

I. Resolution to Ratify Board Appeal of Casey Decision

Motion passes if approved by 50% of members voting by mail-in ballot or in person.

Ballot Wording:

Shall the Board’s May 2 decision to appeal the trial court decision in Casey, et al. v. SVCA be ratified and affirmed as fully described by the proposal for “Resolution to Ratify Board Appeal of Casey Decision” as fully set forth in the Explanation and Summary?

Explanation and Summary

Background:

At the Annual General Meeting on November 6, 2010, the membership voted:

Measure No. 3: Shall Article III, Section 19, of the SVCA Bylaws be amended to comply with WA State law [RCW 64.38.025 (3)] by specifying the manner by which regular and special budgets, and the dues and assessments to them, as proposed by the board of directors, be ratified by the members?

YES 551 (33%) NO 1140 (67%) FAIL

At the August 22, 2011 Board of Directors Meeting, the Board approved a motion by a vote of 6 to 2 the following MOTION:

That at the AGM, the results of the vote on the regular budget for Operations, Road and Capital be increased in the Operations Budget to subsidize the cost of the pools and the Special Budget for the Capital Repair, Replacement, Reserve Fund be determined in accordance with Washington State Law, RCW 64.38.025, which provides that the Budget, including the Dues to support it is approved unless a majority of the membership rejects it. The Motion was seconded.

At the Annual General Meeting on November 5, 2010, the membership voted:

Measure #2 (Ratified – approved)

Shall the SVCA’s 2012 Annual Consolidated Budget of \$4,524,207, including dues income of \$939.24 per developed lot and \$777.84 per undeveloped lot, be approved or rejected?

APPROVED 658 REJECTED 1249

(50% + 1 of all members [3,208 at last count] voting against the budget in order to fail. Therefore, 1,605 votes against the budget would be required for it to fail. Any less against and it passes.

At the November 30, 2011 Board of Directors Meeting, the dues increase and special assessment were rescinded.

MOTION:

I move to rescind the motion made at the 8/22/11 Board meeting, which changed the manner of voting for budgets and dues, ignoring the requirement of our bylaws to vote for dues and assessments annually. The motion was and is in violation of state law RCW 64.38.020 and Article III Section 19 of our Sudden Valley Bylaws. Motion was seconded. MOTION PASSED 5 to 2

MOTION:

Any assessments levied by SVCA to support budgets passed by the Board and ratified by the Members must be approved by a 60% vote of the Members voting as provided in our Bylaws and supported by RCW 64.38.020; therefore I move that the dues increase and special assessment provided in Measures 2 and 2A, on the November 5, 2011 ballot be invalidated. The motion was seconded. MOTION PASSED 5 to 2.

MOTION:

The Association, acting through the Board, can adopt a budget subject to Member ratification, but cannot levy assessments against Members in the manner which is inconsistent with the Bylaws. Since no dues or special assessment measure(s), as required in Bylaws, Article III Section 19 were provided on the November 5, 2011 ballot, I move that the 2012 dues remain at the current 2011 level. The motion was seconded. MOTION PASSED 5 to 2

On September 7, 2012, CJ Services, as registered agent for SVCA, accepted service of the lawsuit filed by Curt Casey, Dave Scott and Barbara Volkov. Plaintiffs contend that RCW 64.38.025 conflicts with, and supersedes, Article III, Section 19 of the Bylaws; the procedure currently being used for increasing dues and assessments violates the Homeowners’ Association Act because it establishes a higher threshold for approval of a dues increase than the HOA Act.

On April 17, 2013, Declaratory Judgment issued in the case of Curt Casey, Dave Scott and Barbara Volkov vs. Sudden Valley Community Association. The court signed the plaintiff’s order in all respects, including the award of attorneys’ fees.

On May 2, 2013, the Board voted unanimously to appeal the Trial Court’s decision. If the Plaintiffs prevail in this action, it would affect the SVCA in the following respects:

Article III, Section 19 would no longer be used to approve a dues increase proposed by the Board. The first sentence of Article III, Section 19 of the bylaws would no longer have any legal effect.

On an annual basis, the Board would propose any dues increase in the budget itself.

The members’ ratification of the budget would constitute automatic approval of a

dues increase contained in the budget, thereby eliminating the need for a “spending plan” which the Board has adopted in those situations where the dues increase measure failed.

The absence of a binding court ruling will likely continue to plague the SVCA in a number of ways, including additional attorney fees and a continuing lack of certainty on this issue. Discussions with both parties of the lawsuit determined that an appellate decision would be necessary to finalize and create a binding court ruling on this issue.

Complete Measure:

WHEREAS: Upon a motion duly made, seconded, and carried unanimously, the Board of Directors has adopted the following action: That Sudden Valley’s attorney be instructed to file an appeal from the Trial Court’s ruling in the case of Curt Casey, Dave Scott and Barbara Volkov vs. Sudden Valley Community Association.

THEREFORE BE IT RESOLVED THAT: the members of Sudden Valley Community Association do hereby ratify and affirm said action of the Board of Directors adopted and taken at a meeting of the Board held on May 2, 2013, as shown by the records in the minute book of the Corporation and said action shall remain in full force and effect without modification or rescission.

2. Proposed SVCA 2014 Annual Consolidated Budget

The result of the vote on this measure will be determined by Washington State Law (RCW 64.38.025), which provides that the budget is ratified if it is not rejected by owners holding a majority of votes in the association.

Ballot Wording:

Shall the proposed SVCA 2014 Annual Consolidated Budget of \$4,329,807, as fully set forth in the Explanation and Summary, be approved?

Explanation and Summary

Purpose:

This measure presents the annual consolidated budget for Operations and Capital Reserves, including the Roads Reserve, the Capital Repair and Replacement Reserve Fund (CRRRF), and the Major Repair and Replacement Reserve (MR&R).

Last year’s Consolidated Budget proposal was \$4,600,977. In comparison, this budget is \$271,170 less than the budget proposed in 2013.

Annual dues and assessments for the Annual Budget, and a proposed Special Assessment, can be found in measures 3 and 4.

Complete Measure:

Shall the proposed SVCA 2014 Annual Consolidated Budget be approved as set forth below:

Proposed SVCA 2014 Annual Consolidated Budget

Operations:		2014 Budget
Revenue from Dues (Note 1)	\$1,398,273	
Revenue from Operations (Note 1)	<u>\$1,285,525</u>	
Total Operating Revenue	\$2,683,798	
Personnel Expense (Note 2)	(\$1,643,313)	
Operating Expense	<u>(\$1,020,760)</u>	
Total Operating Expense	(\$2,664,073)	\$2,664,073
Net Operating Surplus:	\$ 19,725	

Capital – Major Reserves:

Roads:		
Forecast Beginning Balance (Note 3)	\$ 199,963	
Revenue - Dues & Assessments (Note 4)	\$1,157,308	
Forecasted Expenditures	<u>(\$ 782,224)</u>	\$ 782,224
Forecasted 12/31/2014 Ending Balance	\$ 575,047	
Net change vs. Beginning Balance	\$ 375,084	

CRRRF:		
Forecast Beginning Balance	\$ 937,147	
Revenue - Dues and Assessments (Note 4)	\$ 487,861	
Forecasted Expenditures (Note 5)	<u>(\$ 687,880)</u>	\$ 687,880
Forecasted 12/31/2014 Ending Balance	\$ 737,128	
Net Change vs. Beginning Balance	(\$ 200,019)	

MR&R:		
Forecast Beginning Balance	\$ 604,521	
Revenue - Dues	\$ 119,307	
Forecasted Expenditures	<u>(\$ 195,630)</u>	\$ 195,630
Forecasted 12/31/2014 Ending Balance	\$ 528,198	
Net Change vs. Beginning Balance	(\$ 76,323)	

Total 2014 Operating and Capital Budget	\$4,329,807
For comparison: Total 2013 Operating and Capital Budget	<u>\$4,600,977</u>
2014 Consolidated Budget Compared to 2013	(\$ 271,170)

- Note 1:** Assumes member approval of dues measure and 90% collections rate in 2014.
- Note 2:** Equals proposed EMB contract expense for 2014, up from \$1,625,294 in 2013, an increase of \$17,389, or 1.1%.
- Note 3:** All forecasts are as of August 31, 2013.
- Note 4:** Assumes member approval of dues measure, special assessment measure, and

90% collection rate in 2014.

Note 5: Extracted from the latest draft of the 2013 Reserve Study, also as of August 31, 2013.

3. Proposed SVCA 2014 Annual Dues and Assessments

The result of the vote on this measure will be determined by SVCA Bylaws, which provide that a dues increase is passed if 60% or more of voting members in good standing approve the measure.

Ballot Wording:

Shall the proposed SVCA 2014 Annual Dues and Assessments, as fully set forth in the Explanation and Summary, be approved?

Explanation and Summary

Purpose:

The SVCA Operations Budget has not changed since 2008, although the CPI (Consumer Price Index) has increased by more than 8.3% since then. (Source: US Department of Labor Statistics.) If approved, this measure will increase SVCA member contributions to the Operations Budget and the three major reserves (Roads, the CRRRF, and the MR&R) by 3.5%, or less than half of the aggregate increase in inflation since 2008.

For developed lots, this measure will raise annual dues from \$777.56 to \$804.77 per year, an increase of \$27.12, or \$2.27 per month. For undeveloped lots, this measure will raise annual dues from \$672.88 to \$696.43, an increase of \$23.55, or \$1.96 per month.

In addition to closing the inflation gap and funding the major reserves, the 3.5% increase will:

- 1) Fund the addition of two Full Time Equivalent (FTE) maintenance personnel who will assist in culvert repair, park maintenance, routine building and equipment repair, and snow removal;
- 2) Increase the Sudden Valley legal fund by \$20,000 compared to last year; and
- 3) Fund a new collections program, which is expected to reduce member costs by more than \$120,000 in 2014 (3% of total association revenues).

The above are in part also funded by a forecast increase in golf revenues from \$761,400 in 2013 to \$864,000 in 2014, by increased efficiencies in accounting and other operational areas, and by other organizational, technical, and process improvements to be implemented by EMB.

If this measure does not pass, then SVCA revenues are expected to drop by an estimated 3% or more compared to 2013 due to a reduction in dues and fee collections. The cost of replacing many of our culverts will increase by as much as \$20,000 per culvert (depending upon length, depth, and condition), the repair of more SVCA-owned equipment and superstructure will have to be outsourced, and the association's ability to conduct its legal and political affairs will be impaired.

Complete Measure:

Shall the SVCA's Annual Dues for 2014 be set at \$804.77 per developed lot and \$696.44 per undeveloped lot? For developed lots, this amount includes a contribution of \$506.32 for SVCA Operations, plus reserve contributions of \$138.03 for Roads, \$119.03 for the CRRRF, and \$41.40 for the MR&R. For undeveloped lots, this amount includes a contribution of \$397.98 for SVCA Operations, plus reserve contributions of \$138.03 for Roads, \$119.03 for the CRRRF, and \$41.40 for the MR&R.

4. Proposed SVCA 2014 Special Assessment

The result of the vote on this measure will be determined by SVCA Bylaws, which provide that a special assessment is passed if 60% or more of voting members in good standing approve the measure.

Ballot Wording:

Shall the proposed SVCA 2014 Special Assessment, as fully set forth in the Explanation and Summary, be approved?

Explanation and Summary

Purpose:

Last year, the membership approved a 2013 budget that would deplete the association's CRRRF and Roads reserves from \$2,076,565 on January 1 to as little as \$1,137,000 by December 31st of this year. Based on the August 31, 2013 Pro Forma Balance Sheet, which takes into account approved and likely to be approved projects, the net change from the beginning to the end of year for the two major association reserves is forecasted to be as follows:

Reserve	Balance as of 1/1/2013	Forecast Balance as of 12/31/2013	Net Depletion in 2013
Roads	\$959,503	\$199,963	(\$759,540)
CRRRF	\$1,117,063	\$937,147	(\$179,916)
Total Depletion			(\$939,456)

There are 3,202 developed and undeveloped lots in the SVCA. At the forecast collection rate of 90% in 2014, a Special Assessment of \$939,456 works out to \$326.00 per member, or \$27.17 per month.

We can't afford to deplete our major reserves again in 2014. According to the latest draft of the 2013 Reserve Study, the CRRRF is severely underfunded, and the Roads Reserve will be almost gone by the end of the year—at the worst time in the history of the association.

A recently unearthed study conducted about 20 years ago estimated that replacing Sudden Valley's warren of under-road culverts would cost around \$30 million. Most of our culverts are corrugated metal pipe with an expected life of 30 to 50 years. Two decades ago, they were nearing middle age. In its wisdom, however, that Board did not see fit to create a reserve for the inevitable replacement of our culverts, nor did any subsequent Board until recently.

In 2013, the current Board initiated an exhaustive study of our storm water drainage system in two parts: the first half this year, and the second half next year. The final report from the first half of the study is not in, but early reports are promising. To begin, we have 239 under-road culverts in the association, not 346 as previously thought. Twelve of the 239 were still missing as of the end of August. None of the other 227 are in "F" condition, meaning that failure is imminent. Eight have been given a "D" grade, meaning that they will need to be replaced in one to five years. The rest are likely to be "C's," meaning that they have a remaining expected life of five to 20 years.

If we replace or "slip-line" our smaller culverts as we repave our roads, and if we use SVCA-employed personnel to the fullest extent possible, then we may be able to reduce the cost of repair to somewhere between \$5,000 and \$25,000 each, depending upon length, depth, condition, and environmental constraints. Moreover, the new or slip-lined culverts will have an expected life of about 80 years, or twice that of corrugated metal.

As a group, however, our largest culverts (by diameter) tend to be in the poorest (D) condition. Most of the large culverts examined to date span Beaver Creek and will have to be replaced with bridges and fish ladders (or weirs) in the next one to ten years—at an estimated cost of \$500,000 to \$750,000 each. Nevertheless, based upon preliminary data, and despite stricter environmental regulations, it now appears that the long-term cost of renovating our storm water drainage system may be less than half the original estimate.

But we're out of time; we can't put off the repair of our storm water drainage system any more. **If a single culvert fails and the road above it caves in, then, according to Wilson Engineering, the average cost to repair the culvert and reopen the road will be about \$1.5 million, and large parts of the community could be rendered inaccessible for weeks.**

And that's only half the story.

In 2010, the SVCA Board undertook its first "Reserve Study," which analyzed the condition of the association's buildings, road surfaces, rolling stock, maintenance gear, computing systems, and furnishings. Inevitably, the study found that the same inattention to ongoing maintenance which had allowed our storm water drainage system to erode for decades had also led to the deterioration of the association's buildings and equipment—to the tune of \$5 million in overdue repair and replacement.

With the community's permission, the 2011 Board subsequently transferred about \$1.5 million from the Density Reserve to the association's major reserves. In the following year, the Board proposed and the membership approved a 26% increase to reserve contribution per member (but no increase to Operations). As a result, extensive repairs were made to many association assets including the clubhouse, the marina bath-rooms, and rolling stock.

A more detailed, follow-up Reserve Study was completed this year.

The bad news: Despite a lot of good work, our superstructure and equipment remain in such poor condition that the draft 2013 Reserve Study recommends that we spend \$5.9 million on repairs and replacements in the next five years, or nearly \$1.2 million per year! The 2013 draft reserve study sets a high standard, but the message is clear: As we learned in 2010, the CRRRF is seriously underfunded.

If this measure does not pass, the Board will have few alternatives. Since much of the repair and replacement work we now face cannot be postponed, the Board may be forced to borrow money, which means that the association's costs will go up, not down. If delays cannot be avoided, then the possibility of catastrophic failure will also increase, which could eventually result in special assessments that are many times larger than the one proposed here-in.

Complete Measure:

Shall the membership approve a Special Assessment of \$326 per member, which is equal to the forecast depletion of the association's Roads and CRRRF reserves in 2013, adjusted for the forecasted 2014 collections rate?

5. Correction of Mis-worded 2012 AGM Bylaw Amendment Ballot Measure Permitting Notification by Electronic Mail Measure passes if approved by 2/3 of the members

voting by mail-in ballot or in person.

Ballot Wording:

Shall the Bylaws be amended at Article VI, Section 3 as fully described by the proposal for “Correction of Mis-worded 2012 AGM Bylaw Amendment Ballot Measure Permitting Notification by Electronic Mail” as fully set forth in the Explanation and Summary?

Explanation and Summary

Purpose:

At the 2012 AGM, a Bylaw amendment was passed that was intended to permit use of electronic mail for sending official notice to Association members or the Association itself. Due to inadvertent error, only a portion of the entire proposal was actually approved. The correct wording is hereby resubmitted to the membership.

Complete Measure:

It is hereby resolved that the existing language of the SVCA Bylaws Article VI, Section 3, in whatever form it may be as of this date, shall be amended, correcting it to more accurately reflect the Association’s intent in 2012, by replacing it in its entirety with the following text, so that it shall henceforth read as set forth below:

Unless otherwise provided herein, all notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally, sent by electronic mail (as specified by RCW 24.03.009 or RCW 64.38.035[3]), or sent by first class mail, postage prepaid:

- (a) if to a member, at the address or electronic mail address which the member has designated in writing and filed with the Secretary, or if no such address has been designated, at the last known mailing address of the member; or
- (b) if to the Association, the Board, or the managing agent, at the principal office of the Association or such other mailing address or electronic mail address as shall be designated by notice in writing to the members pursuant to this section.

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6. Clarification of Existing “Member in Good Standing” Definition

Measure passes if approved by 2/3 of the members voting by mail-in ballot or in person.

Ballot Wording:

Shall the Bylaws be amended at Article I, Section 2, Subsection (a) as fully described by the proposal for “Clarification of Existing ‘Member in Good Standing’ Definition” as fully set forth in the Explanation and Summary?

Explanation and Summary

Purpose:

In the Bylaws there are five types of payments set forth: (1) annual dues and assessments, (2) special assessments, (3) charges for late payments and liens related to annual dues and assessments or special assessments, (4) fines, and (5) use-fees for amenities. Currently, payment of use fees and fines are not specified as part of remaining a “member in good standing” in Art.I, Sec.2, Par. (a):

A member in good standing [sic] is any person who is current in the payment of all annual dues [sic] assessments and special assessments, and any charges associated therewith for each lot owned.” [sic]

In addition to the typographic errors, this creates confusion because it is unfair to all other members that a member owing use fees, or with unpaid fines, may be permitted to serve on committees, run for office, or vote for candidates.

Complete Measure:

It is hereby resolved that the following amendments shall be made to the SVCA Bylaws Article I, Section 2, Subsection (a) as corrections and clarifications:

- correct all typographic errors in the subsection, and
- add the following clause at the end of the last sentence thereof:

, including any and all use fees and monetary fines or penalties established pursuant to these Bylaws

so that the final, clarified and corrected text of that Subsection shall read as follows:

A “member of the Association” is defined as any person(s), corporation, partnership, trust or any other legal entity who owns all or a part of an interest in one or more lots in Sudden Valley to which membership is appurtenant. A purchaser under contract to purchase an interest in a lot shall be deemed the owner for membership purposes. A member “in good standing” is any person who is current in the payment of all annual dues and assessments and all special assessments, any charges associated therewith for each lot owned, as well as any and all use fees and monetary fines or penalties established pursuant to these Bylaws.

7. Definition Added for the Term “Current in the Payment”

Measure passes if approved by 2/3 of the

members voting by mail-in ballot or in person.

Ballot Wording:

Shall the Bylaws be amended at Article I, Section 2, Subsection (a) as fully described by the proposal for “Definition Added for the Term ‘Current in the Payment’” as fully set forth in the Explanation and Summary?

Explanation and Summary

Purpose:

Currently, Article III, Section 5, second paragraph, provides a grace period for payment of all dues and other assessments only to Board members so that they are permitted to remain on the Board during said grace period, despite the otherwise applicable requirement that they remain Association members “in good standing” throughout their membership on the Board (see III.A.2). No such grace period for remaining a “member in good standing” is provided to any other Association member for any purpose. This discriminates between the treatment of Board members and all other Association members. It also contravenes the spirit of the prohibition of any compensation or other payment to officers (Section IV.9). All Association members should have the same grace period.

Complete Measure:

It is hereby resolved that the SVCA Bylaws Article I, Section 2, Subsection (a) shall be amended by adding the following sentence at the end thereof:

“Current in the payment” is defined as having made payment in full, or pursuant to such other special and specific terms as may be stipulated to in writing by the Board, within thirty (30) days of the due date.

8. Creation of a Permanent “Environmental Political Action Committee”

Measure passes if approved by 2/3 of the members voting by mail-in ballot or in person.

Ballot Wording:

Shall the Bylaws be amended by adding a new permanent Committee Section at the end of Article V as fully described by the proposal for “Creation of a Permanent ‘Environmental Political Action Committee’” as fully set forth in the Explanation and Summary?

Explanation and Summary

Purpose:

The future cost of the SVCA storm water drainage system will be largely determined by federal, state, county, and local environmental regulations. The future value of the homes and vacant lots in Sudden Valley will be largely determined by federal, state, county, and local environmental regulations.

Near-term decisions taken by local politicians could render our vacant lots valueless. Unless we take action, past and future decisions at the state, county, and local level could double or triple the cost of renovating our storm water drainage system. In short, literally tens if not hundreds of millions of dollars are at stake either now, or in the next twenty years.

Complete Measure:

It is hereby resolved that the SVCA Bylaws Article V shall be amended by inserting a new Section (numbered as appropriate) at the end thereof: Section . Environmental Political Action Committee. The Environmental Political Action (EPA) Committee of the Board shall consist of a minimum of three (3) members and a maximum of five (5) members as determined annually by the Board. The committee members shall be comprised of at least two (2) Board members, one (1) to serve as Chair, and at least one (1) Association member in good standing. The committee members should have experience or training in advocacy, environmental science, or environmental law or regulation. The EPA Committee’s purpose is to assist the Board in maximizing the benefits of current and future environmental legislation and regulation for Association members, while minimizing or, if possible, eliminating any resulting costs to the members. The EPA Committee may also make recommendations to the Board concerning creation, modification or implementation of environmental policies and/or procedures, as well as make recommendations to the Finance Committee and the Board pertaining to current and future necessary and related legal and capital expenditures, and other matters related to the Association’s environmental or environmentally related affairs, interests and concerns.

9. Creation of a Permanent “Document Review Committee”

Measure passes if approved by 2/3 of the members voting by mail-in ballot or in person.

Ballot Wording:

Shall the Bylaws be amended by adding a new Section at the end of Article V as fully described by the proposal for “Creation of a Permanent ‘Document Review Committee’” as fully set forth in the Explanation and Summary?

Explanation and Summary

Purpose:

Currently there is no requirement that there be any process or procedure for ensuring the availability, accuracy and continuing viability of Association governing documents. This has led to a situation where critical documents, including some governing documents, cannot be located easily or at all, exist in multiple incompatible copies, and are otherwise inappropriate for operation of the Association in the contemporary legal and fiscal environment. This situation is untenable — both practically and legally — for a corporation responsible for the maintenance and upkeep of millions of dollars of corporate assets.

Moreover, there is no current process for Association members to easily propose useful or necessary changes to the governing documents. There was insufficient time last year to address this deficiency in a simple manner. However, a simple process for that can be added to the other responsibilities of a committee directly responsible for the governing documents and other vital Association records.

Complete Measure:

It is hereby resolved that the SVCA Bylaws Article V shall be amended by inserting a new Section (numbered as appropriate) at the end thereof:

Section __. Document Review Committee.

1 A. Membership: The Document Review Committee of the Board shall consist of at least three (3) members: two (2) Board members, one (1) acting as Chair, and at least one (1) additional Association member in good standing with experience in corporate governance or law.

2 B. Purpose: The purpose of the Document Review Committee is to:

1. locate and maintain in the Association offices a current and correct copy of all Association governing documents, including policies, procedures, handbooks or manuals, and studies, as well as any other official corporate records of the Association;
2. review all of the aforesaid governing documents and similar materials and identify any of them which are not
 - (a) consistent with any applicable statutory and regulatory requirements,
 - (b) verifiable as having been properly voted on, passed or otherwise established,
 - (c) internally consistent or in harmony with all other said documents and materials, or
 - (d) any longer necessary, or otherwise contributing to the efficient, harmonious operation of the Association or the Sudden Valley community, and then make complete recommendations to the Board for all necessary and appropriate corrections of any such deficiency as identified;
3. make additional complete recommendations, including as may be initiated or suggested by any community member or other reasonable source, to the Board for all other useful or necessary, and appropriate, additions, modifications or deletions of provisions in any Association governing document, or policy, procedure, handbook or manual, in order to better facilitate the efficient, harmonious operation of the Association and the Sudden Valley community.

C. Meetings and Procedures:

- 1.1.1 1. Notices of scheduled Committee meetings shall be posted on an appropriate
- 2 Association web page as may exist, including its place and time, and written minutes of all meetings shall be provided to the Secretary for similar publication.
2. The Committee, no later than 30 days prior to each AGM, shall submit to the Board a written report of all of its activities and all recommendations made to the Board since the preceding AGM, and may also provide to the AGM attendees a brief oral summary of said report. The Board may also direct the Committee to provide interim reports at any other time.
3. If any activity of the Committee will require the expenditure of funds to be paid or reimbursed by the Association, the Committee shall first obtain authorization therefore from the Board.

10. Creating a New Definition for “Budget”

Measure passes if approved by 2/3 of the members voting by mail-in ballot or in person.

Ballot Wording:

Shall the Bylaws be amended at Article I, Section 3 as fully described by the proposal for “Creating a New Definition for ‘Budget’” as fully set forth in the Explanation and Summary?

Explanation and Summary

Purpose:

In part because it is a broadly used term, the term “budget” has not been defined by statute or the Bylaws. However, this has led to some confusion as to what an Association budget should include, or what should be considered in preparing a draft budget for presentation to the members for approval. Further, the specific process whereby a draft Association budget is to be created for such presentation and vote has not been specified in the Bylaws. This should be done so as to both clarify the current process and codify it in at least its broad outlines.

Complete Measure:

It is hereby resolved that the SVCA Bylaws Article I, Section 3 shall be amended by inserting a new definition (k) at the end thereof:

(k) “Budget” shall mean a consolidated consideration and explicit determination of (i) all operational expenses (ii) reasonably expectable

operational income, and (iii) all capital reserve funding as required by the Restrictive Covenants and recommended by the periodic capital reserve studies mandated by prudent business practice and the laws of Washington state.

11. Creating a New Section for “Budget Limitation and Stabilization”

Measure passes if approved by 2/3 of the members voting by mail-in ballot or in person.

Ballot Wording:

Shall the Bylaws be amended at Article III, Part C by adding a new Section to the end thereof as fully described by the proposal for “Creating a New Section for ‘Budget Limitation and Stabilization’” as fully set forth in the Explanation and Summary?

Explanation and Summary

Purpose:

The SVCA governing documents do not contain any guidelines for constructing an annual consolidated budget for proposal to the membership. The intention of this proposed inclusion to the SVCA Bylaws is to stabilize and regulate proposed budgets and subsequent proposed increases and decreases in revenue from annual dues and assessments presented to the membership of SVCA. The purpose of subsection (c) is to ensure any increased activity or dues in Operations will carry with it Capital funding for Operations to perform the increased duties necessary.

Complete Measure:

It is hereby resolved that the SVCA Bylaws Article III, Part C be amended by inserting a new Section (numbered as appropriate) at the end thereof, as follows:

Section __: Budget

- 1 (a) An annual consolidated budget containing comprehensive explanations of both Operational and Capital incomes and expenses shall be adopted by the Board of Directors for ratification by the members at the Annual General Meeting or Special Meeting of the Association in accordance with RCW 64.38.025.
- 1 (b) The annual consolidated budget shall have a variance of no greater than 7% of the previous fiscal year’s ratified annual consolidated budget. Special assessments as described in Article III, Section 19(b) are excluded from this provision.
- 1 (c) Any percentage of proposed increase in the annual consolidated budget for the purpose of operations shall be accompanied by an equal or greater percentage amount of increase for Capital accounts not to exceed the total percentage as described in subsection (b) of this Section.

12. Dues Amendment

Measure passes if approved by 2/3 of the members voting by mail-in ballot or in person.

Ballot Wording:

Shall the Bylaws be amended at Article III, Part C by adding a new Section at the end thereof as fully described by the proposal for “Dues Amendment” as fully set forth in the Explanation and Summary?

Explanation and Summary

Purpose:

The Bylaws are silent as to how annual dues and assessments are to be allocated, although currently the system is to apply a somewhat lower level to undeveloped lots than to developed lots. It has for many years been discussed that a potentially more fair and equitable allocation of annual dues and assessments may be created by basing that allocation on property values as determined by the County. It is said that such an allocation methodology, applied uniformly to both developed and undeveloped lots, will remediate the current situation where owners of lower value residences, and especially lower value lots are, paying an unfairly higher proportionate assessment rate than they would if allocations were based strictly on property value.

Complete Measure:

It is hereby resolved that the SVCA Bylaws Article III, Part C be amended by inserting a new Section (numbered as appropriate) at the end thereof, as follows:

Section __. Allocation of Annual Dues and Assessments. The annual dues structure is to be calculated for allocation to Association members by means of an assessed value system, as follows:

Individual Annual Dues and Assessments =
(Base Amount + Assessed Value Percentage applied to
Whatcom County Property Valuation)

- (a) The Base Amount shall be the same for all properties, developed and undeveloped, and the minimum Base Amount shall be six-hundred dollars (\$600).
- (b) The Assessed Value Percentage shall be the same for all properties, developed and undeveloped, based on the assessed valuation of the individual property published by Whatcom County as of the date proposed annual dues and assessments are drafted for any fiscal year, and the minimum Assessed Value Percentage for all properties shall be one-tenth of one percent (0.1%).
- (c) A contribution amount shall be allocated specifically to the established capital reserve accounts as set forth in the consolidated budget.