

APPENDIX - Biannual Update 6/2009

GOVERNANCE AND BOARD DEVELOPMENT

Charter #1 Update Community Documents

Background: Documents that are intended to direct and govern our Island Community can easily get out of date if not reviewed and updated on a regular basis. This can create not only misunderstandings within the community but also make the community more vulnerable to outside interpretation of our governing principles. The Governance committee, along with the board, will be responsible to regularly review and propose updates as needed to ensure they reflect current status, intentions and values of the community. Where necessary, all documents and recommended changes will be reviewed by appropriate legal counsel for the Island.

Charter #2 Develop and Monitor Enforcement System and Procedures

Background: A clearly identified, agreed upon and communicated system and procedures for enforcement of Hat Island rules and policies is necessary to ensure uniform and equitable application. The Governance committee will be responsible for proposing and updating as needed a system of procedures and guidelines for enforcement which are consistent with community intentions and values.

Goal: The GBD Committee will review current rules and policies requiring a means of enforcement and propose appropriate enforcement procedures. The GBD Committee will partner in this process with other Committees and Subcommittees who propose rules and policies that require enforcement.

Objective 1: Identify a process to follow for reporting infractions and the consequences when members break the rules and policies of the Island.

Objective 2: Recommend a process by which the Island members help police their own rules.

Objective 3: Identify the conditions when residents should notify the Hat Island office, Snohomish County Sheriff's Office or dial 911.

Charter #3 Control Commercialization

Background: Prevailing Hat Island community feedback indicates that most of the community members would like to continue to restrict commercialization on the Island. The Hat Island Development Plan proposed to the board identifies parameters for those restrictions which include restricting commercialization to necessary and desirable businesses and/or services. The Governance committee will review and recommend as needed any further changes to these policies.

Charter #4 Control Large Commercial Ownership

Background: One developer currently owns approximately 1/3rd of all the lots (*and a substantially larger fraction of all the buildable lots*). Such concentration was never contemplated when the Islands Articles of Incorporation & By-Laws were written. The Committee would like to explore the ramifications, both fiscally and environmentally, of such concentrations of ownership.

Goal: To limit potential negative impact of concentration of ownership of the island by any individual or related group of individuals by limiting number of lots that may be owned by a single or group of related entities.

Objective 1: Explore and identify possible ramifications, both fiscally and environmentally, of such concentration of ownership. Also explore potential impact of restricting ownership.



Objective 2: If determined by the Committee to be advisable, draft a proposal to amend the Articles of Incorporation and By-Laws to limit ownership of lots to not more than a specified number by any one individual or affiliated group. The proposal would include a grandfather clause allowing current levels of ownership, but preventing additional purchases without Board approval until the ownership fell below the specified maximum.

FINANCE

Charter#1 Provide a Recommended Budget to Board Annually

Background: Annually the HI staff prepares a budget for the next calendar year. The Finance Committee is responsible for reviewing this budget, suggesting changes as appropriate, and presenting the budget to the HI Board for action. This is an ongoing and important function of the Finance Committee to ensure that budgets presented to the Board and Community have been thoroughly reviewed and that the Community's funds are being spent appropriately. The Finance Committee also is responsible for making recommended changes to the Board during the year if required.

Goal: The Finance Committee will review and provide recommendations to the annual Community budget and any changes suggested thereto.

Charter #2 Examine Alternative Funding Strategies

Background: The Community has traditionally looked for funding via regular assessments and special assessments. The Committee would like to explore opportunities for alternative sources of funding for future needs and improvements.

Goal: The Finance Committee will propose new revenue streams to meet cost center funding goals and present those proposals to the board as they are generated.

Objective 1: Create list of potential revenue sources.

Objective 2: Analyze identified sources for potential implementation.

Objective 3: Select appropriate sources.

Objective 4: Implement actions and build into annual budgets.

MARINA

Charter #1 Build, Enhance and Maintain the Best Marina that the Island is Willing to Pay For

Background: A recent vote of the Community authorized \$4 million for Marina expansion. Planning, review, support, research, proposals, etc. necessary for this expansion, and for enhancement and maintenance of our current marina, will be the responsibility of the Marina Committee.

Goal: Develop proposal to maximize the permitted growth potential.

Goal: Develop proposal for sequencing the construction in the most economical way to;

- Protect the existing harbor and investment.
- Expand footprint for additional moorage and eventual dry storage.
- Make the most efficient use of space by dock length to achieve the higher number of slips.
- Maintain the maximum number of usable slips during the construction process.

Charter #2 Improve the Appearance and Operation of Marina Parking:

Background: Now that more and more members of the community are bringing vehicles to the island, parking in the Marina area is difficult and unsightly. The Committee feels that additional steps need to be taken to control this growth and improve availability of parking for those who need it.

Goal: Increase Marina Parking capacity while ensuring the safest and most efficient use of space. Legally remove non-owned, non-used "junk" vehicles. Improve and enhance visual condition and practical use of the limited space available to the community members. Generate legitimate usage revenue.

Objective 1: Utilize registration system to eliminate non-used vehicles from marina.

Objective 2: Establish and identify long term parking areas.

Objective 3: Establish and identify short term parking areas.

Objective 4: Establish and identify loading zones at both marina ramps.

VESSELS AND TRANSPORTATION

Charter #1 Ensure Adequate, Reliable, Safe, Comfortable and Economical Transportation of Passengers To and From the Island for all Property Owners and Their Guests.

Charter #2 Ensure Adequate, Reliable and Economical Transportation of Goods To and From the Island.

Charter #3 Ensure Reliable, Safe and Economical Transportation of Passengers and Goods Around the Island for all Property Owners.

Background: The Island currently and for many years owned an old school bus to take owners without cars to their property and large groups to the golf course. This is the only HIC sponsored mode of transportation on the island for transport of goods and passengers.

Goal: Identify and plan for future intra island transportation needs.

Objective 1: Plan for future replacement of the school bus

Objective 2: Identify potential intra island transportation needs such as moving furniture, building supplies, towing of broken down vehicles, etc. and review current capacity to meet these needs.

Charter #4 Monitor purchase, upkeep and maintenance of island owned transportation vessels and vehicles.

Background: The maintenance history of the Holiday and Elsie M revealed to the HIC that sub par reactive maintenance practices costs more than proactive maintenance programs. We have an opportunity with Hat Express to change this.

Goal: It shall be the goal of the HIC Vessel and Transportation Committee to ensure that timely, required and quality maintenance on the Hat Express and the Elsie M become the rule and not the exception. The committee requests that for transparency and insurance, timely inspection reports from the Port Captain to the Island Manager on Vessel System Conditions, problems found corrective actions taken be made. These reports will be reviewed by the Vessels committee periodically or upon request by the board and any areas of concern brought to the boards attention.

Goal: The Vessels committee will develop and propose a plan to bring EMII up to USCG standards sufficient to enable her to legally haul fuel.

Objective: The Vessels committee will develop and propose a plan for complete rebuild of EMII's Electrical system.

Background: Based on community input there has been identified a need for additional transportation by water to the south end of the island from the HI Ferry Dock. Further, there has been identified a need for use of a specific type of Vessel capable of a "Beach Landing" for utility work from time to time by island staff. We believe that both of these needs can be met with one vessel.

Goal: Create a proposal to obtain a vessel capable of providing needed services. Research type of vessel, establish budge for acquisition and cost of operation, insurance, training, etc. Submit same to finance committee for review and inclusion in proposed 2010 budget.

Goal: Research and establish operability standards with regards to who operates the Vessel and when.



Charter #5 Leverage Revenue Opportunities

Background: Two of HIC's best and most expensive assets (EMII and Hat Express) sit idle when not in service to the HIC. There is a potential for creation of revenue to benefit the HIC which has to date not been leveraged.

Goal: Solicit legal, feasible revenue creation opportunities utilizing both Vessels and HIC Vessel staff to create revenue exceeding expense with the expectation that the surplus revenue will offset the expense to the community of the general operational expenses of the Vessels.

Goal: Empower and support the Port Captain in actively pursuing and proposing such opportunities.

Goal: Solicit via any other means determined appropriate by the committee and board opportunities for both HE and EMII charters.

ROADS, MAINTENANCE AND PUBLIC AREAS

Charter #1 Improve Road and Right of Way Maintenance

Background: Increased traffic (*particularly in the summer months*) on Hat Island has required frequent and repeated repairs to the roads and has increased the dust problems.

Goal: HICI will evaluate its road system to identify and implement actions to preserve and improve our community road system and easements to ensure their safety, maintainability and quality both near term and in the future. -

Objective 1: Identify and investigate the winter slide areas before winter 2008, after appropriate action is taken so that there should be no slides.

Objective 2: Establish uniform width for roads and shoulders by assessing our roads/shoulders by spring 2009.

Objective 3: Continue to implement a road beautification program by fall 2008 with volunteers replacing road signs and building log planters at corners for low maintenance plants.

Charter #2 - Evaluate the Gravel Pit

Background: The gravel pit has been used for sand and gravel for decades. The pit is beginning to erode into the adjoining lots. The adjoining area was given to the community to be used as a green belt. This area has also become an attractive nuisance for teens driving ATV's.

Goal: Examine long term feasibility regarding future usefulness of the gravel pit.

Objective 1: Research the history of the gravel pit and the surrounding area. Survey the area and ascertain if the gravel pit is eroding beyond its legal borders.

Objective 2: Obtain information as to its present condition.

Objective 3: Determine from information gathered exactly how long it can continue to be used as a gravel pit.

Objective 4: Determine possible options for a replacement location for stockpiling sand, gravel, etc.

Objective 5: If it is determined that the gravel pit is no longer viable as a "gravel pit", explore what other amenities would be appropriate in the area.

Charter # 3 – Enhance the Appearance of our Utility Areas

Background: There are many creative people who own property on the Island. Many are willing to volunteer time and effort to make the Island a better place. The Marina is a great example. There are other areas on the Island where the visual quality could be improved at no great expense by soliciting volunteers and offering everyone a stake in the enhancement of our small island community.

Goal: Using limited Island funds and relying almost entirely on volunteers it will be the goal of this committee to develop a plan to enhance aesthetically the appearance of four specific areas as outlined in the stated objectives. This will be achieved using a combination of driftwood, rock, treated posts and lattice work.

Objective 1: Revamp the appearance of the Fuel/Municipal/Maintenance area.

Objective 2: Revamp the exterior of the Water Lab Area.

Objective 3: Revamp the overall exterior appearance of the Construction material Area "Camano Drive".

Objective 4: Revamp the overall appearance of the PUD area south of the Tennis Courts on along Port Susan Drive.

ENVIRONMENTAL MANAGEMENT AND RESIDENTIAL GROWTH (ERG)

Charter #1 - Manage Residential Growth

Background: The results of our first Strategic Planning Retreat show that the number one perceived threat to Hat Island is over development. Therefore, we must evaluate the facts that will determine the ability of Hat Island to grow and examine ways to manage the inevitable growth so that our infrastructure, environment and quality of life are not threatened.

Goal: Assist HICI in will developing and implementing methodologies to manage residential growth on Hat Island such that our growth rate is consistent with the infrastructure and environmental capabilities.

Objective 1: Provide updates to Island's Development plan as needed based on changes in Snohomish County or Hat Island regulations

Charter #2 - Manage The Environment

Background: Snohomish County regulations are the only protection the community has for the preservation of wildlife and vegetation and protection from erosion, water runoff, landslides and development. An evaluation needs to be done to determine the effects of development and plans created for the conservation and protection of the island's resources.

Goal: : Assist HICI in maintaining a comprehensive program for land use and development with protection of the environment and wildlife a priority.

Objective 1: Review as needed all Snohomish County and State environmental regulations to ensure current compliance.

Objective 2: Meet with appropriate experts in managing land development for future protection and conservation.

Objective 3: Review as needed existing community By-Laws for compliance for construction and land use.

Objective 4: Institute a task force that works with the Architectural Committee to oversee construction and development and rules on clearing.

Objective 5: Communicate guidelines and regulations for use of our environment by owners and guests through written correspondence, email and educational seminars.

Objective 6: Recommend appropriate fines or penalties for any development without any required prior written approval.

Charter #3 - Improve and Maintain Island Services

Background: Currently the only commercial services provided are the sale of gasoline & diesel

Goal: Define what other potential services, either island controlled or privately owned, would be beneficial to island residents to have located on the island that would not detract from the quality of life style currently enjoyed.

Objective 1: Determine what is currently outlined within the published CC&R, By-Laws and Articles of Incorporation regulating island sponsored services or privately run businesses located on the Island.

Objective 2: Investigate what it would take to have mail delivered to the Island via Holiday runs.

Objective 3: Determine the best distribution method for bulk delivered mail.

Objective 4: Determine liabilities in allowing residents to rent island owned equipment or repair facilities.

Objective 5: Determine a cost plus profit factor for use of island equipment and repair facilities.



Objective 6: Establish appropriate training required for owner use of Island equipment and repair facilities.

Objective 7: Determine how a rental service on the Island could be managed.

Charter #4 - Develop Island Sponsored Educational Opportunities

Goal : Identify programs that can be conducted on the Island that are educational for residents

Objective 1: Investigate options for implementing educational programs on the island.

Objective 2: Research educational programs available from the County or State that can be conducted on the island for residents. Example: Bluff management, septic maintenance, etc.

Objective 4: **Submit regular information for the Viewpoint on environmental and growth issues such as bluff management, native plants, water conservation, etc.**

WATER

Charter #1 Improve Water System and Maintenance

Background: Now that we have added an RO system to keep up with expanding water needs it is time to review our aging infrastructure and plan for the future.

Goal: HICI will establish a water system management plan for both present and future water needs.

GOLF AND RECREATION

Charter #1 - Maximize Golf Course Potential as Community Asset:

SAFETY COMMITTEE

Charter #1 - Establish and Maintain and Safety and Security Measures for Hat Island

Background: In the past uninvited guests have arrived on the island. They have either ridden on the Holiday, or arrived by private boat. Often they have been curiosity seekers or clam harvesters.

Goal: Create conditions that will make it more difficult for uninvited guests to gain access to the island.

Objective 1: Change the Holiday manifest to make it easier for the Holiday employees to identify uninvited guests.

Objective 2: Set up a process for Hat Island members to report the presence of uninvited guest to the authorities if they refuse to leave the island when asked.

Goal: Create a loose evac plan for the island in case of fire or other emergency

Goal: Continue work on advancement of fire prevention and suppression agreements with DNR.

Goal: Propose appropriate guidelines and/or regulations regarding age requirements for operation of motor vehicles, golf carts and ATV's on Hat Island roads.

Charter #2 - Communicate and Educate Community members on important safety issues

Goal: Provide regular article/reminders for Safety Corner in the Viewpoint



ARCHITECTURAL CONTROL COMMITTEE:

Charter #1 - Establish and/or Confirm Regulations for All New Building on the Island.

Background: The Architectural Control Committee was established to review all building on the island. The ACC should be confirmed as the governing body for the enforcement of the restrictions, easements and reservations of the island. No building shall be erected, placed or altered on any lot until the construction plans and specifications and a plan showing the location of the structure have been approved by the Architectural Control Committee following the Restrictive Covenants of the island.

Goal: Review and update as needed all documents pertaining to building and development on the island.

Objective 1: Review all Restrictive Covenants and make recommendations to the Governance Committee.

Objective 2: Review historical data to ensure that the ACC is operating in compliance with all information available.

Objective 3: Work under the Board of Trustees umbrella for protection under their liability insurance.