

**CAPE GEORGE COLONY CLUB
ANNUAL MEMBERSHIP MEETING
JULY 20, 2013**

Call to order: President Richard Hilfer called the meeting to order at 2:05 PM.

In Attendance: Richard Hilfer, Ross Anderson, Carol Wood, Mike Smith, Penny Jensen

Action on Minutes: Joyce Skoien moved, Neil D'Acquisto seconded, to approve the minutes from the last Membership Meeting of July 21, 2012. Motion passed by a majority vote of members present.

Membership Report: Carol Wood, Secretary provided the oral report. There are 63 new members representing 40 properties sold or transferred between July 20, 2012 and July 19, 2013. The full membership report is available in the Cape George office.

Treasurer's Report: Michael Smith, Treasurer

**TREASURER'S REPORT
As of June 30, 2013**

1	Total cash and investments at month end were	\$855,669
	That amount is comprised of	
	General checking of	139,544
	General savings (Ops Investment) of	70,008
	Two petty cash accounts of	600
	and CDs and Money Markets totaling	645,518

All existing bank accounts have been reconciled through June 30. No new accounts were opened during the month. Currently the corporation maintains accounts at Kitsap Bank, J/P Morgan Chase Bank, Wells Fargo and Peninusla Credit Union.

2	The CDs and Money Markets are primarily Reserve accounts and include:	
	General Reserves	\$121,352
	Water Reserves	194,047
	Marina Reserves	84,630
	Special Assessment - North Seawall	245,489

Reserve funds are held primarily in Cdsat Peninusla Credit Union. The Special Assessment funds are held in a Money Market account at Wells Fargo Bank.

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|----------|---|-----------------|
| 3 | Regular accounts receivables, net of allowances are | \$10,783 |
| | Receivables over 90 days, net of allowances are | 2,298 |

Current receivables are high. About one-third of the amount is due to current Lot Mow fees (\$3,000) which should clear within the next 30 days. Most of the remainder can be traced to a handful of individual accounts.

The Special Assessment Receivable outstanding is **\$40,789**

There are \$3,123 in delinquent special assessment payments nearly all of which is traceable to the same handful of accounts mentioned above.

- 4** Year-to-date total net Revenue and Expenses (Net Income) of \$168,571 is favorable when compared to the original budget which projected Net Income of \$138,572 thru 6/30/13. By cost center, results are:
- General operations \$78,897 compared to the budget of \$51,425;
 - Water operations \$49,752 compared to the budget of \$52,534;
 - Marina operations of \$39,096 compared to a budget of \$34,613; and
 - Interest income on the reserve funds of \$825 which was not budgeted for the year.

General operations is performing ahead of budget expectations due largely to the receipt of \$16,000 in insurance reimbursement and collection of \$5,800 of accounts previously thought to be uncollectible. Without these two items, performance would be nearly identical to budget. Water operations are lagging their original budget target due mostly to additional costs for the water system plan and water rights litigation. It is unlikely that water operations will achieve its budget target by year end. Marina operations are performing slightly ahead of the year-to-date budget expectations. Annual dredging was budgeted to occur in July so operations should continue to track favorably.

07/05/2013

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CAPE GEORGE COLONY CLUB**

Balance Sheet
As of June 30, 2013

<u>Assets</u>	<u>Current Year</u>
Cash and Cash Equivalents	
Operating Fund Checking	\$ 139,544
Petty Cash	300
Petty Cash - Marina	300
Operating Investment-General(Savings)	70,008
Reserve - General	121,352
Reserve - Water	194,047
Reserve - Marina	84,630
Reserve - North Seawall Special	245,489
Cash and Cash Equivalents	855,670
Accounts Receivable	13,360
Less: Allow. for Doubtful Accounts	(2,577)
Total Net Recievables	10,783
Special Assessment Receivable	40,789
Total Fixed Assets(less Accum. Dprn)	1,393,982
Work in Process-General	80,181
Work in Process-N Seawall	11,595
Total Net Fixed Assets	1,485,758
Total Other Assets	40,737
TOTAL ASSETS	\$ 2,433,737
<u>Liabilities and Net Assets (Liabilities)</u>	
Current Liabilities	
Accounts Payable	\$ 18,383
Unearned Income General	28,152
Unearned Income Marina	-
Unearned Income Marina Wait List	500
Total Current Liabilities	47,035
Special Assessment Liability	293,928
FUND BALANCES:	
Fund Balance (Combined)	1,924,204
Current Net Income/(Loss)	168,571
TOTAL LIABILITIES AND EQUITY	\$ 2,433,737

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**CAPE GEORGE COLONY CLUB
Summary Income & Expense Statement
For the Period Ending 06/30/2013**

Description	Current Period			Year-to-Date			Yearly Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
General							
Income - General Assessment	\$ -	\$ -	\$ -	\$ 176,568	\$ 176,568	\$ -	\$ 264,853
Income - All Other Sources	7,132	4,862	2,270	30,507	12,374	18,134	20,600
Total General Income	\$ 7,132	4,862	2,270	\$ 207,075	188,942	18,134	\$ 285,453
Expenses:							
Salaries, Benefits, PR Tax	10,944	11,410	466	61,329	68,462	7,133	136,923
Repairs & Maintenance	9,174	1,341	(7,833)	14,321	10,244	(4,077)	18,488
Contracted Services	5,664	5,779	115	26,523	20,777	(5,746)	39,554
Supplies, Tools, Etc.	3,415	757	(2,658)	5,591	4,444	(1,147)	9,000
Utilities	1,093	992	(101)	4,993	5,950	957	11,900
Insurance	1,700	1,740	40	10,203	10,441	238	20,882
Pool Expenses	721	1,555	834	8,160	14,990	6,830	30,000
Taxes & Other Expenses	1,721	355	(1,366)	(2,942)	2,209	5,151	5,750
Total General Expenses	\$34,432	23,929	(10,503)	\$128,178	137,517	9,339	272,497
General Net Income	\$ (27,300)	\$ (19,067)	\$ (8,232)	\$ 78,897	\$ 51,425	\$ 27,473	\$ 12,956
<i>NOTE: Included in General Operations is the receipt of \$16,324 in flood insurance proceeds.</i>							
Water							
Income - Water Use Fees	\$ -	\$ -	\$ -	\$ 121,200	\$ 120,960	\$ 240	\$ 181,440
Income - All Other Sources	1,940	-	1,940	4,819	2,500	2,319	2,500
Total Water Income	\$ 1,940	-	1,940	\$ 126,019	123,460	2,559	\$ 183,940
Expenses:							
Salaries, Benefits, PR Tax	4,514	5,099	585	27,889	30,592	2,703	61,185
Repairs & Maintenance	0	495	495	2,613	3,297	684	5,985
Contracted Services	3,987	1,261	(2,726)	23,213	11,148	(12,065)	22,500
Supplies, Tools, Etc.	786	1,205	419	3,988	6,508	2,520	11,255
Utilities	912	925	13	3,894	4,147	253	9,795
Insurance	1,096	1,121	25	6,575	6,728	153	13,456
Taxes & Other Expenses	3,329	289	(3,040)	8,095	8,507	412	13,129
Total Water Expenses	14,624	10,395	(4,229)	76,267	70,927	(5,340)	137,305
Water Net Income	\$ (12,684)	\$ (10,395)	\$ (2,289)	\$ 49,752	\$ 52,533	\$ (2,781)	\$ 46,635
Marina							
Income - Marina Moorage	\$ 1,166	\$ 580	\$ 586	\$ 43,397	\$ 41,098	\$ 2,299	\$ 41,600
Income - All Other Sources	325	446	(121)	11,849	11,356	493	22,135
Total Marina Income	\$ 1,491	1,026	465	\$ 55,246	52,454	2,792	\$ 63,735
Expenses:							
Salaries, Benefits, PR Tax	697	1,129	432	4,777	6,775	1,998	13,550
Repairs & Maintenance	58	631	573	1,388	1,764	1,764	13,928
Contracted Services	691	247	(444)	2,646	1,822	(824)	3,545
Supplies, Tools, Etc.	278	186	(92)	491	1,097	606	1,995
Utilities	1,187	475	(712)	3,964	2,850	(1,114)	5,700
Insurance	380	389	9	2,278	2,331	53	4,662
Taxes & Other Expenses	333	496	163	606	1,202	596	13,725
Total Water Expenses	3,624	3,553	(71)	16,150	17,841	3,079	57,105
Marina Net Income	\$ (2,133)	\$ (2,527)	\$ 395	\$ 39,096	\$ 34,613	\$ 4,483	\$ 6,630
Interest Income - Reserves							
General Reserve	\$ 95	\$ -	\$ 95	\$ 210	\$ -	\$ 210	\$ 0
Water Reserve	151	-	151	336	-	336	-
Marina Reserve	66	-	66	162	-	162	-
Special Assessment	17	-	17	118	-	118	-
Total Income - Reserves	\$329	\$0	\$329	\$826	\$0	\$826	\$ -
Combined Net Income/(Loss)	\$ (41,788)	\$ (31,989)	\$ (9,797)	\$ 168,570	\$ 138,570	\$ 30,001	\$ 66,221
<i>Excludes Deprn</i>							

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Cape George Colony Club
As of June 30, 2013**

SPECIAL ASSESSMENT FOR NORTH MARINA SEAWALL

Total Special Assessment approved by Members	\$293,928
<i>662 equivalent lots @ \$444 each; payable over two years (2012 & 2013)</i>	
Bad debts written-off thru 6/30/2013	(148) (1)
Expected net Special Assessment	<u><u>\$293,780</u></u>

Cash collected thru 6/30/2013	\$252,991	
Past due Receivables as of 6/30/13	3,123	
Final payment due 09/01/13	48,988	
Less prepayments received	<u>(11,322)</u>	37,666
		<u><u>\$293,780</u></u>

CASH BALANCE:

Cash collections through 06/30/2013	\$252,991	
Plus: Total Interest income (4305-007 - thru 6/30/13)	303	
Less: Actual draws for expenses (thru 6/30/13)	<u>(7,805)</u>	(2)
Net Cash In Special Assmt. Account	<u><u>\$245,489</u></u>	

Expenditures not yet drawn (6/30/13) \$892 (2)

GL Account Balance (1108-007) as of 06/30/0213 \$245,489

Marina Reserve Contribution:

Maximum amount	\$100,000	
Less: Actual draws (thru 6/30/13)	<u>(2,601)</u>	(2)
Maximum Balance Due as of 6/30/13	\$97,399	

Expenditures not yet drawn (6/30/13) \$298 (2)

NOTES:

- (1) It is anticipated there will be additional actual bad debt write offs by year end realted to the same owners who are considered bad debts for their general assessment.
- (2) Total preliminary project costs to date are \$11,595 (CIP-#1491-001)
By Board decision, 75% of all expenses are to be from Special Assessment funds (\$8,696 - #1108-007 - \$7,805 actually drawn) with the remaining 25% from Marina Reserves (\$2,899 - #1108-023 - \$2,601 actually drawn).

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**CAPE GEORGE COLONY CLUB
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Manager's Report: Arthur Burke, Manager

Administration

A request for proposal to conduct the 2012 corporation audit and tax statement was sent to several Certified Public Accountants that specialize in common interest associations. Upon review with members of the Finance Committee, the CPA firm of Cagianut & Co was selected. Our experience working with Cagianut & Company has been very positive.

Over the past year it was decided to explore a different model of how the functions of accounts payable, accounts receivable, payroll and financial reporting are handled. Our previous method involved two separate offices handling different parts of our books and has not resulted in satisfactory results on a consistent basis. With the assistance of the Finance Committee the model being established will involve bringing all of the financial services back in-house with the Office Assistant handling accounts payable and accounts receivable, hiring a bookkeeper who will be responsible for financial reporting and outsourcing payroll. An additional outcome will be to cross-train responsibilities between the Office Assistant and Bookkeeper.

Website and Technology Improvements

During the past year we worked with our tech support on further maintaining and updating our computers and network. This has resulted in replacing one of our workstations and a router/modem, and installing an Ethernet switch. The result has been a more stable system to use.

Our webmaster has upgraded the server and appearance of the Cape George website. You'll not only notice a new look to the website, but also a new appearance to our emails.

Based on community input, we have established a link to a document that lists questions and comments on the reserve study. This document will be updated periodically.

An additional tab has been added to the Cape George website home page that links to our current Fees and Charges document.

Grounds and Facilities

On December 17, 2012 a storm driven king-tide breached a section of the shoreline and resulted in 10 inches of water in the Workshop. A claim was made through our National Flood Insurance Program policy which resulted in us receiving \$16,323.94 in payment for damages to the building and contents. During the site visit the claims adjuster noted that structural damage had occurred to the building. The adjuster requested a structural engineer inspect the building to determine the extent and cause of the settling which occurred in late spring. As of this date we haven't received the final report from the structural engineer. As a result of the flood and the likelihood that it would happen again, Coastal Geologic Services, Inc. was contracted to provide a design for shoreline protection along the developed area of our shore. The design was developed and has an estimated cost of \$45,000. Discussions are underway to determine the best way to fund the project.

In addition to the shoreline protection project, surface drainage from the parking lot in the vicinity of the workshop has also proven to be a problem. Work is underway to develop a plan to route exiting catch basins to an approved discharge area.

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The effort to eradicate Scotch Broom and Poison Hemlock on common property continued through the year with the assistance of staff and volunteers.

Pool Building

Work was completed on the repair of the window sills and side and top jambs of windows at the swimming pool. Since their installation the steel corner beads have been rusting and discoloring the paint. The deteriorating steel corner beads have been replaced with plastic.

Battery backup emergency exit signs were replaced at the Pool and Fitness Room exit doors.

Office

We have undertaken a couple of small renovation projects around the office to make the space more usable. First, the upstairs bathroom received a facelift. This included removing the old tub and upgrading the floor and wall surfaces. Second, we purchased some newer used furnishings for the Bookkeepers office to make it more functional.

A new member mail box was installed at the front of the office building. This new mail box will allow members to deposit a variety of correspondence to the office in a secure location 24 hours a day. The new mailbox is in the same location as the old slot at the front of the building.

We have upgraded our office copier. Based on our current level of use, the new machine will save us money and be capable of additional functions that will also save time and resources. This includes: folding documents for membership mailings, folding and saddle stitching directories and replaced our aging fax machine.

Clubhouse

A number of projects occurred at the Clubhouse this past year, including:

Repair/replace several crawl space vent grills.

Moss treatment at the Clubhouse/Pool building roofs.

Replaced one of the refrigerators.

Tank Farm

A number of projects occurred at the tank farm this past year, including:

The starter on pump #4 was determined to be severely corroded. During evaluation it was decided to replace starters on pump #4 and 5 with "soft starts" which will increase the energy efficiency and life of the pumps.

The Highlands Pump #2 was rebuilt in-house by Donnie and Water Manager Greg Rae.

Repair to pump house ceiling.

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Submitted by:

Approved by:

Carol Wood, Secretary

Richard Hilfer, President

Committee Reports:

Building Committee

Committee Members: Bob Frenette, Roger Anderson, Joel Finlay, Bill Deckman, Steve Mitchel, and Ann Simpson, Chairgirl.

During the past year the committee approved:

- 13 Building Permits
- 18 Earthworks Permits
- 19 Driveway Connections
- 2 Variance Requests
- 1 Demolition Permit

July 2012

Building Permits:

Wei Zhou: 130 Johnson Ave – build a house
Bob & Dianna Denny: 200 Dennis Blvd – build a deck

Earthworks Permits:

Wei Zhou: 130 Johnson Ave – excavate for house foundation
Raleigh Ballou: 50 Hemlock Dr – install a curtain drain
Robert Earl: 320 Dennis Blvd – work on drainfield
Steve Treacy: 101 S Palmer Dr – excavate for concrete driveway

Driveway Connection:

Wayne Albright: 273 Johnson Ave
Michael Conley: 251 Saddle Dr
Paul Frederick: 31 Magnolia Ave
Stone Spicer: 31 Maxwell Ave
Tim Littleton: 290 N Palmer Dr
Joel Finlay: 110 Spruce Dr
Charles Karl: 61 Pine Dr
Robert Powers: 64 Pine Dr
Ann Hueter: 130 Coleman Dr
Tom Dannenfelser Estate: 290 Coleman Dr
Wei Zhou: 130 Johnson Ave
Brad Seamans: 40 Quinault Pl
Vernon Barnett: 90 Spruce Dr

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August 2012

Building Permits:

Mark Tallarico: 41 Hemlock Dr – build a playhouse
Karen Lull: 71 N Palmer Dr – install a shed
George Bailey: 290 Dennis Blvd – build a shed
Thad Bickling; 140 E Rhododendron – build a deck

Earthworks Permits:

Bonnie Blossom & Fran Ford: 191 S Palmer – grade & widen parking area
Darin Minor: 72 Alder Dr – create RV parking area
Marvin Herridge: 300 Dennis – excavate to repair drain field pipe

Driveway Connections:

Ken & Margaret Riggs: 241 Dennis Blvd
David Riggs: 120 Ridge Dr
Darin Minor: 72 Alder Dr
Joe Semenak: 341 Bridle Dr
Clay Walker: 251 Ridge Dr

October 2012

Building Permits:

Ross Anderson: 164 Quinault Loop - build a greenhouse

Earthworks Permits:

Joel Postma: 321 Sunset Blvd – dig test holes for septic system
San Melton: 423 Ridge Dr – fill ditch & prep for driveway
Enclosures LLC: 41 Fir Pl – install septic system

Driveway Connections:

Lance & Amber Warren: 371 Ridge

Demolition Permit:

Judith Specht: 41 N Palmer Dr – demolish fire damaged house

December 2012

Building Permits:

Judith Specht: 41 N Palmer – build a garage

Earthworks Permits:

Judith Specht: 41 N Palmer – excavate for garage, trench for power

February 2013

Variance Requests:

Robert Miller & Brenda Reimnitz: Div 2, Blk 4, Lot 11, Colony – reduce roof slope in parts of residence to less than 3:12 pitch. Variance Approved
Jim & Donna Bodkin: 92 W Vancouver Dr – build addition 2-3 feet over the 17 foot regulation. Variance Denied.

March 2013

Building Permits:

Michael Smith: 1311 E Rhododendron Dr – build a shed

Earthworks Permits:

Judith Specht: 41 N Palmer – dig trench for underground power

April 2013

Building Permits:

Ylva Ljungberg: 151 Spruce Dr – build a new single family residence

Earthworks Permits:

Ylva Ljungberg: 151 Spruce Dr - excavate for new home

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May 2013

Building Permits:

Bonnie Blossom & Fran Ford: 191 S Palmer Dr – build a shed

Earthworks Permits:

Bonnie Blossom & Fran Ford: 191 S Palmer Dr – widen driveway

Stanley & Marlene Kropf: 171 Hemlock Dr – excavate for concrete slab

June 2013

Building Permits:

Stanley & Marlene Kropf: 171 Hemlock Dr – build a new house

Hamilton Hazelhurst: 153 Marina Dr – build an addition onto current home

Earthworks Permits:

Stanley & Marlene Kropf: 171 Hemlock Dr – excavate for new house

Hamilton Hazelhurst: 153 Marina Dr – excavate for addition

Allan Souigny/Roberta McCollum – Fir Pl, Div 3 Lot 64, Village - excavate for septic tank installation

Environmental Committee

June, 2012 –

1. Save the Beach Dance to raise money to protect our beach.
2. Septic Program to inform members of how to best use their septic tanks
3. Recyclable Doggie Bags – asked Social Club to buy them

July, 2012 –

Beach Walk with Marine Science Center guides to introduce members to sea life on our beach

August, 2012 – no meeting.

September, 2012 – Worked on plan to preserve the beach

October, 2012 –

Invited all committees involved in Beach project, (Environmental, Marina, Seawall, Social, Pool, and Exercise Committees) to our meeting to discuss plans for the beach erosion prevention project. Established a plan to protect our beach.

November, 2012 –

1. Got a group of volunteers to attend a Puget Sound Environmental Meeting in Port Angeles
2. Established a committee to plant native plants on our berm near the Marina to hold the soil better in flooding. Purchased the plants and planted them.
3. Contacted Puget Power and had them come out to trim trees around power lines at Colman Loop.
4. Planned a Pancake Breakfast for April.

December, 2012 –

1. Helped with the work to protect the Workshop from the big flood.
2. Established a Volunteer list to help if we had another flood.

January, 2013 –

1. Worked on plans for future flooding.

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2. Donated money to Eleanor Stopps Memorial Sculpture
3. Discussed how to obtain grants to protect beach

February, 2013 – No meeting

March, 2013 –

1. Began planning for a dance to raise funds for the beach
2. Planned the Amy Brandon Memorial Project
3. Wrote an article on dog problems for the newsletter.
4. Had a presentation on marine mammals by the Marine Science Center.
5. Sponsored a Poison Hemlock removal event – beach, playground, and ravine

April, 2013 –

1. Approved plan of Seawall Committee to plant native plants on the berms.
2. Had a presentation by Dave Woodruff on fish pens and the danger that they present to our water and sea life.
3. Planted a dogwood in Amy Brandon’s memory and ordered a plaque to be placed next to it.
4. Ron Niccoli led another Cape George Cleanup activity.

May, 2013 –

1. Had a dedication service for the Amy Brandon Memorial
2. Planned a Beach Walk led by docents of the Marine Science Center for July 23, at 9:30 A.M.
3. Finalized plans for the Beach Erosion Project Dance on August 24, at 7 P.M.
4. Wrote articles for newsletter on the following topics: Beach Walk, dance and Fishpens.

June, 2013 –

1. Worked on Common Area Volunteer list
2. Made plans for Dance and Beach Walk
3. Wrote article on Raccoon problems
4. Told members of “Salmon Confidential” movie sponsored at the Rose.

Emergency Preparedness Committee

The Cape George Emergency Preparedness Committee (EPC) continues to prepare for potential disaster impacts on CG residents, members and renters. EPC is the one committee that hopes to never have to function; but, all participants must be trained and prepared to react immediately in the event of a disaster or potential disaster which could impact many Cape George residents.

The EPC met twice during the year to provide guidance to the committee chairs.

The EPC **Priority Assistance Sub-Committee**, chaired by Maria Porter, continues to gather 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 who may need extra help. They have updated the 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– you may see them at our next community event.

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The **Incident Management Team** and **Neighborhood Responders** (formerly 1st Responders), coordinated by Carolyn Salmon, have implemented a **Portfolio System** for disaster response activities. Each Portfolio describes the responsibilities of each team member: Communicator, Recorder, Incident Coordinator, Runners, Emergency Care, Safety & Security and Animal Care. The Portfolio System enables whoever arrives at the Neighborhood Incident Command Center to effectively fill the appropriate and essential roles during the initial response to a disaster. Training exercises are held several times each year with participation of the five CG HAM radio operators, the Incident Management Team and the Neighborhood Responders. Their primary responsibility, in a real emergency, is to assess and gather CG condition information and transmit it to the county Department of Emergency Management so appropriate resources 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 Department of Emergency Management (jeffcoec.org) and Local 20/20 (l2020.org). Through these meetings the EPC maintains valuable relationships with county DEM personnel and related agencies as well as other East Jefferson community organizers and EPC's.

Cape George EPC will participate in the August 18th All-County Picnic focusing on neighborhood organizing for the purposes of emergency preparedness. This picnic is of course open to everyone who lives in Jefferson County.

Finance

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. 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 annual financial audit including the calculation of cash in excess of expenses.

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 improving financial activities, streamlining external audit activities and efforts to ensure the Corporation's compliance with the new Washington statutes regarding reserve studies are on-going.

In addition to its routine activities this past year, the Committee's work has included a review of materials related to the potential change in reserve funding methodology, recommended corrections to cash balances, a final modification to the corporation's depreciation schedules and modifications to several existing financial rules – FIN02(Budgets), FIN03(Collections) and FIN08(Critical Accounting Policies). Members of the Committee also assisted the Board in the annual review of insurance policies and coverage limits, drafted the newly required reserve disclosure documents that were distributed with the budget and prepared an office procedure detailing bankruptcy transactions. A representative of the Committee was also active in drafting the RFP and the subsequent search and selection of a new audit firm as well as preparation of new job descriptions and the search and selection of new bookkeeping personnel.

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This past year's members were Barbara Barnhart, Jean Harrington, Georgette Semick and Karen Krug. Due to the sale of her property, it was necessary for the Committee to bid farewell to member Jean Harrington who had been a valuable part of the group since 2007. Jean will be greatly missed.

The Finance Committee is advisory to the Board and the Treasurer serves as the Committee's liaison. This past year that liaison changed from John Hanks to John Garrett and currently is Michael Smith. The Committee meets on the third Monday of each month and meetings are open to the Community. Materials are available through the officer.

Fitness Committee

Our past year once again, has been a year of change and improvement for the fitness room. Thanks to our members we have been able to add a beautiful new Concept 2 rowing machine, A Nautilus Smith machine, making it safer for those individuals weight lifting without a buddy. With the help of the reserve fund designated for the Fitness room we were able to replace an ailing elliptical machine with a Precor elliptical that had been completely refurbished. The fitness fund paid the taxes and a slight overage on its cost.

A member introduced us to a posterior and anterior stretching machine, made by a company in France and only available by a representative in the USA. She sold them to us for an incredible low price and so many of you have told us how much you use and like them.

Our new Landice treadmill has handsome issues of late. It is under warrantee and Art has been steadfastly working with a technician, to remedy the problem and we thank him for being so helpful to our committee, and for him being so committed to our mission, which is to promote health and fitness in our community.

We also conducted a month long survey to see the direction that the membership wants us to go by showing what equipment they most use. Copies of that survey are available to those interested also a copy is posted in the fitness room. I would like personally thank all of my committee who are responsible for keeping our Fitness room and equipment running. To Rich Hilfer who was our liaison to the board this year, to the board of trustees and to you the membership for your financial and moral support in our endeavor.

Marina Committee

The last 12 months has seen a transition with the overall management of the Community Workshop. The Marina Committee is simply a tenant in the facility, with the newly created Community Workshop Committee assuming management and financial responsibility.

The December 17, 2012 flood resulted in water damage to the Community Workshop and its contents. Members of the Marina Committee were instrumental in cleaning up and ascertaining a dollar value of losses for insurance purposes. Fortunately, the Board of Trustees voted for flood insurance just months before. Over \$16,000 has been received for loss of contents, with a continuing claim for the structure itself.

Members of the Marina Committee, along with Maintenance Manager Donnie Weathersby, removed several hundred logs from the Marina that were the result of the December high tides and Westerly winds. Some of these logs were later used to reinforce a berm in order to afford protection against future flooding. This effort was of a temporary nature, with a more permanent solution necessary.

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Float replacement in the Marina continues with approximately 60 new float assemblies being installed. It is anticipated the project will be finished by 2015. New life rings were distributed around the Marina that were mounted on backboards. The Committee continues to perform annual housekeeping task such as pressure washing, replacement of structural supports, and small dock repairs.

Last year, the Marina Committee hosted a barbeque in conjunction with the Annual Cape George Regatta. All Cape George members and Cape George staff were invited to attend. The Committee provided beverages, salads and dessert with members providing their own protein to burn. The Committee also hosted an "Open Boat" event providing tours of boats and answering questions about locally owned vessels. This year the event has been renamed the "Cape George Waterfront Festival" and will occur on August 17. It is anticipated that this will be an annual event in August of every year, with assistance from the Social Committee. Anyone interested in attending this year, please sign up in the office so we can determine food and beverage quantities.

The annual Marina Sales was a huge success this year with proceeds in excess of \$3600. Thanks go out to all those members who contributed to the sale. The Committee intends to use proceeds for the purchase of additional safety equipment, tools for the Community Workshop, and the newly created Cape George Waterfront Festival.

Nominating Committee

December –

We had our first meeting.

We made a list of names of members who had been suggested as potential candidates.

We divided the list up and assigned them to each member to call.

We set the dates for when materials were to be submitted, when the candidates' forum would be held, and when elections would be held.

March –

We met as a committee to discuss who had agreed to run and what other potential candidates there were.

We divided these names among the members to be called.

We reviewed our deadlines and discussed who would lead the candidates' forum.

We went over the fliers and advertising for the newsletter

At this time we were pleased that we had 4 candidates.

June –

We had the candidates' forum before the June Study Session. There were about 30 people present.

We were not satisfied that one of the candidates was not able to attend that forum and decided that we would like to have another evening forum. Art and Richard decided that it was too late to do this when the candidate returned from his trip because there were already 100 ballots into the office. It would not be fair to those who had already voted.

July –

After elections are over, we will meet again to review the process and to make adjustments for next year. We particularly would like to have an evening candidates' forum for working members and to plan a way to have the forum when all candidates can be present.

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Pool Committee

In Dec. Jefferson County Fire and Rescue conducted a lifesaving class. 15 community members were present.

In Jan. Peninsula heating repaired a water circulating valve to help control room temperatures.
In March most of the window sills and framing were replaced.

In April Jim Fling, Art Burke, and myself met with the manager of the Port Townsend pool to discuss their recent renovation.

In May Donny replaced all the baseboards in both bathrooms.

The next big project is the replacement of the air handler and ducting systems in the main pool. This will start when and if a reserve fund is established to conduct the project.

The pool will be open for demonstrations during the CG Water Festival from 1 to 2 PM. All are welcome.

The pool remains a tremendous asset for the community and everyone is encouraged to use it. A list of activities is posted on the first inside door and can be obtained through myself or the main office. Persons associated with those activities can be contacted for demonstrations.

Roads Committee

Members: Larry Southwick – Chair, Harry Hider and Bob Holtz, members. The current committee was formed in October 2003.

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 2012 – 2013 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

We continue to assist the Manager in identifying locations throughout Cape George that needed pavement repairs. The Manager then solicits bids and we assist in selecting a contractor. This type of contract repairs

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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 is 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.

Membership

New members would be welcome because the Chair may be away periodically and Bob Holtz is not a full-time resident. If you, or someone you know, might be a good candidate for the Roads Committee, please let us know. Some background in this or related fields of construction or maintenance of facilities would be helpful but not essential. Any candidate could join me in reviewing permits and inspecting pavement to learn on-the-job.

Seawall Task Force

The Task Force came into existence at our initial meeting on March 3, 2012 at the urging of John Hanks to deal with the aging and failing north seawall at the marina entrance. The members consisted of John Hanks, Paul Happel, Mike Heckinger, Dick Poole, Ben Fellows, Gay Rossow, and myself, Bruce Candioto. I shortly became Chair of this committee.

At about this time the CGBOT hired Myron "Tike" Hillman as our technical adviser. With his guidance we sought engineering analysis and drawings to allow us to begin the permitting process. Ben Fellows and Gary Rossow were instrumental in this phase.

We continued to move forward on obtaining engineering reports and drawings. Our Board President, Richard Hilfer, as well as our Manager, Art Burke, were almost always in attendance and helpful at our meetings.

In the fall of 2012 Gary Rossow took on the Herculean task of obtaining permits. The ensuing year was taken up with this task as well as fine tuning design and cost issues.

Karen Krug, Scott James, Ray Pierson, and Robert Holtz all helped keep us on track in terms of fiscal and procedural aspects of the project.

The CGBOT was always ready to assist us even to the point of holding special meetings if needed.

As the project became more well defined and the poor condition of the south seawall became apparent, the Task Force approached the CG Membership for a special assessment to allow repair of the south wall at the same time as the north to realize a substantial savings over having to repair it alone at a later date. Our Cape George neighbors said "Yes!".

During my absence for a couple of months during the winter of 2014 Paul Happel oversaw the final aspects of the project. He and the incredibly energetic Marina Committee have basically seen the project to completion.

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The Task Force is now disbanded, and we have a new entry to our marina that should be a long lasting legacy to our community.

Bruce Candioto, Past Chair, Seawall Task Force

Water Committee

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

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. 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 2012 – June 2013 year were as follows:

WATER RIGHTS

Water rights and the Water System Plan (WSP, next item) have been the primary focus of the Committee for the entire year – we were already underway on both as of the Annual Meeting last year. During this year, we have been in a continual back-and-forth with the Dept. of Ecology (DOE) through our water rights attorney and still haven't been able to reach an acceptable outcome, though we should be close to the end of the process. Our current efforts are to complete the final response to the Dept. of Health (DOH) on the WSP and that information will be provided to DOE for their review. We anticipate a negotiated agreement with DOE but, if not acceptable, we still have the ultimate option to appeal it.

The following is from last year's Annual Report, is still valid and puts the current status in context:

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.

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WATER SYSTEM PLAN (WSP)

Similarly, we have been in an ongoing back-and-forth with DOH regarding our Water System Plan. They review and give us a written list of numerous items that we must respond and provide additional information. We, along with our consultant, have gone through their questions and provided answers, some just pointing out where the information is already provided in the Plan. Other requests have required additional study or analysis to provide the response. They then review our response and come up with another list of questions for another round of response. Keep in mind that this is a 2" thick text with lots of technical data and analysis covering all of the mandatory aspects required by law for water system management. You can expect a lot of technical and administrative questions until you satisfy their review.

The following is taken from last year's report and is still appropriate:

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 Skowyra, 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.

WELL NO. 8

The connection of the new Well No. 8 is still pending the final review and approval of the WSP. The DOH had requested additional technical information about the connection to the water system.

WATER METER READING SYSTEMS

Throughout the year, the Committee and staff have been working to resolve a number of issues with the data that comes out of the automated meter reading systems. That data is a key part of issues raised by both the DOH for the Water System Plan and DOE with regard to water rights. It also is used as described below for the Water Conservation Program efforts that are required by the DOH and DOE. They have made a substantial improvement in the multiple programs that provide the data in a useful form. Thanks to Stewart Pugh and Sharon Mitchel for their ongoing efforts – well done.

PUMP IMPROVEMENTS

We recently made substantial electrical and mechanical repairs on pumps and motors at the well site. The electrician recommended that we add a 'soft' motor starter that reduces wear and tear on the pump motors. That has now been done.

The following are copied from last year's Report and are still valid:

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 in on average for the period. Other public information about proper water use is provided in the newsletter.

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UPDATE: Customer Goal – To reduce water usage by 1% during the peak usage months of June through the end of September. Based on 2011 usage that would save 105,029 gallons in 2012 and 630,174 gallons over the six year proposal life of this goal. In 2012 during the months of June through September usage was down 707,733 gallons. That is a 7% reduction over 2011 usage.

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.

The Committee voted unanimously at the June 4, 2013 meeting to recommend to the Board that “the Water Reserves remain separate from the other reserves.”

Social Club

Events

July 2012	4 th of July Barbecue
	Salmon Barbecue
September	Labor Day Barbecue
October	Halloween Potluck
November	Veterans Day and Newcomers Dinner
December	Christmas appetizer buffet and gift exchange
March 2013	St. Patrick’s Day potluck
April	4 th Annual Cape George Revue
May	Granny’s Attic
	Memorial Day Barbecue

Social Club Meetings

September	Luncheon
January	Luncheon

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April Luncheon
May Luncheon

Major Expenditures

Digital projector for clubhouse presentations
Sports Court (member donations and social club donation)
Blackout shades for windows (SC provided supplies & Kyanne Andersen made)
Two new standing barbecues for beach area
Gift certificates for Newcomers
WiFi for clubhouse/marina/fitness room

Cape George University Events

August 2012	How to get the most out of your iPad
September	Portals to Better Photographs & Viewing Art
October	Geology and Evolution
November	Premature Factulation How to be more satisfied with your photos
December	Archeology
January 2013	Cruising Northern Europe
February	Follow-up iPad workshop
March	Ten Things to Know About Your Computer
April	Salmon Fishing
May	Birds of Protection Island
June	Classical Music's Quirky Characters

Social club Changes

With the changing membership at Cape George, the Social Club went through a major restructuring this year, adopting a new Charter and By-laws. The Club is now governed by a Leadership Council consisting of seven volunteers and aided by various subcommittees. It is our hope that this reorganization will help to keep the Social Club a viable and valuable part of the community and encourage the integration of all social functions by the various Cape George committees so that we can all work together and support each other.

Member Participation

There was no member participation at this time.

Election Results: Introduction of new Cape George Colony Club Board of Trustees, Richard Hilfer, President

6 ballots were not opened for various reasons

A total of 247 votes were counted. There were several ballots where only one candidate was selected. The total number of ballots submitted does not correlate to the final figures for the candidates.

#1 Karen Krug	209
#2 Michael Hinojos	147
#3 Dean Shinn	103

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Karen Krug and Michael Hinojos will be joining the Board of Trustees.

The candidates were thanked for standing for election. The Election Committee members were thanked for their dedication and efforts to this process.

Adjournment: Joyce Skoien moved and Robin Scherting 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