

**MINUTES OF THE SVCA BOARD OF DIRECTORS MEETING HELD ON
MONDAY, JULY 23, 2007 IN THE ROTUNDA
OPEN SESSION: 7:00 P.M.**

IN ATTENDANCE:

Russ Harlan, President
Chuck McGroddy, Vice President
Naomi Bunis, Secretary
Andy Schwartz, Treasurer
Mac Carter
Roger Bull
Barbara Audley
Ben Brigham
Lee Langdon, N&E Representative
John Gordon, ACC Representative

EXCUSED ABSENCE:

Calece Cass-Healy

STAFF IN ATTENDANCE:

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

COMMUNITY MEMBERS IN ATTENDANCE:

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I. CALL TO ORDER:

President Russ Harlan called the meeting to order at 7:00 p.m.
General Manager, Dave Wareing, introduced SVCA's new Accounting Manager, Steve Lidgard.

II. ROLL CALL:

President Harlan noted the excused absence of Calece Cass-Healy.

III. ANNOUNCEMENTS:

President Harlan announced a change in procedure during Property Owner Comments at future Board meetings. In addition to the 2 minutes allotted each resident to make a comment, there will be one minute allowed for a response by a Board member or the General Manager. If more detail is needed, the property owner will be advised to see the General Manager during business hours.

IV. AGENDA CHANGES/APPROVAL:

The agenda was approved after adding that the Board would recess into Closed Session at the conclusion of Item XIII. Board Member Comments.

V. PROPERTY OWNER COMMENTS:

Leslie McRoberts, Div. 23/Lot 22, speaking as a Lake Whatcom Water & Sewer District Commissioner representing Sudden Valley, offered to answer any questions or concerns anyone might have regarding the Water District. She then gave an update on the ongoing plans for the Water District's new building and added that people will be pleased to learn that the costs are coming in a bit under what was originally thought. The District is currently in discussions regarding how they will finance the building with the least increase possible for rate payers. She concluded by saying that the cost to the rate payers will be below the estimate that the Bellingham Herald published.

Scott Thiele, Div 3/Lot 128, referring to the flushing out of the lines, asked Commissioner McRoberts if the residents will be advised when it will be happening in their area. She responded that notices will be on Channel 10 and the Water District's web site will have weekly announcements as to the locations that will be affected.

VI. APPROVAL OF MINUTES:

The minutes to the June 23, 2007 Open Session, the July 15, 2007 Board/Community Work Session and the July 16, 2007 Special Board Meeting were approved as corrected.

VII. GENERAL MANAGER'S REPORT:

(Report attached)

In addition to the written report, Mr. Wareing distributed a Capital Project Update with regard to the renovation and upgrade of the Recreation Center with a request for Board approval additional funding of \$55,000 in order to finish Phase One of the renovation. A discussion followed.

VIII. COMMITTEE REPORTS:

1. Finance Committee

a. Treasurer's Report

Treasurer Andy Schwartz reviewed the financial information in the Board packet.

b. Treasurer's Motions:

#1 – Purchase of Digital Meter Postage Machine

MOTION:

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 budgeted expenditure not to exceed \$7,500 from the Major Repair and Replacement Capital Member Assessment Reserve for the purchase of a Digital Meter Postage Machine.

General Manager's Comments: The USPS has published a Plan for Secure Postage Meter Technology, a migration plan that manages the replacement of metering technology. SVCA is currently using a meter that will be phased out (December, 2008) as part of the last phase of the plan. Digital meters will then be mandatory. The new digital meters will not work with our current mail machine; therefore, a new machine is required.

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

The motion was seconded. A discussion followed.

MOTION CARRIED UNANIMOUSLY

#2 – Installment of Back-up Batteries and 3 POTS Lines

MOTION:

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 \$2,500 from the Major Repair and Replacement Capital Member Assessment Reserve for the installation of back-up batteries and 3 POTS lines for continued communications during power outages.

Treasurer's Recommendation: The Finance Committee recommended the 'not to exceed'

amount and I agree.

The motion was seconded. A discussion followed.

MOTION CARRIED UNANIMOUSLY

#3 Purchase of Canoe Racks:

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 \$2,700 from the Major Repair and Replacement Capital Member Assessment Reserve for the purchase of materials to build and install 15 canoe racks.

General Manager's Comments: Currently SVCA has 12 racks with 6 spaces each installed at various locations. All the racks are full and a wait list is growing that will easily fill the new racks along with SVCA's own needs for its rental canoe. The payback for these new racks from rental income will be approximately 1 year.

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

The motion was seconded. A discussion followed

#4. Accounting Manager Search Fee:

MOTION:

As requested by the General Manager and recommended by the Finance Committee, Treasurer Andy Schwartz made a motion that the Board of Directors approve the use of the Undesignated Reserve to pay the non-budgeted search fee of \$7,500 to Moss Adams for the recruiting of the new Accounting Manager.

The motion was seconded. A discussion followed. General Manager Dave Wareing asked that the motion be amended to \$7,600.00.

MOTION AS AMENDED PASSED UNANIMOUSLY

#5. Application for Federal Non-Profit Status (501C4) for the SVCA:

MOTION:

As recommended by the Finance Committee, Treasurer Andy Schwartz made a motion that the Board of Directors approve the expenditure of up to \$12,000 from the Undesignated Reserve for the hiring of outside counsel to provide federal income tax advice for the preparation of the SVCA 2006 Federal Income Tax Return as well as the review and application preparation costs including filing fees regarding potential Federal non-profit status under IRC Section 501© (4) for the SVCA.

The motion was seconded. A discussion followed.

MOTION CARRIED UNANIMOUSLY

The floor was turned over to Dave Wareing for further discussion of his report

on the additional anticipated costs of the renovation of the Recreation Center.

President Harlan requested that Mr. Wareing come up with a finalization of an operation plan for the rest of the year.

It was the consensus of the Board to go ahead and get an operational plan and that the board approve the expenditures now.

Treasurer Andy Schwartz reviewed SVCA's Full Year Outlook as of June 30, 2007. A discussion followed.

MOTION:

Barbara Audley made a motion that the Board of Directors fund the shortfall of \$53,756.00 out of Undesignated Reserves through 12/31/2007 as the need arises. The motion was seconded.

MOTION CARRIED UNANIMOUSLY

There was further discussion regarding General Manager Dave Wareing's Capital request.

MOTION:

Naomi Bunis made a motion that the Board of Directors approve the General Manager's request to fund an additional \$60,000 from the Major Repair and Replacement Capital Member Assessment Reserve for further additions to the Recreation Center. The motion was seconded.

MOTION CARRIED UNANIMOUSLY

RECESS:

At 9:45 p.m. President Russ Harlan called a 5 minute recess. The Open Session was reconvened at 9:50 p.m.

2. N&E:

Lee Langdon stated the N&E is prepared to postpone the planning of the bylaw change from this year's ballot to next year. A discussion followed.

MOTION:

Roger Bull made a motion that the Nominations and Elections Committee postpone the proposal to go to an all mail-in ballot until the Annual General Meeting in 2008, which would then go into effect in 2009.

MOTION CARRIED UNANIMOUSLY

3. Communications:

Naomi Bunis reported she has spoken to all seven people who had signed up at the community meeting to serve as volunteers.

4. ACC

(Report attached)

5. Disaster Preparedness

(Reports attached)

MOTION:

Barbara Audley made a motion that the Board of Directors authorize the initiation of participation in the Citizen Corps Program through the U.S. Dept. of Homeland Security. This positions SVCA to apply for Federal funds to help develop our disaster response capability, especially with regard to communications equipment. The motion was seconded. A discussion

followed.

MOTION CARRIED UNANIMOUSLY

MOTION:

Barbara Audley made a motion that the Board of Directors appoint Dave Wareing as Emergency Coordinator for SVCA. This appointment will enable SVCA to apply for funds through the Public Safety Inter-operational Communications (PSIC) grants program which can be used to enhance our disaster response capability with regard to equipment and personnel. The motion was seconded.

MOTION CARRIED UNANIMOUSLY

IX. UNFINISHED BUSINESS:

1. Proposed Rules.
(Referred to August 24, 2007 Board of Directors Meeting Agenda)

X. NEW BUSINESS:

1. Current Year Capital Project Direction
There was a discussion regarding the planning and costs of the proposed Service Center. Mr. Wareing stated he would like to be able to continue with the plans. The consensus of the Board was to move forward with the project.

There was a discussion regarding the airstrip area and its proposed use for a storage area. The consensus of the Board was that the General Manager continue to pursue it.

2. Funding Capital Projects:

There was a discussion regarding the lots that are currently owned by SVCA and the ULID's. Also discussed was the Density Reduction Plan that the members voted on in 1993.

XI. PROPERTY OWNER COMMENTS:

Pat Loken, Div. 9/Lot 112, stated that there is a lack of lighting in Sudden Valley, especially in our parking lots. She also commented that any storage facility will need to have on-site management.

Dennis Jones, Div. 23/Lot 53, commented that he would like Board of Directors to get involved in watershed issues.

XII. BOARD MEMBER COMMENTS

None.

XIII. CLOSED SESSION:

At 10:50 p.m. the Board moved to go into Closed Session to discuss legal matters.

XIV. OPEN SESSION:

The Open Session was reconvened at 11:10 p.m.

Treasurer Andy Schwartz distributed the projected 2008 Budget packets and fee schedules for the Board to review before the meeting on 7/24.

XV.

ADJOURNMENT:

There being no other business, the meeting was adjourned at 11:20 p.m.

Board approved _____ / Date _____