

**MINUTES OF THE SVCA BOARD OF DIRECTORS
HELD ON MONDAY, FEBRUARY 26, 2007 IN THE ROTUNDA
OPEN SESSION: 7:00 P.M.**

IN ATTENDANCE:

Kalene Drummond
Russ Harlan, Vice President
Naomi Bunis, Secretary
Andy Schwartz, Treasurer
Barbara Audley
Calece Cass-Healy
Roger Bull
Chuck McGroddy
John Gordon, ACC Representative
Lee Langdon, N&E Representative

EXCUSED ABSENCE:

Mac Carter

STAFF IN ATTENDANCE:

Dave Wareing, General Manager
Rosemary Tate, Admin. Support
Tim Newcomb, Views Staff

COMMUNITY MEMBERS IN ATTENDANCE:

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I. CALL TO ORDER:

President Kalene Drummond called the meeting to order at 7:00 p.m.

II. ROLL CALL:

President Drummond noted the excused absences of Mac Carter.

III. ANNOUNCEMENTS:

Secretary Naomi Bunis announced that there was a Special Meeting of the Board of Directors on February 12th to discuss 2006 financial matters. A motion was approved to apply expenses from the H.R. Audit, the severance paid to the former G.M. in excess of the G.M. 2006 salary budget, and the 2006 G.M. executive search fee to Restructuring costs.

IV. AGENDA:

The agenda was approved without change.

V. MINUTES:

The minutes of the January 22, 2007 Open Session and the February 12, 2007 Special Board Meeting were approved as corrected.

VI. GENERAL MANAGER'S REPORT:

(Full report attached)

VII. COMMITTEE REPORTS:

1. Finance Committee

a. Treasurer's Report

Treasurer Andy Schwartz reviewed the financial reports in the board packets.

- b. Treasurer's Motions Consent Agenda:
Kalene Drummond asked the board if any member wanted any items pulled from the Consent Agenda. Barbara Audley requested Item 10 be pulled for the purpose of discussion.

Treasurer's Motion #1: Purchase of Voice Mail System Upgrade:

As requested by the SVCA General Manager and reviewed and recommended by the Finance Commission, Treasurer Andy Schwartz made a motion that the Board of Directors approve the expenditure not to exceed \$4,200 from the Major repair and Replacement Capital Member Assessment Reserve for the purchase of a Computer Card Upgrade for the SVCA Voice Mail System.

General Manager's Comment: The current voice mail system is old and outdated, which causes voice messaging problems. Review of available alternatives is continuing and if found, those alternatives will be considered within the financial framework established by the Board and the Finance Committee. Either way, the voice mail problems need to be eliminated and this capital allocation will accomplish that goal.

Treasurer's Recommendation: The Finance Committee recommended the 'not to exceed' amount and I agree.

Treasurer's Motion #2: Purchase of Replacement Patrol Car:

As requested by the SVCA General Manager and reviewed and recommended by the Finance Committee, Treasurer Andy Schwartz made a motion that the Board of Directors approve the non-budgeted expenditure not to exceed \$25,000 from the Major Repair and Replacement Capital Member Assessment Reserve for the purchase of a new 2007 Honda CRV LX as a replacement patrol car for Security NET of the sale of one of the existing patrol cars.

General Manager's comments: The 2007 purchase of a replacement Security vehicle is on the 25-year Capital Plan. Leasing was considered, but with the miles driven by the Security Force each year it is financially impossible. Our plan is to replace the current vehicles on an annual rotating basis with more fuel-efficient vehicles and thereby save both Capital and Operating money. Trading out the vehicles before they hit 50,000 miles will allow SVCA to continue to operate efficiently by utilizing its assets in the most positive fashion. This purchase will begin that process and allow us to negotiate fleet deals with a local auto vendor.

Treasurer's Recommendation: The Finance Committee recommended the 'not to exceed' amount and I agree.

Treasurer's Motion #3: Purchase of Digital Surveillance Equipment:

As requested by the SVCA General Manager and reviewed and recommended by the Finance Committee, Treasurer Andy Schwartz made a motion that the Board of Directors approve the expenditure not to exceed \$40,000 from the Major Repair and Replacement Capital Member Assessment Reserve for the purchase of 15 Day/Night High Resolution Network Surveillance Cameras and a Network Video Recording System. The requested expenditure amount exceeds the Capital Budget for this item by \$5,000.

General Manager's Comments: The safety of the SV residents and the security of its assets are paramount to maintaining the quality of life in Sudden Valley. The installation of this surveillance equipment will serve as both a deterrent and a mode of tracking down perpetrators who vandalize our property.

Treasurer's Recommendation: The Finance Committee recommended the 'not to exceed' amount and I agree.

Treasurer's Motion #4: Purchase of a Replacement Road Mower:

As requested by the SVCA General Manager and reviewed and recommended by the Finance Committee, Treasurer Andy Schwartz made a motion that the Board of Directors approve the expenditure not to exceed \$44,000 from the Major Repair and Replacement Capital Member Assessment Reserve for the replacement purchase of a Road Mower (Tractor and Boom Mower).

General Manager's Comments: The old Road Mower is a greater liability to the Association than it is an asset. Numerous car and house windows have been broken due to the inefficient way the old mower operates. It is definitely time to replace this dangerous piece of equipment before someone is injured.

Treasurer's Recommendation: The Finance Committee recommended the 'not to exceed' amount and I agree.

Treasurer's Motion #5: Marina Dock Renovations:

As requested by the SVCA General Manager and reviewed and recommended by the Finance Committee, I move that the Board of Directors approve the expenditure not to exceed \$165,000 from the Major Repair and Replacement Capital Member Assessment Reserve for the complete renovation of both Marina Docks. The requested expenditure amount exceeds the Capital Budget for this item by \$5,000.

General Manager's Comments: The Marina is one of the focal points of the Community. The docks have been in service for 30 years, which is 10 years longer than their expected life. The decking material has been repaired annually by the Maintenance Department over the last 5 years but it is getting so worn out that it cannot be repaired for another year. As the pilings are still in good shape, replacing the decking material now will insure years of continued service to the Marina.

Treasurer's Recommendation: The Finance Committee recommended the 'not to exceed' amount and I agree.

Treasurer's Motion #6 – Purchase of Replacement Pool Heating Systems:

As requested by the SVCA General Manager and reviewed and recommended by the Finance Committee, I move that the Board of Directors approve the expenditure not to exceed \$19,000 from the Major Repair and Replacement Capital Member Assessment Reserve for the replacement purchase of the existing heating systems for both the main and adult center pools.

General Manager's Comments: The heating system in each of the pools has exceeded its expected life. Replacing those heaters now will allow the continued use of the pools throughout the summer months.

Treasurer's Recommendation: The Finance Committee recommended the 'not to exceed' amount and I agree.

Treasurer's Motion #7 – Purchase of Replacement Upstairs Administration Air Conditioning Unit.

As requested by the SVCA General Manager and reviewed and recommended by the Finance Committee, I move that the Board of Directors approve the expenditure not to exceed \$28,000 from the Major Repair and Replacement Capital Member Assessment Reserve for the replacement purchase of the existing Administration building upstairs air conditioning unit. The requested expenditure amount exceeds the Capital Budget for this item by \$3,000.

General Manager's Comments: The air conditioning system in the Administration Building is overworked for its size. In 2006 the unit ran nearly non-stop throughout the summer and did a poor job of maintaining a reasonable temperature. Replacing that unit with an efficient running unit will save cooling dollars and better maintain an even temperature in the coming summers.

Treasurer's Recommendation: The Finance Committee recommended the 'not to exceed' amount and I agree

Treasurer's Motion #8: Purchase of Replacement Lawn Tractor

As requested by the SVCA General Manager and reviewed and recommended by the Finance Committee, I move that the Board of Directors approve the expenditure not to exceed \$5,500 from the Major Repair and Replacement Capital Member Assessment Reserve for the replacement purchase of a zero turn Lawn Tractor. The requested expenditure amount exceeds the Capital Budget for this item by \$500.

General Manager's Comments: The lawn tractor that Maintenance now uses is a hand-me-down from the Golf Maintenance Department and it has been band aided as long as it can. The Toro unit being requested is a new 2006 model on which the dealer has dropped the price by over 37% and it will provide the Maintenance Department one more of the tools it needs to do its job efficiently and effectively.

Treasurer's Recommendation: The Finance Committee recommended the 'not to exceed' amount and I agree

Treasurer's Motion #9: Purchase of 5 New Replacement Golf Carts.

As requested by the SVCA General Manager and reviewed and recommended by the Finance Committee, I move that the Board of Directors approve the expenditure not to exceed \$ 11,600 from the Major Repair and Replacement Capital Member Assessment Reserve for the replacement purchase of 5 new golf carts NET of the sale or trade-in of 5 currently owned 2000 Club Car Golf Carts.

General Manager's Comments: In an effort to maintain a quality fleet and replace the worst golf carts, the Golf Department has in the past routinely replaced it's carts after 6 to 7 years of use. The carts that are being replaced have been in use for 7 seasons and are showing the wear and tear of daily use. The Golf Department charges top rates for cart rentals and the condition of our carts has a direct effect on the future earning potential of the Golf Department.

Treasurer's Recommendation: The Finance Committee recommended the 'not to exceed' amount and I agree

MOTION:

Chuck McGroddy made a motion that the Board of Directors approve Items 1 through 9 of the Consent Agenda. The motion was seconded.

MOTION CARRIED UNANIMOUSLY

Treasurer's Motion #10: 2007 Billing Reallocation of Dues

As directed by the Finance Committee, I move that the SVCA Board of Directors

approve the reallocation of the billings for the 2nd thru 4th Quarter 2007 Dues from Operations to Capital in an amount equal to the current Board Designated Emergency Major Replacement & Repair (MR&R) Reserve in order to minimize the Association's 2007 taxable net member income resulting from the carryover of the estimated excess 2006 taxable net member income as provided for by the guidelines established by IRC Section 118.

1. The additional Capital Dues collected will be deposited into a new member assessment Reserve for Emergency MR&R which will replace the existing Board Designated Emergency MR&R Reserve. Expenditures from this new member assessed Emergency MR&R Reserve will be governed under existing policy 2003-5 (copy attached).
2. As the additional capital funds are received from the reallocation billing and deposited into the new member assessed Emergency MR&R Reserve, an equal amount will be transferred from the Board Designated Reserve for Emergency MR&R to the Operations bank account to fund the resulting shortfall in 2007 Operating Dues.

The motion was seconded. A discussion followed.

MOTION CARRIED UNANIMOUSLY

2. Community Plan:
There was no report. In the absence of Mac Carter, Kalene Drummond announced that the next committee meeting will take place on March 12th, when there will be a presentation by the Parks and Recreation Commission.
3. Communications Committee (Report attached)

MOTION:

Naomi Bunis made a motion that the Board of Directors approve Sandy Chasteen and John Barlean as members of the Communications Committee.
The motion was seconded.

MOTION CARRIED UNANIMOUSLY

4. Disaster Preparedness: (Report attached)
5. ACC: (Report attached)

VIII. UNFINISHED BUSINESS:

(None)

IX. NEW BUSINESS:

(None)

X. PROPERTY OWNER COMMENTS:

Dan Marantette, Div. 3/Lot 77, commented on the preparations being made for the Parks and Recreation Commission's presentation at their March 12th meeting and asked for the Board's input. A discussion followed.

Mike D'Angelo, Div. 1/Lot 115, expressed concern about speeding in Sudden Valley. He stated that when he complains to Security regarding speeding of vehicles such as vendor trucks or UPS vehicles, he was told that these drivers cannot be ticketed because a violation has to be tied to a homeowner. Kalene responded that the General

Manager is currently working on this item.

Christina Carlson, Div. 3/Lot 9 stated that she cannot attend Tuesday's Community Plan meeting, but she wanted to express her appreciation to them for considering her ideas regarding a community garden.

BOARD MEMBER COMMENTS:

Calece Cass-Healy directed a question to General Manager asking for the status of the employee handbook, the structuring plans, and the subject of policy under consideration of dues having to be current before a member can speak at a meeting. A discussion followed. Rosemary Tate will refer to past Board minutes on the issue.

Russ Harlan presented a copy of a handout and petition from Sudden Valley resident Joyce Dillenberger to urge the Washington Utilities and Transportation Commission to work with Puget Sound Energy to provide reliable service to Sudden Valley. A discussion followed.

Kalene Drummond, reading a prepared statement, submitted her resignation from the Board of Directors. The Board expressed their appreciation for her service to the community.

There was a discussion regarding the election of officers.

ELECTION OF OFFICERS:

Calece Cass-Healy nominated current Vice President Russ Harlan to fill the position of Board President until the end of this term. The nomination was accepted. Mr. Harlan accepted the nomination. A discussion followed.

There being no other nominations, Russ Harlan was elected President by acclamation.

Roger Bull nominated Chuck McGroddy to fill the position of Board Vice President. The motion was seconded. Mr. McGroddy accepted the nomination. A discussion followed.

There being no other nominations, Chuck McGroddy was elected Vice President by acclamation.

N&E Chair Lee Langdon suggested that the Board draft a formal letter of thanks to Kalene Drummond for her leadership.

XII.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 8:21 p.m.

Board approved _____ / Date _____