

# Measure 1

## Proposed SVCA 2017 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, which votes can be by mail-in ballot or in person.

**Ballot:** Shall the SVCA’s 2017 Annual Consolidated Budget of \$3,837,017 be approved or rejected?

### Budget

**Explanation:** This measure presents the annual consolidated budget for Operations and Capital as follows:

Consolidated Budget	
Operations	\$2,586,669
Capital Repair and Replacement Reserve Fund (CRRRF)	373,456
Roads Reserve Fund	876,892
<b>Total Consolidated Budget</b>	<b>\$3,837,017</b>

*Note: Based on 90% collections rate.*

If this measure does not pass, then the annual budget will revert to the last membership ratified budget.

**Dues: There is no dues increase for 2017.** This budget will reallocate dues contributed to the Operations account back to 2013 and 2014 levels. (See Table 1) The allocation change was made in 2015 to provide additional capital to our Roads account to work on some of the more critical culverts. Most of these have been repaired; the rest are being monitored and are scheduled to be completed within the next three years. We continue to fund Roads work at higher than pre-2015 levels to focus on culverts and paving.

**Table 1 - Historical Dues Allocation**

Year	2012	2013	2014	2015	2016	2017
Operations Allocation %	67%	62%	62%	56%	56%	62%
CRRRF Allocation %	14%	20%	20%	18%	17%	15%
Roads Allocation %	19%	18%	18%	26%	27%	23%
Total %	100%	100%	100%	100%	100%	100%

**Table 2 - 2017 Annual Dues**

	Developed Lots Monthly*	Developed Lots (Annual) *	Undeveloped Lots (Monthly)*	Undeveloped Lots (Annual)*
Operations	\$ 47.78	\$ 573.36	\$ 38.43	\$ 461.16
CRRRF	\$ 10.97	\$ 131.64	\$ 10.97	\$ 131.64
Roads	\$ 17.29	\$ 207.48	\$ 17.29	\$ 207.48
<b>Subtotal</b>	<b>\$ 76.04</b>	<b>\$ 912.48</b>	<b>\$ 66.69</b>	<b>\$ 800.28</b>
SGM Assessment thru 4/30**	\$ 2.64	\$ 10.56	\$ 2.64	\$ 10.56
<b>Total 2017 Dues</b>	<b>\$ 78.68</b>	<b>\$ 923.04</b>	<b>\$ 69.33</b>	<b>\$ 810.84</b>

\*Based on 2582 Developed Lots and 572 Undeveloped Lots.

\*\* 4 months @ \$2.64/month

**Measure 1 (continued)**  
**Proposed SVCA 2017 Consolidated Budget**

	<b>2016 Projected Income &amp; Expense Detail</b>	<b>2017 Budget Income &amp; Expense Detail</b>
<b><u>Income, Operations:</u></b>		
Dues, Operations	\$ 1,389,512	\$ 1,570,091
Golf Income	728,694	768,070
Marina Rental Income	101,856	117,227
Leases & Other Rental Income	37,338	40,149
Area Z Storage Rental Income	17,600	17,488
Views Advertising Income	28,806	27,900
New Home Construction Fee	9,746	35,000
Other Income	47,712	33,059
<b>Total Income, Operations</b>	<b>2,361,264</b>	<b>2,608,984</b>
 <b><u>Expenditures, Operations:</u></b>		
<b>Salaries, Wages, &amp; Benefits by Department:</b>		
Golf	(195,091)	(222,188)
Turf	(276,156)	(306,528)
Marina	-	(34,171)
Administration	(259,970)	(284,293)
Accounting	(211,249)	(215,287)
Maintenance	(172,628)	(174,594)
ACC / Security	(67,568)	(110,182)
Facilities	(47,607)	(58,680)
<b>Total Salaries, Wages, &amp; Benefits</b>	<b>(1,230,269)</b>	<b>(1,405,923)</b>
 <b>Other Expenditures:</b>		
Covenants, Conditions, & Restrictions/Mandates	(281,533)	(272,545)
Maintenance & Landscaping	(265,473)	(305,391)
Contracted & Professional Services	(154,372)	(166,466)
Utilities	(126,963)	(118,812)
Administrative Expenses	(121,547)	(116,180)
Regulatory Compliance	(102,582)	(96,670)
Insurance	(93,908)	(101,682)
Other Expenses	(426)	(3,000)
<b>Total other Expenditures</b>	<b>(1,146,804)</b>	<b>(1,180,746)</b>
<b>Total Expenses, Operations</b>	<b>(2,377,073)</b>	<b>(2,586,669)</b>
<b>Total Net Income from Operations</b>	<b>\$ (15,809)</b>	<b>\$ 22,315</b>

**Measure 1 (continued)**  
**Proposed SVCA 2017 Consolidated Budget**

	<u>2016 Projected</u>	<u>2017 Budget</u>
<b><u>CRRRF:</u></b>		
Forecasted Beginning Balance:	\$ 1,175,068	\$ 855,498
Dues Income	500,163	373,456
Legal Settlement Income	22,945	-
Anticipated Expenditures	(842,678)	(373,456)
Forecasted Ending Balance	<u>\$ 855,498</u>	<u>\$ 855,498</u>
<b><u>Roads:</u></b>		
Forecasted Beginning Balance:	\$ 1,294,236	\$ 1,260,247
Dues Income	684,823	588,858
Anticipated Expenditures	(718,812)	(876,892)
Forecasted Ending Balance	<u>\$ 1,260,247</u>	<u>\$ 972,213</u>

**Notes:**

- *Dues are calculated based on an anticipated 90% collection rate.*
- *CRRRF Budget includes \$30,000 for 2017 special assessment for water-vac tool - 2016 SGM.*
- *Roads Budget includes \$102,547 for major maintenance of ditches, culverts, and swales - per 2016 SGM.*

**Significant increases/ (decreases) to Budget from 2016 to 2017**

- Operations Dues increase attributable to restoration of former allocation rates: ~ \$157,000 at 90% collection rate. (See Table 1.) No dues increase is being requested for 2017.
- Construction Fee: \$35,000 offset by (\$27,500) expense to ACC Contractor = Net \$7,500
- Golf Pro returned to 100% salary: ~ (\$9,500)
- MD returned to 100% salary: ~ (\$38,000)
- FTE discretionary merit increases of 2%, including payroll taxes: (\$18,100)
- Storm response expense previously paid from UDR but now budgeted in Operations: (\$18,700)
- Maintenance snow response supplies: (\$8,000)
- Adult Pool: Net Expense (\$11,375)
- Parks/Landscape Repairs and Maintenance: (\$14,500)
- Special Events: (\$7,000)
- Emergency Preparedness: (\$7,000)
- 2016 Special General Meeting (SGM) Measures
  - One (1) FTE for ACC support: (\$40,800)
  - One (1) FTE for Maintenance: (\$38,895)
  - Hazardous Tree Removal: (\$20,000)
  - Essential Building Maintenance: (\$24,000)

**Recommendation:** The Board of Directors recommends approval of this measure.



## The following information from the 2017 Reserve Study is required by law to be included in the Budget Measure.

Due to the variety and extent of SVCA common facilities, with vastly different ages, SVCA's reserve study is very complex. Although SVCA has elected to provide less than full funding of the reserve account balance noted in the reserve study, the current Board's intent is to budget and provide sufficient reserves at all times. In light of the most recent reserve study and additional information which comes to the Board's attention from time to time, it is anticipated that reserve account balances will be sufficient to pay for reasonably foreseeable major maintenance, repair, and replacement of reserve components during the next 30 years, barring uninsured catastrophic losses.

SVCA has not created a formal plan for reserve funding or a projection for reserve account balances over the following five year period. Nevertheless, if reserve funding remains at identical levels over the following five budget years, it is anticipated that the reserve account balance in each of the next five budget years will be sufficient to fund reasonably foreseeable major maintenance, repair and replacement of reserve components, barring any uninsured catastrophic losses. **If future Boards determine otherwise, then special assessments may be necessary.**

**Cash Flow Funding Projection at 2017 budgeted rates, without future contribution increases:** The Cash Flow Funding Method establishes a reserve funding goal that keeps the reserve balance above a specified dollar amount. It assumes that the annual contribution rate will not increase.

The percent funded level as of January 1, 2017 will be 8% assuming reserve contributions are made at the beginning of the fiscal year. The reserve funding projections which result from the 2016 reserve study utilize the following financial parameters:

- A minimum reserve fund balance of \$942,852 as of January 1, 2017
- A 2017 reserve contribution of: \$473,100
- Earnings on reserve deposits: 0.10%
- Actual inflation rate: 2.5%

Year	Recommended Cash Balance January 1	Recommended Annual Contribution	Recommended Annual Interest	Recommended Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2017	\$942,852	\$473,100	\$48	\$1,151,035	\$264,965	\$3,118,020	8%
2018	\$264,965	\$473,100	\$326	\$195,775	\$542,616	\$3,381,926	16%
2019	\$542,616	\$473,100	\$389	\$410,437	\$605,667	\$3,499,843	17%
2020	\$605,667	\$473,100	\$345	\$517,231	\$561,881	\$3,514,308	16%
2021	\$561,881	\$473,100	\$594	\$224,184	\$811,391	\$3,838,804	21%

**Recommended Fully Funded Projection per most recent reserve study completed in 2016:** The percent funded level as of January 1, 2017 will be 34% assuming reserve contributions are made at the beginning of the fiscal year. The reserve funding projections which result from the 2016 reserve study utilize the following financial parameters:

- A minimum reserve fund balance of \$942,852 as of January 1, 2017
- A 2017 reserve contribution of: \$1,258,350
- Earnings on reserve deposits: 0.10%
- Actual inflation rate: 2.5%

Year	Recommended Cash Balance January 1	Recommended Annual Contribution	Recommended Annual Interest	Recommended Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2017	\$942,852	\$1,258,350	\$474	\$1,151,035	\$1,050,640	\$3,118,020	34%
2018	\$1,050,640	\$905,447	\$1,346	\$195,775	\$1,761,659	\$3,381,926	52%
2019	\$1,761,659	\$811,883	\$1,792	\$410,437	\$2,164,896	\$3,499,843	62%
2020	\$2,164,896	\$765,296	\$2,063	\$517,231	\$2,415,025	\$3,514,308	69%
2021	\$2,415,025	\$756,800	\$2,602	\$224,184	\$2,950,242	\$3,838,804	77%

## Measure 2

### Community Revitalization Plan

**This measure is an “advisory vote” to provide information to the Board of Directors as to the desire of the membership to move forward with a Revitalization Plan. Measure passes if approved by a simple majority of members voting by mail-in ballot or in person.**

**Ballot: Should the Association obtain an estimate of cost and schedule for the Marina, Area Z and Recreation Corridor Revitalization Projects by designating \$140,000 from the Capital Repair and Replacement Reserve Fund (CRRRF)?**

**Explanation/Summary:** This is not a request for funding; these funds will be allocated from the CRRRF account.

Our facilities have not received adequate maintenance for decades. This year 42% of our facilities are at the end of their life cycle, and 23% more need significant refurbishment. Barn 7 and the Rotunda are scheduled to be demolished prior to the 2016 AGM. The Dance Barn, the main pool, and the entire Marina area need substantial work. The Maintenance Building needs to be replaced and Barn 6 (the Ice Barn) needs to be demolished.

In order to conduct an organized revitalization of our community, we need credible information about the scope of the work, a schedule of actions, what permitting is required, costs, and funding. It is recommended that \$140,000 be set aside from the CRRRF account to pay for an engineering study that will provide us with this critical information. The alternative would be to spend that amount of money on repairs of the above facilities, an amount that would not make a dent in the amount of work that is needed to correct our failing facilities.

If this measure passes, the Board intends to engage a qualified consulting team to create a Master Plan for the Marina area, the Recreation Corridor and Area Z. For a detailed explanation of the scope of work to be completed, go to <http://suddenvalley.com/2016-annual-general-meeting/>. There will be no actual commitment to construction or funding until the membership has had a chance to review the complete report and provide input on the next steps. The Board’s intent is to determine the membership’s commitment to the Revitalization Plan and the required funding via subsequent votes at the next Annual General Meeting or at a Special General Meeting.

Should this advisory measure fail, the Board intends to rededicate \$140,000 to ongoing CRRRF projects.

## Measure 3

### Proposed SVCA 2017 Bylaws Amendments

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

**Ballot:** Shall Article V, Section 6, of the SVCA Bylaws be amended to align the bylaws with the Board policy for Appeals panel hearings?

**Explanation/Summary:** In 2015, the Board voted to hold all Appeals panel hearings in open session unless requested that they be closed by the appellant. It was too late to change the proposed 2016 Bylaw change requiring that they be held in closed session. This change will align the bylaws with the intention of the Board's vote.

#### Specific Changes:

(b) A hearing panel shall meet in ~~non~~-public session, ~~with~~~~out~~ public notice ~~of and~~ agenda, unless requested to be closed by the appellant, as needed to hear requests for waiver or adjustments of fines and penalties levied as a result of the aforesaid alleged violations. The hearing panel's decision regarding such requests will immediately take effect unless appealed as specified herein.

#### Final Proposal:

(b) A hearing panel shall meet in public session, with public notice and agenda, unless requested to be closed by the appellant, as needed to hear requests for waiver or adjustments of fines and penalties levied as a result of the aforesaid alleged violations. The hearing panel's decision regarding such requests will immediately take effect unless appealed as specified herein.

## Measure 4

### Proposed SVCA 2017 Bylaws Amendments

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

**Ballot:** Shall Article I, Section 2(a) of the SVCA Bylaws be amended to clarify the meaning of "Current in the payment"?

**Explanation/Summary:** In 2013 this section was amended by a vote of the members to align the Board requirements for being a "member in good standing" with the member requirements and to remove the special grace period for Board members. The last phrase of this section, stating "within thirty (30) days of the due date", lacks clarity as to its meaning. The following changes clarify that a member in good standing includes not only members who are current in the payment of association charges, but also members who execute a written payment plan within thirty (30) days of the date that payments for any such charges becomes due.

#### Specific Changes:

(a) ~~"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 in writing by the Board of Directors (hereinafter referred to as the "Board"), within thirty (30) days of the due date.~~

#### Final Proposal:

(a) "A member is "current in the payment" if such member has (i) made payment in full or (ii) has entered into a written payment plan authorized by the Board of Directors (hereinafter referred to as the "Board") and is not in default thereof



# Measure 5

## Proposed SVCA 2017 Bylaws Amendments

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

**Ballot:** Shall Article V, Section 2 (a)(v) of the SVCA Bylaws be amended to align the policy for filling vacancies to the ACC by appointment with the Board policy for filling vacancies by appointment?

**Explanation/Summary:** When a member of the Board of Directors fails to serve a full term for any reason, the member appointed to replace that individual serves until the next regular election. Currently individuals appointed to fill vacancies on ACC serve through the normal end of that seat's term. This Bylaws change brings the Architectural Control Committee into alignment with the process used to fill Board vacancies and states that appointed members shall serve until the next regular election is held.

### Specific Changes:

~~(v) If an ACC member or members of the Committee fails to serve a full term for any reason, or must step down due to the six (6) year service limit, the Board shall fill that Committee member's seat by appointment, and such appointee shall serve through the normal end of that seat's term, and until a successor is elected (if any) prior to the end of their defined term the ACC Chair shall request the N&E Committee to submit not less than (1) nominee more than the number of vacancies to be filled. The remaining ACC members shall by majority vote, select the required successors from the nominees selected. The ACC Chair will submit any nominees to the Board for approval; who may then serve until the conclusion of the next AGM. In the event a Committee member retains their seat at the end of their three (3) term by virtue of no successor having been elected at the prior Annual General Meeting, that Committee member's seat shall be filled by election at the following Annual General Meeting, and the term of the member elected (if any) to fill that seat shall only be for the remainder of the~~

~~seat's normal three (3) year term length. Should there be an inadequate number of new applicants at the AGM, the appointed successor(s) may remain an ACC member(s) through the original term of the member(s) replaced.~~

### Final Proposal:

(v) If an ACC member or members, for any reason, steps down prior to the end of their defined term the ACC Chair shall request the N&E Committee to submit not less than one (1) nominee more than the number of vacancies to be filled. The remaining ACC members shall by majority vote, select the required successors from the nominees selected. The ACC Chair will submit any nominees to the Board for approval; who will then serve until the conclusion of the next AGM. Should there be an inadequate number of new applicants at the AGM, the appointed successor(s) may remain an ACC member(s) through the original term of the member(s) replaced.

# Measure 6

## Proposed SVCA 2017 Bylaws Amendments

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

**Ballot: Shall the SVCA Bylaws be amended to correct additional errors of typing, spelling, punctuation, consistent use of existing Bylaw terminology, and consistent formatting?**

**Explanation/Summary:** This proposal corrects a few remaining non-substantive errors not fixed in 2015. No substantive change is proposed. The complete sets of both the corrected and uncorrected Bylaws have been posted on the SVCA website since late August.

Here are all the specific proposed corrections and their locations in the Bylaws, by Article, Section, and (Sub-)Paragraph:

I.1. Article II, Section 1 was accidentally labelled as Art.I, Sec.1 in the 2015 voting materials, and should be placed there as intended.

I.2(a) The original reads: “the Board” - this is incorrect, as that is a short-form phrase that was mistakenly first used only in the next paragraph.

I.2(b) The original reads: “the Board of Directors (hereinafter referred to as the ‘Board’)” – this explanation and introduction of the short form phrase “the Board” was supposed to have been made in the preceding paragraph.

I.2(e) The word “assessment” should have been plural, as used in the rest of the Bylaws.

I.3.(b)(ii). The word “reasonable” was an accidental change in 2014 from the original word “reasonably” as approved at the 2013 AGM - this change now corrects that old error.

I.3(g). The original word “indicate” should have an additional “s.”

II.1 (See above regarding I.1.)

III.1. Deletes the extra space in the original “Section C. 16.”

III.1. Inserts a hyphen into the original “nonvoting,” which is the spelling used in the rest of the Bylaws.

III.5(b)(i) Corrects the original “board meetings” to “meetings of the Board” as used generally in the rest of the Bylaws.



V.3(b) & (c) This would rearrange these paragraphs, which in the original had been accidentally switched and combined into one, although still correctly labelled:

(c) No person nominated as a Board member or as a member of the Nominations and Elections Committee or the Architectural Control Committee, nor members of their family or their household, shall assist in counting votes for any election. (b) The Chairperson of the Committee shall be elected by the members of the Committee during the first meeting of each year after the Annual General Meeting, and shall serve as a non-voting member of the Board.

V.4(a) Changes the original "SVCA" to correctly conform to "Association" as used in the rest of the Bylaws.

V.4(b) Removes from the original the extra "the" before "Association."

V.7(b)(iii) Inserts the overlooked comma between "efficient" and "harmonious."

V.7(c)(i) Corrects the original plain "30" to the proper full format (word + number) as used in the rest of the Bylaws.

V.8(a), (b)(ii), & (d) The three instances of "SVCA" are corrected to conform to the term "Association" as used in the rest of the Bylaws.

As noted above, the above proposals – in context – were placed on the website in August. In addition, you may also view the full Bylaws as to be corrected, and as currently uncorrected, at the website ([www.suddenvalley.com](http://www.suddenvalley.com)) by clicking on the 2016 AGM button. To obtain a physical copy, please contact the administrative office at 360-734-6430 and one will be provided to you.

