuumed out. Copies of the inspection report are in the office if members wish to review it.

Automated Meter Reading

The automated meter reading system has improved our ability to identify customer water leaks and call them to the attention of the owner. The system detects water flow 24/7 and registers a 'flag' if there is never a zero flow period that would indicate a potential water leak. This is an important element of our water conservation program.

One measure of the effectiveness of a water system is the "unaccounted for water", that is the difference between the amount of water pumped from the wells and the total amount we can account for, both thru the customer water meters and other estimated uses such as pipe flushing. The industry standard is 10% or less and we regularly are below 10% "unaccounted for."

Water Conservation Program

State laws require all municipal water agencies to implement a water conservation plan to assure that water is used for beneficial purposes and not wasted. As mentioned above, the new automated meter reading system is proving helpful in this program and we are pursuing contact with all owners that register a potential water leak. We also bill an additional charge to customers that exceed the prescribed 250 gallons per connection per day on an annual basis to encourage water conservation by those using higher amounts of water. The Manager sends out postcards to members that the meter reading data shows them to be using over 250 gallons per day on average for the period. Other public information about proper water use is provided in the newsletter.

Water Quality

Federal and State laws require every water system operator to take periodic water quality samples to test and document levels of a list of potential contaminants. Results in excess of the established maximum contaminant level would require corrective action. The laws require the water system operator to publish and send a Consumer Confidence Water Quality Report (CCR) to every customer. Our CCR was mailed to all of our members with the annual ballots for the Board. Copies of the CCR can be obtained at the office. Cape George does have a water filtration and treatment system to maintain a high level of water quality.

Budget

The Committee reviewed and provided input on the annual water operations budget as well as expenses throughout the year. We provided information to the Board regarding long-term capital planning for the water system.

Water Reserve Study

We assisted the Manager in review and recommendations regarding the draft reserve study for long term funding of the water system replacement. It primarily addresses the facilities and equipment at the tank/well site that we know will periodically need to be replaced but not the 9 miles of pipes in the ground. We did some tests of the piping last year and there was no indication that the pipe is deteriorating at this time. That kind of testing will need to be conducted periodically in the future. Long term funding will be addressed in the future when the system starts to show some deterioration but none so far.

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SOCIAL CLUB

This has been a busy year for the Cape George Social Club. It was our first year as a separate organization from the Board of Directors so we're learning and growing and open to your new ideas.

This last year we sponsored several events including the very special 50th anniversary party, several barbecues, a zydeco dance, an Oktoberfest, Christmas potluck with a silent auction, a New Year's eve dance party, and St Patrick's dinner and monthly Bunco parties. The third Cape George Revue packed the house both nights and of course Granny's Attic which raised at least \$2300 for the Pickle Ball Court project.

We're about fun and more.... We raised \$885 for the Dove House's Christmas family project and raised \$400 for Grant Street School classroom supplies.

We expanded Cape George University offerings this year. The diverse presentations have been well attended and very well received.

We made a few special purchases on your behalf. We installed Wi-Fi capability in the clubhouse which extends outdoors and into the fitness room. Many have been seen enjoying the view while working on their laptops. Others have been seen working out in the fitness room while reading on their ipads. A digital projector and wireless microphone were also purchased to enhance events held in our Clubhouse.

In the spirit of being eco-friendly, we began a recycling program in the clubhouse. We also donated biodegradable dog waste bags to help the Environmental Committee kick off their project.

I'd like to take a moment to thank ALL of this year's Social Club volunteers. Your work is certainly appreciated! I know you worked very hard to bring interesting and fun events to our community.

9. ELECTION RESULTS

Joyce Skoien, Election Committee Chair, reported the results of our Trustee election.

2 ballots were not opened due to the members not being in good standing as of yesterday.
2 ballots were not opened due to the members having two lots with only one voting privilege.
241 ballots were counted.

As provided by the written report of Joyce Skoien, the Election Committee Chair, which is available at the CGCC office, the vote tallies are as follows: the two receiving the highest number of votes are elected to the Board of Trustees;

| | | |
|-------|-----------------|-----------|
| No. 1 | Richard Hilfer | 174 votes |
| No. 2 | John Garrett | 116 votes |
| No. 3 | Robin Scherting | 103 votes |
| No. 4 | Dean Shinn | 67 votes |

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Therefore Richard Hilfer will be a returning Trustee and John Garrett will be joining the Board, replacing Robin Scherting.

Joyce Skoien thanked the candidates for running and the Nominating and Election Committees for their efforts in this election.

10. **Adjournment:** Mac McDonald moved and Carolyn Salmon seconded to adjourn the meeting. The motion passed by a majority vote of the members.

Submitted by:

Approved by:

Carol Wood, Secretary

Richard Hilfer, President