



**LAKE LIMERICK COUNTRY CLUB
BOARD OF DIRECTORS
SPECIAL MEETING MINUTES
May 28, 2016**

I. ROLL CALL:

President Kelly Evans, Vice President Paul Wagner, Treasurer Norm Bartoo, Secretary Penny Cory, Directors, John Rizzo, Glen Zevenbergen and Water Chair Phyllis Antonsen. Excused are: Esther Springer-Johannesen, Glen Bachman, John Torkelson

II. SPECIAL MEETING LIMITED AGENDA: President Kelly Evans addressed audience regarding limited agenda

A. OLD BUSINESS

1. Dredging Status Update – Brian Smith

Brian reviewed written report on Lake Limerick dredge, see attached.

QUESTIONS FROM THE FLOOR:

Has the county determined how much debris they are responsible for as a result of the culvert failure? ANSWER: Mason County holds the position that they are not responsible for anything that washed down into Kings Cove. The retention pond is now full, but it was almost full before the washout. We will continue to pursue and perhaps Tetra Tech can provide assistance, but for now we are going under the assumption that the County will not be accepting any responsibility.

Was the special assessment that we paid enough to pay for all the costs? ANSWER: No. The assessment was based on the estimates that we got from the engineer, which was roughly \$400,000, and we had \$450,000. We did not expect the protracted negotiations with the Squaxin Tribe. While we prevailed, and they ended up not interfering with the project, we spent a considerable amount of time and resources answering their questions and doing site visits. Engineering costs are now at about \$111,000. The estimate was lower, because the last time we dredged, the costs of dealing with Fish and Wildlife, Corp of Engineers, the Tribe and others was not required. Additionally the government permitting process was changed and at one point we basically had to start over.

How much contingency was built into the budget? ANSWER: About 10%

What is the bottom line, how much will this cost? ANSWER: We do not have an exact cost. We have a bid of \$411,000 which includes sales tax.

Was lowering of the lake discussed? ANSWER: Yes, but because of the equipment being used and the shallow areas that are being dredged there would have been no advantage to doing that.

How were the engineering costs paid? ANSWER: From the assessment money.

Is there any money left over from the Parks improvement part of the assessment? ANSWER: We do not know the answer to that today.

Do we have a contingency fund? ANSWER: We have a small reserve account of about \$30,000.

So where do we get the money? ANSWER: The Board met in closed session last week and considered several options. What we decided was that we would immediately stop all non-emergency spending and borrow from ourselves. We would pay that loan back through our operating budget over the next 3 years. The loan is not to exceed \$200,000 and that is more for cash flow, not a shortage of funds,

The amount of money that we are short is about the amount that was stolen, can we get that back? ANSWER: We already recovered that money minus about \$1,500 from our insurance, and the amount taken was just over \$40,000, not the amount we are talking about today.

How much is the assessment that we are paying right now? ANSWER: The golf assessment is about \$250,000. We have collected about \$60,000 to date. This is a cash flow problem, and without borrowing we will not have the full amount needed in July when the dredge takes place.

Money was borrowed from the dredge account to pay for the golf sheds and equipment, can't we transfer that back into the dredge account? ANSWER: Yes. The problem is, that of the \$101,000 that was loaned to golf from dredge, we have only collected about \$60,000 for the golf assessment that we can pay back to dredge. So we still have the cash flow issue.

Did we investigate applying for any grants to help pay for the dredge? ANSWER: Yes, there was no state, federal or tribal money available to help with this project.

Why do we have so much money in the water main account? ANSWER: We have an aging water system and will eventually need to use that money. Right now the mains are in good condition.

General discussion about engineering costs, size of water mains with regard to fire requirements, and the possibility that an unforeseen event might require a need for the funds held in the water account.

If we were not to borrow from water, what options do we have for obtaining the money elsewhere to complete the dredge? ANSWER: Money is an issue. We have recently learned that our bills were not being paid on time, which has affected our credit rating. We took action upon learning this, but the damage done affects our options.

General discussion about office situation, and that we are taking this opportunity to set processes in place to correct the current situation and prevent any reoccurrence.

When will the Audit that we voted on, take place? ANSWER: Right now they are reviewing processes and practices, then when we close the books for the fiscal year in October, the actual audit will begin.

A few months ago, at a Board meeting, when discussing the theft, we were told that steps and processes had been put in place to prevent it happening again. Have they? ANSWER: One of the recommendations was to do the audit. Another was to have two people at all times, handling the cash, duplicate deposit slips for tracking. We have no indication that anything else has happened, other than the embezzlement that took place earlier.

What contingency is there for higher costs? ANSWER: The bid was arrived at with in-depth spreadsheets and calculations. There should not be additional costs above the bid

Has there been effort to collect on the money owed to LLCC on overdue account? ANSWER: That task was assigned to Lauren, who also resigned. We will realize some income from

those accounts, and we will also be training people on how to collect and make arrangements for payment.

Request from the floor to move to the vote.

Motion by Penny Cory to accept the bid of \$410,683.35, authorize President Kelly Evans and Vice President Paul Wagner to sign the finalized contract, and establish a separate account holding money for the amount of the bid. Seconded by Glen Zevenbergen. Passed with no Nays.

President Evans thanked the many volunteers for all their help and the noticeable differences in the office and upstairs already.

Kelly explained his work commitments and announced he is soon retiring and will have more time here locally.

B. NEW BUSINESS

1. **Personnel:** In a closed session Board meeting on May 21st, the Board reviewed concerns that had recently come to light, and Vice President Paul Wagner was assigned the task of meeting with our General Manager, Sheila. On Monday the 23rd, Paul arrived at the office just as Sheila and another office staffer, Lauren, leaving the building with their personal possessions, having left letters of resignation behind. That was not what we anticipated.

We had learned that accounts were in arrears and that we have been paying interest on credit cards. As I stated at the last Board meeting, that is not acceptable. We should be paying our bills on time and our attorney should not be our banker. We need to get on stable ground. All non-emergency projects are on hold. There will be accounting changes in all areas.

2. **Current status:** We will not rush in to hiring another General Manager. First we need a full charge bookkeeper in order to do business.

It's going to take a year to get this all cleaned up. There will be more Board involvement, a more streamlined system, and more transparency to the members.

3. When asked about the RR lease, Glen Zevenbergen provided a review of RR Lease status
4. Discussion of roof replacement as a result of sub-quality product used 10 years ago.

FOLLOWING PAGES ARE THE REPORT ON THE DREDGE PROJECT

Lake Limerick Country Club (LLCC) Board of Directors (BOD) Special Meeting May 28, 2016

Subject: Actions to Accept Proposal from Marine Industrial Construction for Lake Limerick Biomuck Dredging project and execute a contract to proceed with the project

Requested Actions:

1. LLCC BOD accepts the proposal submitted by Marine Industrial Construction (MIC) of Wilsonville, OR on May 6, 2016 (as further expanded in a supplemental submittal dated May 17, 2016) in response to a request for proposals issued by LLCC.
2. LLCC BOD authorizes two of its officers in the absence of a General Manager to execute the contract submitted by MIC on May 26, 2016, after review by LLCC's attorney and CM consultant, and any necessary changes, edits and amendments have been made and mutually accepted by LLCC and MIC.
3. LLCC BOD establishes a separate bank account with the funds necessary to carry out this project.

Background:

Approximately 8 years ago Lake Limerick residents started asking about the possibility of dredging shallow portions of the lake that were filling in with sediments washed into the lake and with decaying vegetation—biomuck. The lake had not been dredged in several decades. The biomuck adversely affected boating, swimming and fish habitat and encouraged noxious aquatic weeds. The Lake Dam Committee performed preliminary work on the project for several years.

In 2012, LLCC had retained an engineer to evaluate the scope, feasibility and approximate costs of a dredging project. His report, based on an assumption that approximately 4,000 cubic yards of biomuck would have to be removed, stated in part:

Using the high end of the contractor estimates and adding a 10% contingency, the total cost of the project could be about \$396,000 plus any applicable taxes and permit fees. Based on 1250 LLCC households paying the cost, the individual assessment would be about \$320.00. The project cost could be added to the LLCC annual budget for approval. A similar method of financing was used to pay for the LLCC golf course sprinkler system.

Please note that the engineer's estimate specifically did not include taxes, the effort required to obtain permits, and did not include project oversight.

The Lake Dam Committee recommended including this project in the LLCC Budget.

The BOD subsequently established a special assessment for the dredging project and certain other Lake related projects. The set aside in the assessment for the dredge project was \$450K. The BOD assigned project management to the General Manager and over the next several years, the consulting firm Agua Tierra was paid approximately \$111,000 to scope the project; perform studies; and work with environmental and natural resource agencies, Mason County and the Squaxin Island Tribe to obtain the necessary permits. When the permits were issued in summer 2015, for a project to remove 5,000 cubic

yards of biomuck, it was too late to select a contractor and perform the dredging within the mandatory July 15-September 15 window for work in the water. The permits are good for two years, with possible extension to three.

In late October 2015, the BOD President asked the Lake Dam Committee to assist the General Manager in moving the project forward. On February 6, 2016 LLCC executed a new Phase 2 contract with Agua Tierra to develop a scope of work for the project, prepare bid materials, issue a Request for Proposals (RFP), assist in contractor selection, and act as LLCC's construction manager (CM) for the project. The cost of Phase 2 consultant work, not originally in the 2012 engineer's estimate, will be approximately \$70,000. The RFP for a dredging project was published in mid-April 2016. Prior to issuing the RFP, Agua Tierra and LLCC had identified potential dredging contractors from various sources, and sent letters to inform them of LLCC's intent to carry out a dredging project. These contractors were also notified when the RFP was published in the Seattle Daily Journal of Commerce. Also in April 2016, the firm Tetra Tech was brought on to replace Agua Tierra as the CM. Tetra Tech has a long, successful history of helping LLCC manage its lakes.

After the RFP was published, several contractors attended a pre-bid conference at LLCC or made a site visit prior to the deadline for bids. On May 6, 2016 Marine Industrial Construction of Wilsonville, OR submitted a bid for \$410,683.35, which included \$32,173.35 in WA taxes not included in the original engineers estimate in 2012. Supplemental information was requested and supplied, and several references were checked while the proposal was being evaluated by LLCC Lake Dam Committee volunteer members and Tetra Tech.

The LLCC BOD is being asked to accept the proposal by Marine Industrial Construction because the review found:

- It is responsive. The work described is consistent with the scope of work outlined in the RFP for the project.
- It is reasonable. Let's face it, \$411K is a lot of money. However, if adjusted for the additional 1,000 cubic yards of material to be removed, the original engineer's estimate for just the dredging would have been \$446,000. The MIC proposal before taxes is \$378,510. A rough estimate by our CM consultant during the evaluation of the proposal was \$350K with a \$50-100K contingency. Therefore, the MIC proposal is in line with estimates for the dredging portion of the project. MIC has supplied all its work sheets used in developing its cost proposal in the name of transparency.
- Reference checks for previous work by MIC indicate the company completes the work it contracts for, is innovative in resolving issues and problems that arise, and satisfies all environmental permit conditions.
- It is timely—execution now will allow the project to proceed this year.

On May 21, 2016 the BOD indicated its intent to move forward with the dredging project and select MIC as its contractor. MIC was notified and asked to submit a draft contract which it did on May 26, 2016 for a lump sum of \$410,683.35. The contract contains a provision concerning financing:

6.1 FINANCIAL INFORMATION Prior to commencement of the Work and thereafter at the written request of Contractor, Owner shall provide Contractor with evidence of Project financing. Evidence of such financing shall be a condition precedent to Contractor's commencing or continuing the Work. Contractor shall be notified prior to any material change in Project financing.

The contract submitted by MIC will be reviewed by LLCC's attorney and Tetra Tech to identify any needed changes, edits and amendments.

Fiscal Impacts:

Defer to BOD Treasurer for discussion

LLCC Project Manager:

Vacant

Lake Dam Committee Advisor:

Brian Smith, AICP

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SPECIAL Meeting

5-28-2016

NAME	LOT/DIV
Lori Brady-Dolby	3/05
Rob & Georgia Koenig	3-152
BENNIS + DOLLY BAKER	R2-033
Leanne Milligan	3-155
Wendy Nall	2-18
Debra R. Moore	3-84
Lindi Smith	1-17
Dori Smith	1-17
PEG REESE	1-49
Gene Reese	1-49
BRANDON HOCH	3-328
Rhonda Mayner	3-371
Dick Sirockman	3-160
JACK BUTTERLEY	2-282
Barb Butterley	2-282
Pauline + Don Nichols	2-63
Karen Dailor	3-64
Don Bird	3-48
John McRoberts	1-61
Bridget Corsano	2-279
JERRY WOKES	2-150
Pat Paradise	3-374
CAROL SILBERMAN	1-140

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SPECIAL Meeting
5-28-2016

NAME

LOT/DIV

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SPECIAL Meeting
5-28-2016

NAME

LOT/DIV

Gayle Wilcox

3 - 76

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SPECIAL MEETING

5-28-2016

NAME	LOT / DIV
Maureen Wallyn	2-217
Bob Metz	2-51
Parnell J + I	1-118
Sue & Lloyd ICKES	3-268
Julia & Sue Sedem	3-70
Rita Sawyer	3-105
Ed LeGault	1-79
Dick Gatchell	3-104
Patricia Wick	3-94
Cynde Crans	3-72
Dana Kohler	1-41
Karen Kohler	1-41
DICK & PAT WESTON	3-61
Debbie Baker	2-286
Jan Stricklin	2-36
Sharon & Bill Hadsall	2-142
Qu & Bonnie Morrow	2-113
Mary Lou Truittmann	2R-21
Roger Deheim	2-22
Sharon Haworth	2-298
Bryndis Mayner	
Chris BURBOL	3-76
Kern DOLBY	03-005