

RIIA Annual Meeting - May 18th at 7:00 PM – All Saints Center

This year's Annual Meeting ballot has several components in addition to new Board members and approval of our annual budget for 2015/16. To help clarify what items need to be approved and why, we have included the following summary of ballot items:

By-Laws & CC&R's: A committee consisting of RJ West, Anne Scea, Jim Cushing, Trish Burnett met in February to draft changes to the CCRs and By-laws. Mike Hirko and Charlotte Crain also provided help and assistance. Our purpose was to clarify some ambiguities in the current version to better correlate with our Collections Policy, to evaluate how to handle the Bridge Replacement Fund now that we have a new bridge, and to overall update areas that may no longer be applicable. Following is an outline of the proposed changes to our By-Laws and CC&R's:

- Dues are payable and due monthly as indicated in our Collections Policy. There will no longer be “annual” dues. However, you can pay for the entire year in advance if you prefer. This also required changing both the By-Laws, needing 2/3 majority of those eligible & voting, and the CC&R's, requiring 50% majority of those eligible members. It will be critical to approve both documents to comply with our current payment needs.
 - Now that the bridge is complete the Bridge Replacement Fund language was updated. We will keep the BRF and money will be transferred each month from the dues received to service the current bridge debt. Once the debt is extinguished, the funds will be transferred to save for the next bridge; this follows an ardent belief that every lot owner must contribute to the capital cost of bridge replacement annually either through their share to a construction loan payment or investment for the next replacement.
 - We also reworded the necessary inspections and periodic analysis of the cost to replace the bridge. We didn't feel an annual engineering inspection and report was necessary for the brand new bridge and the next bridge is too far off to try to predict the cost.
 - The landscaping committee was eliminated. We haven't had one for years.
 - The treasurer's duties were updated and the audit committee eliminated. Our records are far too complicated now to have members conduct an audit. Article VII Section 3 of the current By-Laws requires an audit by a CPA which we must do with the USDA loans anyway.
1. **Dues:** The RIIA board is recommending \$165/month for dues to cover our loan commitment to the USDA and other items in the recommended budget. For comparison, the recommended increase is \$5/month more than already approved for 2015/16 fiscal year.
 2. **Roads Project:** The Roads Committee has prepared a Question and Answer page included in this packet to hopefully clarify our progress and recommendation for a Phase I Roads Replacement project.

RIIA Annual Meeting Agenda

May 18th, 2015

All Saints Center, 7:00pm

I. Welcome & Board Introductions, Richard Swenson, President

II. Report on Quorum, Sarah Brown, Secretary

III. President's Comments, Richard Swenson

IV. Approval of 2014 Annual Meeting and 2014 Special Meeting Minutes, Board Members

V. Treasurer's Report 2014/15, Anne Scea, Treasurer

- a. Budget**
- b. Annual Reports**
- c. Final Bridge Costs**

VI. Introduction of 2015/16 Board Candidates, Richard Swenson

VII. Ballot Discussion, Richard Swenson

- a. CC&R and Bylaw Changes**
- b. Dues change**
- c. Roads Phase I**
- c. Selection of Ballot counters**

VIII. Casting of Ballots

IX. Committee Reports:

- a. Parks & Recreation**
- b. Roads Including Survey Results**
- c. Security**
- d. Investment**
- e. Emergency Preparedness**

X. Ballot Counting

XI. Member's General Questions & Answers

XII. Ballot Results, Sarah Brown

XIII. Adjourn

Raft Island Improvement Association

| | 2015 Budget | 2016 Proposed Budget |
|------------------------------|--------------------|----------------------------|
| Income | | |
| Dues - General | \$ 128,255 | |
| Dues - BRF | \$ 296,916 | |
| Total Dues | \$ 425,171 | \$ 443,520 |
| Per Lot Annually | | \$ 1,980 |
| Per Lot Monthly | | \$ 165.00 |
| Operating | | |
| Audit/Acctg | \$ 2,700 | \$ 4,000 |
| Bank Charges | \$ - | \$ - |
| Bad Debts | \$ 8,500 | \$ 8,500 |
| Federal Income Tax | \$ - | \$ - |
| Grounds & Parks Maintenance | \$ 4,900 | \$ 6,000 |
| Legal Fees | \$ 10,000 | \$ 7,500 |
| Liability Insurance | \$ 10,000 | \$ 10,000 |
| Manager | \$ 11,000 | \$ 11,000 |
| Miscellaneous | \$ 750 | \$ 750 |
| Office Supplies | \$ 1,000 | \$ 1,000 |
| Postage | \$ 750 | \$ 750 |
| Reserve Study | \$ - | \$ 2,400 |
| Utilities | \$ 1,750 | \$ 1,750 |
| Total Operating Expenses | \$ 51,350 | \$ 53,650 |
| Bridge | | |
| Inspection/Consultation | \$ - | \$ - |
| Insurance | \$ 38,350 | \$ 32,000 |
| Loan Payments | \$ 350,900 | |
| Principal & Interest | | \$ 295,734 |
| Reserve | | \$ 29,592 |
| Maintenance/Repair | \$ 1,500 | \$ 2,000 |
| Total Bridge Expense | \$ 390,750 | \$ 359,326 |
| Roads | | |
| Brush Cutting | \$ 3,000 | \$ 3,000 |
| Maintenance | \$ 14,500 | \$ 14,500 |
| Traffic/Security | \$ 5,000 | \$ 5,000 |
| Total Roads Expense | \$ 22,500 | \$ 22,500 |
| Capital | | |
| Dock/Pilings/Ramp | \$ 1,500 | \$ 1,500 |
| North Beach | \$ - | \$ 500 |
| South Beach | \$ 500 | \$ 500 |
| Tennis Court | \$ 500 | \$ 500 |
| Total Capial Expense | \$ 2,500 | \$ 3,000 |
| Total Yearly Expenses | \$ 467,100 | \$ 438,476 |
| Net Gain/Loss | \$ (41,929) | \$ 5,044 |

Road Replacement Ballot

Questions and Answers

Why are we looking at replacing the road now?

Last July, the members, at a special meeting, voted to move up to \$596,000 from the Bridge Replacement Funds to the General Funds. The survey we took in March showed that 80% of our members said that roads are our most immediate infrastructure problem facing Raft Island. The Roads Committee has been studying the issue since this vote and presented a Phase I plan to the board that will help determine the cost of a road replacement plan, funding sources and the impact on dues.

What does "Road Replacement" mean?

The existing old pavement will be broken up and crushed stone added to give better support and drainage under the new asphalt. Roads will not be widened but the shoulders will receive new crushed stone.

Why can't we just add pavement on top of what we have?

Most Raft pavement was placed on native soil with minimal gravel base which shortens the life of pavement. In places the road bed drains poorly. That causes earlier cracking. Just adding more pavements on top is temporary and a poor investment.

Do we have a preliminary feel for Road Replacement cost?

In 2002 a civil engineer assessed the roads and estimated replacement costs. Continued wear and drainage changes have occurred. The Road Committee estimates \$1.4 to \$2.0 million covers the range of estimated cost.

Will USDA lend the money we need?

Like bridges, roadways are Community Facilities and can be financed by USDA Rural Development loans. USDA feels RIIA is well-managed and understands our project is worthy. On simple projects (like road rebuilding) they can also provide the short term construction loan. To other lenders, our big bridge loan is a disadvantage (USDA holds "1st mortgage" position.) That clears the way for USDA to make low interest loans to RIIA.

Will the speed bumps be replaced?

The roads committee and board will investigate replacing the existing "speed bumps" with "speed humps". "Speed humps" have evolved over the years from extensive research & testing and are gentler, yet can be effective at limiting speeds.

What Happens at the End of Phase 1?

At the end of Phase 1 the Board will have the project plan, cost estimates and financing options including the availability of a USDA loan. The recent survey made it clear the members do not want to pay for the replacement in a one or two year period. The Board will provide this information to the membership where they will have the final approval by 2/3 majority voting whether to continue with the project.

What About the Water Mains Replacements?

Board will coordinate road replacement timings with Washington Water's replacement of the mains. Washington Water is completing the last of 6 phases and is expected to finish up next year. Note: utilities are allowed to open pavement when necessary but they will be advised of the road replacement plans and on any future utility work will be required to restore the road bed and pavement properly.

How Much Will Dues Go Up?

The Board will have a better estimate of dues after Phase 1 and before they ask for the go-ahead vote. After USDA approves the loans and fixes the interest rate, and after the paving bids come in, we should have a clear estimate for the final dues, prior to the phase 2 vote.

Will All Roads Receive the Same Treatment?

It depends. Roads have different conditions (and even different ownership) depending on where they are on the island. The Board will endeavor to find the best solutions, will consult the full membership and will stay closely in touch with tradeoffs the island faces. Before we replace roads, membership will have a Yes/No vote on the plan the Board presents.

Draft Minutes for May 12, 2014 Annual Meeting
DRAFT

RIIA Annual Meeting Minutes
May 12, 2014
All Saints Center, 7:00 PM

The meeting was called to order by President, Charlotte Crain, at around 7:05 PM.

Report on Quorum: It was reported by Juanita Carbaugh, Island Manager, that the number of ballots received in the mail prior to this evening's meeting constituted a quorum (more than 25% of the members in good standing). So we may now complete the voting process.

Board members attending: Officers: Charlotte Crain, Rich Swenson, Anne Scea and Sarah Brown. Trustees: Mike Hirko, Dave Paly, Jud Morris, Trish Burnett, John Rosendahl and Jim Cushing.

President's comments: Charlotte welcomed all Island members and introduced Board members. She introduced guests, Juanita Carbaugh, Island Manager and Roger Hansen, Bridge Owner Representative. Charlotte recognized a number of Island residents who have provided outstanding service to the Island during the past year: Tom Straub, our eyes and ears on the project, for his outstanding work throughout the whole bridge construction process, Jim McReynolds who was instrumental in securing financing for the bridge and kept the Board up-to-date with financing requirements, Ruth Martin who organized the door-to-door and phone contact plan to remind residents to vote, Gene Barkin, who manages the website, Megan and Burt Sticha who run All Saints camp and have been very accommodating to the Board. Charlotte has asked three volunteers to count votes along with Juanita.: Tina Shoemaker, Emily Brand and Ruth Martin.

Approval of 2013 Annual Meeting Minutes: Minutes of the May 20, 2013 Annual Meeting were mailed to all residents prior to the meeting and were approved as read by a motion, second and vote of the Board.

Treasurer's Report 2013/14: Anne Scea, Treasurer, reported on the proposed Annual Budget for next year which was prepared by the Budget Committee and the year-to-date Budget vs Actuals of the current year. She commented that next year's budget will include the USDA loan. The number is an estimate of the three loans, amortized, plus a reserve required by USDA. Road maintenance money will increase with more repair needed, bridge insurance is up because of the increased value of the new bridge, but security is down and tennis court expense is down as the repairs were made this year. For the current year, we are mostly on budget though some numbers will change by year end due to construction loan pay back.

BRF Discussion: There was discussion about the disposition of the remaining BRF – roughly about \$700,000. The options range from paying down the bridge loan to using the remaining funds to begin improving our roads to leaving the BRF in place to start funding the next bridge. Regarding road improvement, Roger Hansen recommended a complete one-time road replacement instead of an asphalt overlay done in stages. The cost would be between \$1 M and \$2M. There was much interest in improving our deteriorating roads. Charlotte asked for a show of hands on whether Islanders want to pay down the bridge loan or save the money for roads (more hands for roads). Any decision about funding further projects, however, will have to wait until bridge construction is complete and the USDA loan is in place.. .

Bridge Replacement Update: Roger Hansen reported that overall construction has gone smoothly – we are 15 months into the project that will take 18 months total. The quality of the work by Quigg Bros is great, according to Roger and we will finish four months early. We did get an extension of the fish window which now might not be necessary. There are still a few pending items such as a proposed landscape increase and enlarged boat launching area. Roger brought landscape drawings, displayed at the meeting. We will soon put that project out to bid. This week concrete will be poured and guardrails started. PSE will install their pipe during the week of the 19th – 26th. Bridge work should be complete at about the 15th. Approaches to the bridge will be gravel until the road asphalt is installed. They will start pulling piles around June 15th. Those and other hazardous materials making up the old bridge will be demolished and removed. Finished and out of there by July 10th.

Roger reported that the total cost of the replacement bridge is just under \$7M with \$4M in construction costs. It may be September before we switch to the long-term loan with USDA as all agencies have to sign off on the project. There was some discussion of landscaping, boat launch access and parking. Several Island members raised a cheer for Roger and the Board.

Introduction of Candidates, Questions, Casting of Ballots and Counting of Ballots: Many ballots were mailed in to the management office and most others were cast by members upon signing in to the meeting; however, anyone who had not submitted his/her ballot did so at this time. Charlotte introduced the candidates, explained the budget question and explained the importance of the CC&R Change question. There was a pause for the counting of ballots.

Committee Reports: Because of the absence of some Committee Chairs and since some committee information had been mentioned earlier in the meeting,, formal year-end committee reports were dispensed with.

Ballot Results: After receiving the information from the ballot counters, Charlotte reported that all ballots had been counted with the following results:

- **Officers and Trustees elected:** Rich Swenson, President; Charlotte Crain, Vice President; Sarah Brown, Secretary; Anne Scea, Treasurer; Trish Burnett and Doug VanDoren, Trustees, serving three-year terms.
- **The proposed budget for 2014-2015 was approved by 138 to “one”.**
- **The CC&R amendment was approved.** It received 147 “yes” votes which is a majority of the 205 Island lot owners in good standing. No “no” votes.

The meeting was adjourned before 9:00 PM..

Respectfully submitted,

Sarah Brown, Secretary

Draft

RIIA SPECIAL MEETING MINUTES

July 21, 2014

South Beach Park, Raft Island

The meeting was called to order by Vice President, Charlotte Crain, at 7:10 PM . The members of the Board introduced themselves. The purpose of the Special Meeting was to vote on the disposition of the remaining Bridge Replacement Funds (BRF). Ballots went out with annual packages in June. Members were advised they could vote by mail or at this meeting.

Report on Quorum: Sarah Brown, Secretary, reported that we had 41 ballots received by mail and at least 40 ballots collected so far at the meeting. This was more than enough for a quorum (25% of eligible voters, or 53 ballots).

Bridge Update: Charlotte went over the significant points of Roger Hansen’s Progress Report, dated 7/19/14. As we know the demolition of the existing bridge is in progress. The asphalt paving on either side is to be completed last, with some traffic delays predicted. A complication is that Quigg will not be able to take out the old bridge pilings with the small crane they have, so there will be a delay in pulling out the pilings and completing the project until mid August when use of a larger crane may require the new bridge to be closed to traffic for two-hour intervals during the week of August 4th. They are hoping to complete this part in 3 days. There will be more information to come and advance notice of any closures.

Ballot Discussion: There was a lengthy discussion of the ballot issue. Charlotte, Trish Burnett, Jim McReynolds, Jim Cushing and Anne Scea, Treasurer, provided background information and answered questions from the attendees. Some highlights were:

- We have about \$59,000 in money market funds and \$189,000 in investments in the general fund at this point.
- We don’t have a line item in our budget for a “reserve” fund but we do have a 10% line item in our bridge payment, as a “bridge reserve”, a separate item. This money will be used to make up any shortfall caused by delinquent dues.
- USDA will have a loan servicing fund and a separate reserve as well.
- By the end of August, we have to either pay down the loan with the remaining BRF - or – vote to move the money to the general fund. That is the reason for the vote now. A “no” vote means we keep the money in the BRF to pay down the loan.
- The question was asked: Do we have an estimate of the final cost of the bridge? Anne said it is just under \$6.7M. We’ve spent \$1.25M of our own money from the BRF.
- The annual dues we now pay are about the same as what they will be after the loan is in place.
- The question of roads will be asked at the annual meeting next year. The original cost estimate of \$2.2M was high, according to Jim McReynolds, because the total

length and widths of the roads were overestimated. A more recent estimate is close to \$1.5M.

- In answer to a question about the rate of return of our investments, Mike Hirko said about 10% for the General fund and about 6.6% for the BRF.
- Jim McReynolds said that saving for road replacement is easier than for bridge replacement as there are fewer unknowns such as environmental requirements.
- Any new road will be built on an adequate base of crushed rock, will not have curbs but will be paved around drains. Some annual maintenance will be required.
- Anne mentioned that if we decide to move the BRF funds for other purposes, there would probably be a committee to decide what investment would be best until such time as they are required. The difference in our future annual dues - paying down the loan vs. taking out the remaining BRF for other purposes - would be about \$160.

Ballot Counting : Charlotte asked for three volunteers to count the votes: RJ West, Holly Blashwood and Kathy Swenson volunteered to do so. The Secretary will report the results after careful counting by the volunteers.

RESULTS OF VOTE: Counting of the votes continued during the Board meeting which followed the Special meeting. The vote count as verified by the three volunteers is:

YES: 66 votes

NO: 19 votes

More than two-thirds of the voting members voted “yes” to moving up to \$596,000 from Bridge Replacement Funds to General Funds so that “ the funds can be used for replacement of the roads on Raft Island.”

There being no further business, the Special meeting was adjourned.

Respectfully submitted,
Sarah Brown, Secretary