

# USELESS BAY COLONY

P.O. BOX 956, FREELAND, WASHINGTON 98249



## Minutes of Annual Meeting July 21, 1990

The meeting was called to order in the Clubhouse at 10:15 a.m. by President Ray Johnson. It was determined by sign-in sheet that a quorum was present, and the president welcomed all those able to attend. The Board of Directors and Officers were introduced. Special thanks to Bernie Kuhnigk who did such a good job in connection with the many property transfers and other tasks of Treasurer this year. The President then asked that all new Colony Members stand up, whereupon a good fraction of the audience arose.

Henry Simpson moved that the minutes of the July 22, 1989 Annual Meeting be approved as distributed. The motion was seconded and passed.

### TREASURER'S REPORT:

Ray Johnson read the Treasurer's report (June 30, 1990) as detailed in three sheets distributed by Bernie Kuhnigk. These included a summary of Total Assets = \$86,918.57, largely in savings accounts, CD and Accounts Receivable. Total Revenue year to date = \$63,627.56. Operating expenses year to date = \$56,334.18, which leaves net income of \$7,293.38. Out of total income for the year, dues amounted to \$38,805 and transfer fees \$12,600. There were 84 pieces of property changing hands in 1989-90. Out of the total operating expenses, \$20,507 was spent on road repair and brush removal, \$5,017 on payroll, \$7,225 on UBG and CC dues (\$30/member/year) and \$3,021 Accountant's fees.

Ray Johnson then discussed the budget for 1990-91. Roads will be increased to \$30,000, ditches to \$12,000. If one adds Accountant's fees, Golf Club dues, legal fees and postage, that gives a total of \$65,900. This may produce a small deficit which would slightly drawn down assets. It is expected that the pool deficit will disappear, and that the total Social Member's contributions will change a little.

David Haworth asked about income taxes. Chuck Edwards, our Accountant, answered that losses will largely offset income so taxes will again be minimal. It was moved and seconded that the Treasurer's Report be accepted. The motion carried.

JOINT VENTURE:

Joe Putnam outlined the history of the early Joint Venture Agreement, including the Joint Venture Amendment of 1985. These agreements mainly provided for operation of the swimming pool by the Colony. In 1987 Jim Hirsch started looking into the possibility of dissolving these agreements. A Committee was formed, which in 1988 consisted of Joe Putnam, David Haworth, Norm Rosenzweig, John Woodworth, and Ray Johnson. A preliminary proposal was sent to the Golf and Country Club on March 9, 1989. The Club replied negatively on May 11, 1989, whereupon a counter proposal, the present Agreement, was formulated.

Basically, the Colony agrees to turn over to the Golf Club its share of the Clubhouse and Swimming Pool. In turn all liabilities in the Clubhouse (\$85,000) are eliminated. For five years, the Colony will continue to pay \$2.50 per member per month to the Golf Club so members can use the facilities as in the past. After five years any increase in dues will be at the same percentage as the increase in fees for Social Members. The new agreement is worded so that the Golf Club cannot get rid of the Colony.

David Haworth questioned if the increase in dues would be retroactive over the five year period or would apply only after the five year period. He was assured of the latter.

Mary Jane Dunham questioned if perhaps the expenses the Colony saves over five years are perhaps not enough. At one time a study committee estimated the replacement value of the pool to be \$150,000, of which 50% would belong to the Colony.

Don Giesa commented that, in his estimation, it was a bad deal for the Golf Club. Discussion occurred and the question was asked: What are we giving up--what do we gain? This was briefly answered by Ray Johnson. We give up the difference between the value of the pool and our debt or  $\$150,000 - 85,000 = \$65,000$ . On the other hand, it costs us \$7,000 to \$8,000 to operate the pool per year. We use it say 15% of the time. In addition we have liability insurance and taxes, upkeep and maintenance. The pool needs to be painted and new filters installed. Bruce Klassen asked if the new budget was based on turning over the pool. The answer was yes.

Bill Booth asked, what provision is made for future input by the Colony in operation of the pool? The answer is that the Colony will have one representative on the Golf Club's pool committee at all times. The present representative is Sari Clements.

Mel Wilson suggested that the replacement value of the pool is perhaps more like \$300,000 and that we do not actually owe \$85,000. (That amount, however, is still carried on the books of the Golf Club.) He also asked what is position of H and H Properties? H and H Properties did not have a representative at the meeting due to an unavoidable conflict for all three H and H persons concerned.

Jack Coats asked about the possibility that H and H would sell off their (50?) saleable lots. That, of course, is a possibility.

David Haworth explained that the real value of the pool, etc., is hard to define. There are other considerations such as our right to use it, etc. Both parties, the Golf Club and the Colony, want to dissolve the old Joint Agreement.

#### MASTER PLAN:

Fred Brown introduced the so-called Master Plan, which he explained is merely a first step--an attempt to obtain a general consensus. The document distributed is an updated and slightly modified version of an old plan summarizing the Covenants for the various Divisions. Until now it has never been agreed upon by a majority of the Colony. In principle, the Covenants on file with Island County are enforceable. This Master Plan is merely a set of guidelines.

A number of questions arose concerning details of the Master Plan as distributed. For example, Klassen asked about the 18 foot height of a so-called two story house. There was a question about hedges--do they fall under the 4 foot front and 6 foot side limits of fences? It was pointed out that there is no way a dog house can be located the specified distance from neighboring houses, especially on the beach. Likewise, there might be difficulty should one want to rent their garage. (Actually, these are difficulties with the Covenants as presently filed.)

Bill Vhiene moved that the document be removed from consideration since it contained features not strictly enforceable. Bill Booth pointed out that the motion is redundant since we are being asked to vote on it anyway. Jack Corbally commented that, in his view, the beauty of the plan is that it is not strictly enforceable. We nevertheless need guidelines and this document is a step in the right direction. Ray Johnson tabled the motion to withdraw the plan, therefore it was voted upon by the Colony.

#### ARCHITECTURE COMMITTEE:

Dick Schluter gave a brief report for the Architecture and Maintenance Committee. He remarked that there has been plenty of action this last year--some 80 sets of plans have been reviewed. Currently about 16 houses are under construction or being considered.

#### ROADS and DITCHES:

Bob Basom announced that the ditches would be moved two more times this year. Sections of the roads will be fully paved this year, not patched as in previous years. This will be done where it is needed except where there are many empty lots and/or construction under way. Mel Wilson asked about whether we have a fund for roads--answered affirmatively by Joe Putnam. Bernie Kuhnigk pointed out that some ditches have culverts, whether or not the property is occupied. In any case, the culverts are a requirement before building. The issue of the County taking over the roads was brought up. It turns out that the present time the County Commission is not interested in taking over our roads. Such action is not part of the plan in the foreseeable future.

BAYVIEW BEACH WATER COMMISSION:

Henry Simpson explained that there have been only a few problems. A valve has been repaired. We now have verbal agreement for access to our tank above the beach, for which we seek legal access. An explanation was then given for the charges of \$8.00 per month, which are to pay off the May 1985 bonds and are added to water usage charges. For new hook-ups, a latecomer's fee is added. He would like to pay off the bonds 3 years from now. The water table is great and the water of good quality.

HUNTING:

Don Isaacson recommended continuance of winter security during the hunting season. He explained that permission from H and H is obtained to post and patrol access to dikes. The previous request for a County ban was probably not well framed--we should have limited it to our property.

CLUBHOUSE and FACILITIES:

Sally Gustafson commented on use of the Clubhouse and the pool. She issued a welcome and urged us to consider using the facilities to their fullest. The construction on the septic field is coming together. There were then some questions from the audience about lax supervision of the pool during some hours. Sally promised to look into this.

BALLOT RESULTS--THE VOTE:

Joint Venture:	82 For
	11 Against
Master Plan:	68 For
	23 Against

The new members of the Board of Directors are:

Jack Corbally and Lew Hall

FINAL REMARKS:

A vote of thanks was expressed to Scotty MacLeod for his effort in connection with the new street signs. The Board will look into obtaining new car stickers, which will be useful when parking near the Useless Bay Beach Lot. The meeting was adjourned at 12:10 p.m.

*F. C. Brown, Secretary*