AGENDA
SVCA FINANCE COMMITTEE MEETING
WEDNESDAY, SEPTEMBER 20TH, 2017
MULTI-PURPOSE ROOM
6:30 P.M.

I. CALL TO ORDER

II. ROLL CALL

III. ADOPTION OF AGENDA

IV. APPROVAL OF MINUTES
   a. 8.16.17
      pp. 2-7

V. CAPITAL REQUESTS
   a. UDR Request – Hazardous Tree Removal – Handout
   b. Capital Request: Change Order –2017 On-Call Engineering pg. 8

VI. CONTINUING BUSINESS
   a. Loan Update: Discussion

VII. NEW BUSINESS
   a. Purchase of Sound and Video Equipment for BOD – Handout to be provided by Communications Chair.

VIII. FINANCIAL STATEMENTS
   a. August 2017 Financials – Handout
   b. August Capital Report – Handout

IX. MEMBER QUESTIONS AND COMMENTS

X. CLOSE
I. CALL TO ORDER
   a. The meeting was called to order at 6:30 p.m.

II. ROLL CALL

   *Finance Committee:* Carol Houlton, Chair; Sarah Holmstrom, Board Member; Tony Louzao, Rick Gray, and Collin Morrow. Jack Levine had an excused absence.

   *Sudden Valley Staff:* Mitch Waterman, General Manager; Jennifer Spidle, Accounting Manager; Ben Kirkendall, Maintenance Lead; Ashley Neuman, Administrative Specialist.

   *Community Members:* 2

III. ADOPTION OF AGENDA
   a. The agenda was adopted as submitted by acclamation.

IV. 2016 AUDITED FINANCIAL STATEMENTS PRESENTATION – LARSON GROSS
   a. The Auditor’s report came out clean without deficiencies; an additional letter was provided even though it was not a requirement since there were no deficiencies.
      1. One comment within the letter was made regarding the Reserve Study, however, that will be a regular occurrence each year.
   b. The auditor reviewed the internal balance sheets and explained various items such as the Receivables increase for 2016.
      1. It was noted one change was made between 2015 and 2016 on the audited financial statements – 2015 past due amounts were written off every 30-days, however, for 2016 this was changed to be written off every 90-days. Committee members asked clarifying questions which were fielded by Jennifer and the Auditor.
   c. It was noted Intangible Assets was a new item and $100,000 of that amount was the Stormwater Phosphorous Mitigation Plan. Other items were briefly discussed to provide
clarity; none of which the auditor felt were of great concern comments were merely informational.

d. The Auditor will investigate what is included within the $95,886 of “Miscellaneous Income on the income statements as well as why the decrease in “Repairs and Maintenance” had been so extreme. This would be investigated and the findings reported to the committee by the Auditor.

e. The Capital Reserve Holding Fund total had not been included on page 12 and will be corrected by the Auditors.

f. The 990 return is currently underway and will be completed shortly. The auditor will present the 2016 Audit at the Board meeting on 8/24/2017.

V. APPROVAL OF MINUTES

a. 7.12.17
b. 7.19.17
c. 8.2.17

1. Rick Gray requested the following changes for 8.2.17 minutes:
   i. Item V.b.4 to read “…opinions and requested follow up.”
   ii. Item VI.a.1.i to read “This proposal maintains the following four assumptions…”
   iii. Item VI.a.2.i. to read “…the AGM and CRHF funds be used to help fund CRRRF.”
   iv. Remove the repeated word “presented” from item VI.a.5.

d. Director Houlton provided the Administrative Specialist with written documentation of suggested changes to be applied to each set of minutes.

MOTION: Tony Louzao moved to approve the minutes pending the suggested changes and amendments. Rick Gray seconded the motion and it passed unanimously.

VI. CAPITAL REQUESTS

a. CRRRF Request – Maintenance Building Roof Replacement
   1. Ben Kirkendall, Maintenance Lead, presented the capital request. He requested the approval of funds for the Mt. Baker Roofing bid.
i. It was noted Rain Shield provided the cheapest quote, however, their customer reviews were concerning and they had very little experience with metal roofs.

2. The roof would be sheet metal with panels and is a like for like replacement of the current roof; the new roof would last for 40-years, which is standard.
   i. Sheet metal is the cheapest type of roof. In order to do asphalt or tarring would require reframing of the building. Discussion regarding materials followed.

3. It was noted Mt. Baker Roofing was the only company that does gutters without having to subcontract which is why gutter options for the other companies were not included. Brief discussion followed.

**MOTION:** Tony Louzao moved that the Finance Committee approve and recommend the Board of Directors authorize an amount not to exceed $17,473 from the CRRRF Capital account for the Maintenance Building Roof Replacement. Rick Gray seconded the motion and it passed unanimously.

b. Roads Request – Change Order: Culvert 19A Design

1. The GM reviewed the request. The project is tracking to scope and cost, however, Lake Whatcom Water and Sewer District is requiring SVCA to enter into a Utility Protection Agreement for the construction and replacement of the culvert which is under the district’s water line; this was new scope entirely because of the water line issue.
   i. Because this would be new scope, contingency for the original project could not be used, however, there was no contingency included in the original scope.

2. Director Holmstrom requested under “Request” the sentence “No change…is requested.” be replaced with “There is no contingency on the design.”
   i. The GM would make this correction before presenting the request to the Board. Discussion followed.

**MOTION:** Tony Louzao moved the Finance Committee approve and recommend the Board of Directors authorize an increased Roads allocation not to exceed $12,300 from the Roads Capital Account Culvert
19A Phase II Design making the new total $72,300. Collin Morrow seconded the motion and it passed unanimously.

VII. CONTINUING BUSINESS

a. Review AGM Financial Measures – Handout
   1. The measures presented were still under legal counsel review; the Attorney’s comments were expected by Thursday.
   2. Director Houlton stated that the approved work for CRRRF included the $900,000 loan.
      i. Jennifer noted the work would be approved in 2017 which means the funds would be obligated and fall within 2017 not 2018.
      ii. Loan terms would be reviewed by the Board next Thursday in Closed Session.
   3. Director Holmstrom inquired if there were leftover funds from CRRRF would they be placed in UDR or stay within the CRRRF account?
      i. Director Houlton stated the “left-over” funds would be strictly kept in the particular account within CRRRF and carried over for the following year. Discussion followed.
   4. Rick Gray expressed confusion regarding the separate measures that were presented.
      i. Jennifer noted the titles were missing separating measures 1, 2, & 3. She would make sure the labels were included appropriately.
      ii. The committee would like “Roads Fund Special Assessment” be labeled Measure 2 and “Operations Fund Special Assessment” be labeled Measure 3 in the bottom table of page one.
         a. Rick Gray requested it be made clear that there were no increases in 2017 but they are asking for dues increase in 2018.
         b. The GM and Jennifer would work on the table at the bottom of page one in order to make it clear.
      iii. Tony Louzao would like the title of measure three to be changed and remove the word “Operations”.

a. The GM and Jennifer would make this change once legal counsel had been consulted.

5. Director Holmstrom requested that on page 4 the “New Home Construction Fee” explain that the $35,000 is the total for 10 homes.

6. The GM requested to remove the word “Operations” from Special Assessment: Parks, Trails, Common Areas & Adult Pool throughout the proposed measure.

7. The consolidated budget was created assuming all the measures passed. If all measures did not pass a spending plan would be created for 2018; as has been done historically.
   i. The GM will consult with SVCA Attorneys if it is possible to separate the budget excluding all dues increases and special assessments, then present each measure individually and how it would affect the budget for 2018.

8. Director Holmstrom would like to include information regarding obtaining a loan on page 8 of the handout. Discussion followed.

9. It was noted on page 10 of the handout, the measure would be based on the number of lots that exist at the time of the vote on the measure. The dues increase would not change, but the amount of money put aside would in order to accommodate any lot consolidations. Lengthy discussion ensued.
   i. The Attorney and Jennifer would be consulted regarding this issue.

VIII. NEW BUSINESS
a. There was no new business.

IX. FINANCIAL STATEMENTS
a. July 2017 Financials – Handout
   1. Financials were still in progress and nearing completion.

b. Capital Report – Handout
   1. Overall CRRRF is looking good. Highlights:
      i. Clubhouse Retaining Wall will be awarded in June 2018
      ii. Emergency Generator will be turned on next week.
      iii. Pool renovations for 2017 were awarded in contingency.

2. Roads Projects are doing well. Highlights:
   i. Daylighting of Louise Creek Phase I is closing.
ii. Roads and Culverts should be closing soon and the contingency will be returned.

iii. The GM would like to award the Windward Retaining Wall.

iv. Far Summit Drainage project is due to close in September.

v. 2017 Roads Construction is currently underway and the schedule is on the website. Brief discussion followed.

X. MEMBER QUESTIONS AND COMMENTS

a. Board President, Larry Brown, expressed confusion regarding the ballot measure discussion and made suggestions regarding how the budget measure should be presented.

   1. The GM stated he will be having discussion with the Attorney to find the legal way to present the budget.

b. Board Member, Linda Bradley, expressed similar concerns regarding the ballot measures and made comments regarding language to clarify certain aspects of the measures.

XI. CLOSE

a. The meeting adjourned at 8:45 p.m.

Action Item List

<table>
<thead>
<tr>
<th>Task</th>
<th>Assignee</th>
<th>Date Assigned</th>
<th>Due Date</th>
<th>Completion Date</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make suggested change to the Roads capital request regarding contingency.</td>
<td>Mitch</td>
<td>8/16/17</td>
<td>8/24/17</td>
<td>NA</td>
<td></td>
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<tr>
<td>Make suggested changes to the presented ballot measures</td>
<td>Mitch and Jennifer</td>
<td>8/16/17</td>
<td>8/24/17</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Label Measures 1, 2, and 3</td>
<td>Jennifer</td>
<td>8/16/17</td>
<td>8/24/17</td>
<td>NA</td>
<td></td>
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<tr>
<td>Consult with legal counsel regarding separating the Budget and other measures</td>
<td>Mitch</td>
<td>8/16/17</td>
<td>8/24/17</td>
<td>N/A</td>
<td></td>
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SUDDEN VALLEY
Capital Request Memo

TO: Finance Committee/Board of Directors

FROM: Mitch Waterman

DATE: September 20th, 2017

TOPIC: On-Call Engineering – Capital Roads – Change Order

Purpose: Provide an increase to the authorized 2016-17 On-Call Roads Engineering task order which is utilized for immediate response and evaluation of potential emerging Capital projects.

Background: Wilson Engineering was provided with an On-Call Roads Engineering 2016–17 Task Order (GL 9893) originally funded at $15,000. The Task Order funded On-Call Engineering support to address emergent demanding issues of Roads Capital Projects which required rapid response technical evaluations to determine necessity and path forward options. The initial amount has been expended. It is possible an additional $5,000 may be required through the end of 2017.

Request: Finance Capital Manager requests $5,000 be provided by Roads Capital accounts to fund the 2016-17 On-Call Engineering account.

Recommendation: The Finance Committee approves and recommends the Board of Directors authorize a Roads allocation not to exceed $20,000 from the Roads Capital account to fund the 2016-17 On-Call Engineering account.

Board of Directors Approval:

Approved: _______ Disapproved: _______ Finance Committee.

Approved: _______ Disapproved: _______ SVCA Board of Directors.