

SUDDEN VALLEY COMMUNITY ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES
THURSDAY, MAY 29, 2014
ADULT CENTER
7:00 PM

In Attendance:

Larry Brown, President
Carol Bauman, Vice President
David Narsico, Secretary
George Shaffner, Treasurer
Tom Doll
Carol Houlton
Melissa Lange
Tammy Woodin
Mitch Waterman
Leslie McRoberts, N&E Chair
Jo Jean Kos, ACC Chair

Community Members: 7

Staff: Jeff Schlaack, General Manager
Michelle Miller, Accounting Manager
Amanda Becker, Administrative Specialist

Visitor: Ed Cox, CEO of EMB Management

I. CALL TO ORDER

A. The meeting was called to order at 7:00 PM.

II. ROLL CALL

Late: Larry Brown

III. ADOPTION OF AGENDA

Agenda was adopted as amended.

IV. PROPERTY OWNER COMMENTS

A. A member congratulated the Board of Directors.

B. Another member requested the Board resurrect an issue killed by the 2010 Board of Directors, the addition of a cell tower in Sudden Valley. The resident wrote a letter to AT&T requesting they contact Sudden Valley regarding a cell tower being added to the community. They stated in a natural disaster you may only get a text out because a text message requires less energy on the system. Sudden Valley has dead zones throughout the area which require a cell phone tower to help not just residents, but security also. The member stated cell phone towers can be made to look like evergreen trees and previously AT&T offered Sudden Valley \$15,000.

C. A member asked if there would be a question on the ballot asking if the golf course should be leased or not.

V. BOARD COMMENTS

- A. President Brown stated cell towers are not a popular topic. Recently a company came out and scouted an area on the Firs that would require them to use Sudden Valley roads to access. Many residents were extremely upset. Even if we get a request from the non-AT&T company, and we get a further notice back, at the very least there would be a public input process. President Brown stated that he does not believe it will be a quick and easy process; in his experience the process will be long and slow. The Board would like to hear AT&T's response.
- B. Director Lange said in the past year or so she recalls seeing a sign across from gate 13 that proposed an AT&T tower. Director Lange suggested in the meantime using a network extender, running off Comcast internet that boosts the signal in your house.
- C. President Brown stated there are a lot of ways to get issues on the AGM. The primary gateway is the Board. He suggested the member write up a good proposal and present it to any board member. If no member is willing to put it up for discussion, then take it to the Document Review Committee. The DRC's job is to suggest changes that would be implemented in the Bylaws, etc. Legally speaking, votes from the AGM, unless of a size required to change the bylaws/restrictive covenants are not binding, but are more of an advisory tool for the current Board of Directors.
- D. Director Shaffner stated at this time the Board is not currently considering an opinion poll on leasing the golf course. The Golf Planning Taskforce is currently working on a five year business plan for the Golf Course. The plan will include what past performance was and what future performance should look like. The plan will be presented to the Board as a part of the 2015 budget process.
- E. Director Waterman suggested the resident leave his contact information because the Golf Planning Taskforce would love the input of the community.

VI. MEMBER COMMENTS (CONT.)

- A. The resident felt that the information provided by President Brown, regarding whether or not vote results are binding for the Board of Directors, was not clarified.

VII. BOARD COMMENTS (CONT.)

- A. President Brown stated the issue was presented to the attorneys once again this year and they clarified their intent. The lawyers stated, if the Board wishes to get community input that is acceptable, the only thing that binds the Board is a change to the Restrictive Covenants or Bylaws.

VIII. CLOSED SESSION

The Board adjourned to closed session at 7:21 PM.
The Board returned from closed session at 8:51 PM.

IX. ANNOUNCEMENTS

- A. Director Houlton announced the Fly-In will be held on Saturday, June 8th from 8 am to 5 pm. The training will be on Saturday, May 31, at 8 am for approximately an hour or two. The Emergency Preparedness Committee anticipates 6 - 8 planes.

ACTION ITEM: Reconsideration of Email Policy to be added to next meeting's agenda.

X. APPROVAL OF MINUTES AND VOTING AS NECESSARY

- A. Board of Directors Meeting Minutes, April 24 , 2014

The minutes were adopted by acclamation.

B. Board of Directors Meeting Minutes, May 15, 2014

The minutes were adopted by acclamation.

XI. TREASURER'S REPORT AND VOTING AS NECESSARY

A. Finance Committee

1. Minutes, April 16, 2014

As submitted.

2. Minutes, May 7, 2014

As submitted.

3. Capital Requests

None were presented.

4. Treasurer's Report

a. 1st Quarter P&L and Balance Sheet

Director Shaffner stated that the P&L and Balance Sheet are both in C3 format. The change to C3 caused a need to reformat the 2012 end of year, in order to maintain proper amounts in the balance sheet. Revenue is ahead of plan by \$91,000. Collections are at around 85%. Golf income numbers are behind plan, but ahead of expectations due to record rain for February, March, and April. Marina income isn't that far ahead of plan at this time. Director Shaffner said in the past only an operating P&L was reported; now 100% of the revenue and all capital expenditures are included in the P&L.

b. 2014 CRRRF Plan

c. 2014 Road Reserve Plan

The 2014 CRRRF and Road Reserve Plans will be used as scorecards going forward, although they are in the final stage of being a draft. The same format will be used for 2015. It will also include a golf plan and an operating plan. President Brown suggested Director Narsico include this in the Views and Director Shaffner has already taken care of this. Director Waterman suggested a maintenance plan.

d. SV 2015 Priorities

The priority list includes baseline priorities to attempt to help formulate the 2015 plans going forward. Director Shaffner will present a first cut of the business model formula created in 2013. The business model will show what happens on a presumed 3.5% increase, no special assessment, which will be used as a tool for formulating the 2015 budget. A discussion ensued regarding a line item about the hiring of new staff. Director Shaffner stated he does not feel that additional staff needs to be hired in 2015; it is a matter of skills and priority issues. President Brown said allocation is appropriate and hiring new staff is secondary in priority. Director Shaffner reminded the directors there is a 3% increase built in to the EMB/Associa contract. President Brown asked if the parks and trails will be included in the 2015 budget. Director Shaffner said it will be a line item in the CRRRF and included in the preventative maintenance plan.

XII. GENERAL MANAGER'S REPORT AND VOTING AS NECESSARY

- A. GM Schlaack stated the report was as submitted unless the Directors had specific questions. President Brown stated he would like to hear about Area Z clean up. GM Schlaack said Sudden Valley entered into the voluntary clean-up program. This means that Sudden Valley fills out the application and has a company, such as Geo-Engineers, come out and do the soil testing. GM Schlaack stated the next step is to have CES Manager Cavender get in touch with Geo-Engineers about sending a representative to meet with the GM, CES Manager, and Director Waterman. The meeting will ensure the language in the application and study results match up prior to be submitted to the state. The process in the Washington State Department of Ecology is to review the application and decide on whether they feel a visit is necessary.

ACTION ITEM: Director Narsico stated he would like to see the graph added back in for the golf business plan.

Director Bauman raised concerns over Golf Manager Kruhlak's report that El Agave is falling short. GM Schlaack stated he and Mr. Kruhlak met with Eli, Manager of El Agave, about the beverage cart and the consistency of hours in the 19th hole. On Tuesday GM Schlaack invited some people to come out and use the golf course; while out golfing the guests called to inquire about the beverage cart. GM Schlaack spoke with Cruz, of El Agave, about the beverage cart not running, and due to an employee issue, Cruz took the cart out himself. Director Lange spoke with Cruz and passed along the former cart girl's offer to train El Agave's cart people. President Brown stated if a service included in a contract is not being met then perhaps Sudden Valley needs to find a different person willing to provide the service. President Brown stated he watched a member purchase a 12 pack from the Sudden Valley Market to return to the golf course. President Brown spoke with Jamie, of the Sudden Valley Market, and was informed Jamie would like to speak with Mr. Kruhlak regarding the rules and regulations of the golf carts. Director Kos stated on Tuesday and Thursday, while playing golf, she saw the beverage cart. Director Shaffner said that El Agave is going to have a learning curve so exercise patience. Director Lange feels that El Agave just didn't receive proper training on the use of a beverage cart. Director Houlton inquired with GM Schlaack if the golf course has a Marshal to patrol the course. She also asked whether a clean-up day will be planned for Sudden Valley. GM Schlaack stated, in response to the clean-up day, that two individuals are going through the hiring process for the purpose of completing chipping, mowing the shoulders of the roads, and doing general maintenance. Therefore, a full clean-up day will have to be scheduled for the fall. The golf course uses an employee to marshal the golf course.

XIII. COMMITTEE REPORTS AND VOTING AS NECESSARY

A. Architectural Control

1. May Report
2. Minutes, May 1, 2014
3. Minutes, May 15, 2014

Minutes and report as submitted. Director Kos announced that at the June 5th ACC Meeting, members of the Whatcom County Natural Resources staff will give a presentation on county regulations. The WCNR staff will have slides and will discuss basic critical area shoreline and watershed regulations with regards to

residential permitting and hazardous tree removal. The presentation should begin at approximately 9:45 am in the Library Conference Room. It should last 20 - 25 minutes.

B. Communications

1. Minutes, April 21, 2014

Minutes are as submitted. Director Narsico announced the Sudden Valley website will be ready to go in approximately two weeks.

C. Document Review

1. March 10, 2014

President Brown stated the Minutes are as submitted.

Director Bauman announced there are a few dates coming up that the Document Review Committee volunteers will be reviewing and signing off on the minutes.

MOTION: Director Bauman motioned to add Suzanne Blangstead to the Document Review Committee. The motion was seconded. The motion was approved by acclamation.

Director McRoberts inquired into the results of the bylaw changes that the N&E proposed that were referred to the Document Review Committee. Director Woodin stated the DRC hadn't met yet.

D. Emergency Preparedness

1. Minutes, May 6, 2014

Minutes are as submitted.

Director Houlton stated the Fly-In will take place on June 8 Training will be held on Saturday May 31 at 8 am for 1.5 - 2 hours at the Adult Center. Security Chief Bullock will be running the training. There will be food at the Fly-in. Director Narsico suggested inquiring with El Agave regarding food. Director Houlton was approached by a deputy from the Whatcom County Sheriff's office regarding hosting a safety fair in Sudden Valley this fall.

E. Nominations and Elections

Nothing to report.

F. Strategic Planning

Director Doll submitted his notes to the secretary to be included in a future Board packet. He gave a brief overview of the planning process for a strategic plan developed at the last meeting. The plan will be going to the AGM.

XIV. CONTINUING BUSINESS AND VOTING AS NECESSARY

A. Rental and Leasing Policy Discussion

President Brown wanted the directors to review the documents prepared to discuss the Rental and Leasing Policy at the next meeting. GM Schlaack stated a known issue is residents will lease their property for the weekend. GM Schlaack stated in his past experience many associations have created a very extensive rental and leasing policy that requires policing. GM Schlaack raised the question that due to the lack of manpower in Sudden Valley is that a priority? Director Woodin inquired if the Administration Office has a file of known rentals in Sudden Valley. Admin Specialist Becker stated any information that comes through regarding rentals it typically is sent to Accounts Receivable.

ACTION ITEM: Director Shaffner suggested a problem statement, proposed solution, and a cost association fee be presented to the Board before any decisions are made.

President Brown stated the major problem that the Board could have if the number of rentals are increasing in Sudden Valley is that costs that are potentially uncompensated. Increased enforcement problems, too many people residing in one house, and more than one family residing in a single household are other issues that are against the Bylaws.

B. Suspension or Repeal of Board Budget Timeline Policy

President Brown stated the Directors needed to decide what to do with the current budget policy; suspend it again for the year or repeal the policy to be rewritten at a later date.

MOTION: Director Woodin motioned to suspend the policy for another year. The motion was seconded. The motion passed with one abstention.

C. Public Meeting Schedule for 2014 AGM

President Brown stated the Directors need to decide how to communicate the budget, and any other issues, to the community now that the policy calendar has been suspended. He reminded the Directors last year that there was only one Town Hall held. Director Lange stated in her experience with the budget in the past two years no more than a handful of community members attend the Town Halls. Director Lange suggested a more expressive, explicit, highly communicated invitation to the Finance Committee meetings be extended to the community members in place of a town hall.

MOTION: Director Lange motioned that Sudden Valley not host Town Halls for the 2014 AGM but instead continually urge community members to attend Finance and Board meetings to hear the discussion and explanation for budgets and AGM measure proposals. Motion was seconded. The motion passed with one against.

Director McRoberts stated the Communication Committee has set up some proposed dates for the 2014 Town Halls; September 6 for budget and beginning of October for the measures. She feels asking community members to attend meetings instead of Town Halls is asking too much since some members only want to hear the finalized product. Director Lange suggested if there are specific questions that perhaps there could be a Director or Committee Member available during a break, before or after the meeting to answer specific questions. Director Narsico stated some comments he heard from last year AGM was that some measures seemed as though they were written by a lawyer, and at the Board Meetings the presentations were clear so perhaps it would be best to attend the final wording meeting.

MOTION TO AMEND: Director Doll motioned to amend the language to say there will be no Town Halls but instead one specific Finance Meeting and one specific Board Meeting dedicated to the Budget and Measures. The motion was seconded. The motion to amend failed.

Director Shaffner stated the Finance Committee had too many other important items to discuss to focus one meeting completely on the budget.

D. Adult Center Rentals

Director Narsico presented the proposed form for the Adult Center Pool pass.

MOTION: Director Woodin motioned to adopt the form. The motion was seconded. The motion passed with one abstention.

Director Houlton stated the issue raised in the past has been whether or not the Adult Center could be rented out to events that include children, and if the pool was accessible during events. Both questions were addressed in the current Rules and Regulations.

E. Bylaw Changes

President Brown stated the Directors need to sign the 2014 Bylaws that include changes from the 2013 AGM. Director Shaffner stated a date should be added to the signature. Director Woodin questioned why the entire Board had to sign it. In response to the question, Admin Specialist Becker read the current Bylaws' last sentence, "IN WITNESS WHEREOF, the undersigned, being all of the Board of Directors of Sudden Valley Community Association have caused these Bylaws to be executed and sealed."

Director McRoberts inquired about the proposed reimbursement policy that had been sent to the attorney. President Brown stated he had not heard back at this time.

Director Waterman inquired into whether or not the J2 contract had been signed. Admin Specialist Becker informed President Brown that the amended document was at the office for him to sign.

ACTION ITEM: President Brown will stop by the office to sign the amended contract on Friday May 30.

XV. NEW BUSINESS AND VOTING AS NECESSARY

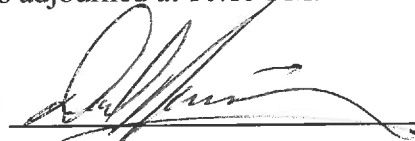
Director Waterman stated that he and Director Bauman found golf balls in the grass by the library.

ACTION ITEM: Staff needs to follow up on the safety issue.

XVI. ADJOURNMENT

The meeting was adjourned at 10:15 PM.

Board approved



Secretary David Narsico

/ Date 10 July 2014