

SUDDEN VALLEY COMMUNITY ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES
THURSDAY, JULY 24, 2014
ADULT CENTER
7:00 PM

In Attendance:

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

Excused Absence: Tom Doll

Community Members: 12

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

I. CALL TO ORDER

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

II. ROLL CALL

Late: Larry Brown and Melissa Lange

III. ADOPTION OF AGENDA

Agenda was adopted by acclamation.

IV. ANNOUNCEMENTS

- A. Director Narsico announced this meeting was the last for Braulio, Editor of the Sudden Valley Views.
- B. Director Bauman announced there will be a Flea Market on Saturday from 9 am to 2 pm. She stated there have been 30 booths sold.
- C. Director Bauman announced on September 5, there will be a Town Hall held in the Adult Center with County Council members.

V. PROPERTY OWNER COMMENTS

- A. A resident inquired about the decision for no longer having Town Hall meetings in Sudden Valley. He also had questions regarding Architectural Control Committee (ACC) policies and the changes being proposed in the ACC Bylaw document.
- B. A resident stated, in regards to the ACC policies, there is an appendix in the Governing Documents regarding guidelines on ACC approved material. He also had a few comments on the ACC Bylaw document. He said the document proposes voting

in members of the ACC and he feels that the current committee members are doing a great job so why propose a change? He also said he did not feel that five members was enough, but would recommend it be 9 members instead.

- C. Another resident made comments on the proposed ACC Bylaw change. She stated the restrictions that were put in place 45 years ago are the same restrictions the ACC is following today. Since this resident has been on the committee, she has done research for guideline change proposals. She feels, if the committee was elected, that would increase the diversity of the committee and that would be a good thing. She believes everyone has a strong desire to protect and enhance their investment but since the ACC meetings are in the morning, many working residents and people with children cannot be heard at these meetings.
- D. A resident said they feel the ACC members want to serve, but to have that much power and not be elected is a concern. They felt people would feel more confident in their ability to influence the choices made by the ACC.
- E. A current member of the ACC stated that most of the ACC members want to let the Board know what to expect while sitting on the committee. They felt having a rapid turnover would hinder the process of being trained. If people are elected, they may not understand the requirements of the position. The committee members spend an enormous amount of time approving plans, having discussions, and going on tours. There is currently a 91% approval rating through the ACC, and guidelines have been updated to be current. They felt all policies should have two standards: a) finable and b) enforceable.
- F. A resident reiterated that the ACC needs people that know what is going on and they should also be voted in. ACC regulations should be set in stone, not something to argue over. He felt that some policies need refining and that is what most residents are requesting.

VI. BOARD COMMENTS

- A. President Brown stated Town Halls were held in the past before the AGM to explain measures and the budget. Instead this year the Board has chosen to invite residents to attend Board and Finance meetings. He also said the Board has no authority over the ACC operations, although the ACC has a set of policies and regulations that the Board has traditionally approved. He stated ACC is the sole body under the Bylaws given the responsibility for applying those policies and regulations in situations where homeowners file a request to the ACC. He said the residents' project is strictly an ACC matter. There is no appeal method for appealing an ACC decision under the current Bylaws. With regard to the issue between you and your neighbor, if there is a violation there is an issue of who enforces the regulations.

ACTION ITEM: The resident with the original complaint should speak with the General Manager, Board President, and possibly the ACC.

- B. Director Shaffner said he felt it was unnecessary to hold Town Halls for less than half of 1% of the voting population.
- C. President Brown stated the discussion of any Bylaw proposal at a board meeting prior to the AGM is for the purpose of deciding whether or not it deserves to be placed before the community for a vote. He also said a measure being presented to the Board of Directors does not mean the Directors support the measure, but instead is an issue that may need to be addressed at the AGM.

VII. APPROVAL OF MINUTES AND VOTING AS NECESSARY

- A. Board of Directors Meeting Minutes, June 26, 2014
The minutes were tabled by acclamation.
- B. Board of Directors Special Meeting Minutes, July 1, 2014
The minutes were tabled by acclamation.
- C. Board of Directors Meeting Minutes, July 10, 2014
Director Houlton proposed the following changes:
Page 13, line 158 there should be an s after "other".
Page 15, line 153 GAP standards should be GAAP standards.
These changes were adopted by acclamation. The minutes were tabled by acclamation.

VIII. GENERAL MANAGER'S REPORT AND VOTING AS NECESSARY

- A. GM Schlaack stated the report was as submitted.
- B. Director Bauman had a question regarding the boats and trailers outside of maintenance/Area Z. GM Schlaack said one boat is a Sudden Valley vessel that is used for placing buoys. He stated the rest of the boats were towed from the Marina for non-payment. Director Bauman and Houlton had a few questions regarding Community Environmental Services Manager Cavender's Report. Director Houlton inquired into deadlines for projects the CES department is working on. GM Schlaack said the deadline for the barn project is July 30 but the parks and trails project doesn't have a deadline.

ACTION ITEM: Look into tan pop up trailer next to maintenance/community garden.

- C. Director Lange inquired into the status of the Barn playground. GM Schlaack said there is a temporary fix, but the bolts, screws, and stays came out of the platform. He said Maintenance Supervisor Petetit has called a fabrication company to make something temporarily, and he has also called the company that put together the playground, to review the structure.
- D. Director Narsico said he would like to see past information on the Marina included in the report. GM Schlaack said it would be done in the future but there were other tasks taking priority at this time.
- E. Director Houlton inquired into the amount of ID checks security had reported. President Brown said security checks IDs during the summer at AM/PM Beach to ensure non residents are not using Sudden Valley beaches and parks.
- F. President Brown inquired into who makes the decision for a burn ban. GM Schlaack said Sudden Valley always follows Whatcom County burn bans

IX. TREASURER'S REPORT AND VOTING AS NECESSARY

- A. Finance Committee
 - 1. Minutes, June 18, 2014
As submitted. Adopted by acclamation.
 - 2. Minutes, July 2, 2014
As submitted. Adopted by acclamation.
 - 3. Capital and Expense Requests
 - a. Shelter Change Order Request – Director Waterman stated on June 12 the Board approved the funding in the amount of \$100,000 to revitalize the two picnic shelters. Director Waterman invited four contractors to bid and received two bids back for the shelters. After a change was requested and

both bidders had responded, one at 8% below the adjusted baseline and one 13% above. Director Woodin inquired into the Finance Committee's recommendation. Director Waterman said it was unanimously approved for recommendation. Director Waterman said the exemption permit has been reviewed and it'll be 5 – 7 days for approval.

MOTION: Director Waterman motioned for the Board to approve the request for an additional \$22,000, 15% contingency included, to fix the shelters. The motion was seconded. The motion passed unanimously.

- b. Emergency Pump Replacement – GM Schlaack stated one of the pumps was in need of an emergency repair. Turfcare Superintendent Close had it repaired and sent the request to Finance to explain the cost. The funds were requested from the MR&R account.

MOTION: Director Waterman motioned the Board approve the funds, out of MR&R, in the amount of \$2020. The motion was seconded. The motion passed unanimously.

- c. #18 Pump Control Panel – Director Waterman stated the pump control panel was scheduled to be replaced in 2015. The pump panel broke a number of years ago and it was fixed with spare parts to give it limited functionality. Director Waterman said it broke down on a regular schedule so he requested Turfcare Superintendent Close move the request up to 2014. The request is to be taken from the MR&R account.

MOTION: Director Waterman motioned the Board of Directors approve \$52,000, for the replacement of the pump control panel, out of the MR&R account. The motion was seconded. The motion passed unanimously.

LCI Consultants will give a narrative on all mechanical systems and how they operate, a spreadsheet on all components, a maintenance schedule, the durations of how long to complete, and how often required.

4. Treasurer's Report - Director Shaffner presented the balance sheet and P&L for June 2014. He said Golf is running substantially behind revenue and the collection rate is up to 87%. Due to unforeseen circumstances the 2014 budget will probably end ahead of plan, although there is a Plan B that will be discussed at the next Finance Committee Meeting. Director Shaffner stated he recently received news from Wilson Engineering that the culvert that runs under the tennis court is worse than previously thought. Finance Committee member Edmonds and Director Shaffner will meet with Wilson Engineering on Friday, July 25 to discuss all projects that will be completed in 2014 and will continue to plan for the design and engineering for all D culverts for 2015. Once that has been completed they will discuss what money is left over that can be allocated to the 6 -7 other projects that need to be done. Director Waterman and Director Shaffner will meet in the following week to discuss the 2014 and 2015 CRRRF roadmap. Director Shaffner stated the plan remains to have a least improbable budget in front of the Finance Committee one week from Wednesday.
5. Audit Management Letter – Director Shaffner stated the audit completion letter and audit management letter are included in the packet. He said the important letter is the audit management letter. Issues that were raised including segregation of duties over cash receipts and FDIC limits will be taken care of by switching to Mutual of Omaha. Director Shaffner expects debit cards to be better next year. He

also said allocation of time is now taken care of. In previous accounting software there was no place to allocate funds for Parks and Trails, so that other projects were allocated to Golf. Once the Parks and Trails, Marina bathrooms, and other maintenance costs were stripped from the Golf allocation it showed on average for the last ten years that the Golf course made a profit. Director Shaffner also said it's going to be a difficult thing to manage in the long run. Director Woodin inquired if the problem was solved, and if Parks and Trails received the income from picnic shelter rentals. Director Shaffner said there was not an account to place the rental income in so it was put in recreation. Accounting Manager Miller said they are now allocated to picnic shelter rentals.

6. HOA Signature Card – Accounting Manager Miller stated Mutual of Omaha needs to have a signature card filled out by the Directors that will be signing checks. She suggested it should be filled out by President Brown, Director Bauman, Director Shaffner, and Director Narsico.

MOTION: Director Shaffner motioned to approve to allow the four individuals to move money and that the Board accepts the document as written. The motion was seconded. The motion passed unanimously.

X. COMMITTEE REPORTS AND VOTING AS NECESSARY

A. Architectural Control

1. Minutes, July 3, 2014
2. Minutes, July 17, 2014
3. July Report
Minutes and report as submitted.

B. Communications

1. Minutes, June 16, 2014
2. Minutes, July 7, 2014
Minutes are as submitted. Director Woodin stated there was a quorum of the Board at both meetings.

C. Document Review

1. Minutes, July 14, 2014
Director Woodin said on Sunday, July 13 an email was sent to the committee regarding the agenda not being sent out, online, or posted on the bulletin board. She stated by noon on Monday there was still no agenda. Director Woodin felt that it was an illegal meeting. A discussion ensued on the proper notification of a meeting.

MOTION: Director Woodin motioned that notice be posted on the appropriate website captioned "Committee Information" in a timely fashion, ~~at least the day before~~ **FRIENDLY AMENDMENT:** 48 hours prior. The motion was seconded as amended. The motion passed with one abstention.

The minutes were tabled.

D. Emergency Preparedness

1. Minutes, July 8, 2014
Minutes are as submitted.
Director Waterman stated GM Schlaack had given a document regarding speeding to Director Lange and himself, he felt it was better suited to go to Director Houlton since she is the chair of the Emergency Preparedness Committee. GM

Schlaack stated he gave the document to Director Lange since she had requested the topic be raised. GM Schlaack said all the solutions had a cost and would be presented to the Finance Committee. He planned to give the document as an update of where he stands. GM Schlaack feels that the best recommendation is to have a traffic engineer do a traffic study. Director Waterman suggested GM Schlaack work with Director Houlton on the speeding issue.

E. Nominations and Elections

1. Minutes, June 25, 2014

Minutes are as submitted.

F. Strategic Planning

XI. CONTINUING BUSINESS AND VOTING AS NECESSARY

A. Speeding Issue

This was addressed during the Emergency Preparedness Committee report.

B. AGM Agenda and Measures Final Agreement

Director McRoberts stated based on the discussion from the last meeting; several people suggested they had a proposed AGM measure.

1. ACC Bylaw Proposal

President Brown stated the ACC proposal states members of the ACC will be elected in the future, instead of appointed by the Board. Director McRoberts said when the ACC has an opening, it is advertised, ACC interviews them, N&E vets the candidate then presents them to the Board. Director Shaffner received the same feedback that ACC Co-Chair Sterling gave, that the current committee is doing a great job. He is concerned that the ACC will lose great people and they could end up with people they can't replace. Director Narsico stated that would be similar to the Board dynamic, everyone may not have expertise but they are representing the community. Director Woodin proposed instead of electing the whole committee, elect a small board of the committee. She suggested having three chairs to run and organize the committee. Director Shaffner inquired if a Board member is required. President Brown said no the chair becomes a non-voting member of the Board. Director Bauman stated being on the ACC requires a lot of work including tree tours, exterior alteration tours, a lot of time involved, and a lot of learning. The committee over the years has been consistent and she agrees why change what is working. Director Lange inquired into how often members of the ACC are denied. She also pointed out that the ACC chair is the only member that sits on the Board that is not elected. Every committee has a learning process. Director Kos said, since she has been on the ACC, they have never turned a committee member away. Director Bauman stated in her time there was one turned away due to the intensity with which he wanted to enforce the ACC guidelines. Director Narsico said in terms of numbers, you could have nine committee members, but rotate out three. President Brown stated the Bylaws say "The Board shall appoint" and he feels this ensures that happens. He also said as long as he has been in the community he has heard complaints about the way the ACC operates. Director Bauman said compliance has nothing to do with the ACC, either security or CES are to take care of that aspect. Director Waterman suggested bringing ACC to a closed session to discuss complaints made against them. Director Houlton stated some portion of the committee being elected is a

great idea but how do you decide which ones go first. Director Kos stated the ACC doesn't enforce compliance or issue fines, and if a problem is found on the tour, it is brought to the GM. Typically between 5 and 6 members of the committee go on the tree tour twice a month, and they can take between 2 – 3 hours due to evaluating tree health, property lines, etc. She said she personally takes offense to people saying they are giving better results to Gates 1 and 2 because the ACC looks at all requests equally. She feels voting isn't a good idea since they interview, advertise, and the members are vetted by the N&E. President Brown stated the ACC is the final ruling of their decision. The Board has fine determination of whether it will pursue a penalty of a violation that the ACC notes.

MOTION: President Brown motioned to accept the document as written. The motion was seconded. The motion passed. However, the vote was withdrawn due to misunderstanding of the wording of the motion.

MOTION TO AMEND: Director Woodin motioned to amend the members to nine members in good standing, instead of five. The motion to amend was approved by acclamation.

Some Board members felt there was more to be done with the original document.

MOTION: Director Lange motioned to table the proposal until it can be revised with suggestions made by the Board. The motion was seconded. The motion was passed with one against.

2. Lot Joinder Fees

President Brown stated the Board tried to put a moratorium on the fees but unfortunately they were in the Bylaws so it could not be done. This proposed measure is to give the Board the authority to put a 12 month moratorium on lot joinder fees. Director Waterman feels this will increase property value when two lots are joined. President Brown stated this is not a waiver, but instead gives the Board the power to waive the fees.

MOTION: President Brown motioned to place the text for lot joinder fees, as new Section 6. C in the Bylaws, to be on the ballot for the AGM. The motion was seconded. The motion passed with one against.

3. Strategic Planning

President Brown stated he was unsure what Director Doll was trying to propose. Director Shaffner said he doesn't feel the Board needs a charter and that the Long Range Planning Committee should be sunsetted. President Brown stated the Committee was only in place through the end of 2014. Director McRoberts doesn't feel a whole proposal could be written in three weeks.

MOTION: President Brown presumed for fairness that the motion was called and seconded by acclamation regarding placing the measure on the AGM ballot. The motion failed with five against.

Director McRoberts read the potential agenda for the AGM. She stated, looking at the calendar, one date would have to be moved. Staff will not receive a list of agenda measures until August 15.

C. Update for Library and Barns

Director Waterman scheduled a meeting for next Wednesday with Whatcom Library, Trustees, Friends of the Sudden Valley Library, certain BOD members, and staff. Director Waterman stated in the meeting he plans to discuss what is known at this

time. He also said they have finished the first shoring job that will allow the Library staff to get books without wearing hard hats. Director Waterman stated there has to be another shoring job done in order for the Library to get short operation status. He said there has been an insurance claim submitted. The Dance Barn still needs to have sections of the floor cut out and invasive tests done and Barn 6 will need to be evaluated. Director Shaffner said the barns may be a loss and replacement options are being looked into. Director Waterman stated the Library did not like the rotunda option.

D. Discussion of Member Education for Budget and Measures

Director Narsico wanted to ensure that his article had the correct information. It was stated that people were to attend Board and Finance meetings to be educated on the budget and measures. Director Shaffner stated he will write an article for the Views once a budget is approved by the Board of Directors.

XII. NEW BUSINESS AND VOTING AS NECESSARY

A. 16 Gray Birch Lane Lot Transfer

President Brown stated he had received a request for a lot transfer. Director Lange inquired if there was money owed that would impact Sudden Valley. She suggested that the owner explore all options for selling, prior to giving the lot back to Sudden Valley. Director Waterman suggested having Chris Weitzel look over the property. Director Woodin said it puts pressure on Sudden Valley to maintain the property and pay the taxes.

ACTION ITEM: President Brown will write to suggest other options, such as speaking with Chris Weitzel.

Director Shaffner suggested perhaps President Brown write the resident to say Sudden Valley would have Chris Weitzel contact her but no one would come after her for the dues in the meantime. Director Houlton suggested placing a timeline on the moratorium on dues. Director Woodin stated the Board doesn't have the authority to say some people don't have to pay dues; she is concerned it'll start a slippery slope.

MOTION: Director Woodin motioned the Board to say a blanket no to all requests. The motion was seconded. The motion failed with five against.

Director Shaffner said we will spend a lot of money in the end trying to get the lot that people were willing to give us. Director Bauman raised the concern the Board hasn't been consistent in taking or not taking lots.

B. Tree Trimming Request at 16 Loganberry Lane

President Brown stated the tree is on common property, so it is not an ACC issue. He was informed that ACC denied, so the Community Environmental Services Manager Cavender denied it. He does not feel that staff has the authority to make that decision and would like to have a definite policy for how these are decided on in the future. Director Shaffner stated it sounds like the residents did their job by having an arborist report. Director Kos stated she was unsure why Anthony wrote a denial letter when the ACC recommended approval.

ACTION ITEM: GM Schlaack is to tell Community Environmental Services Manager Cavender that the Board recommends following the recommendation of the ACC.

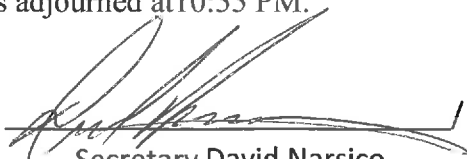
XIII. CLOSED SESSION

Adjourned to closed session at 10:22 PM.

XIV. ADJOURNMENT

The meeting was adjourned at 10:55 PM.

Board approved



Secretary David Narsico

/ Date

29 Aug 2014