

**MINUTES OF THE SVCA BOARD OF DIRECTORS
HELD ON MONDAY, OCTOBER 22, 2007 IN THE ROTUNDA
OPEN SESSION: 7:00 P.M.**

IN ATTENDANCE:

Russ Harlan, President
Naomi Bunis, Secretary
Andy Schwartz, Treasurer
Barbara Audley
Calece Cass-Healy
Ben Brigham
Mac Carter
Roger Bull
John Gordon, ACC Representative
Lee Langdon, N&E Representative

EXCUSED ABSENCES:

Chuck McGroddy

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 Russ Harlan called the meeting to order at 7:00 p.m.

II. ROLL CALL:

President Harlan noted the excused absence of Chuck McGroddy.

III. AGENDA CHANGES/APPROVAL:

The Agenda was amended to add Appointment of Auditors for 2007 as Item 2 under Special Presentations. Storm Water Report will become Item 3.

III. SPECIAL PRESENTATIONS:

Treasurer Andy Schwartz introduced Steve Forbes, Audit Manager of Larson Gross, who will give the 2006 Audit Report after the motion is brought forward:

1. 2006 Audit Report by Larson Gross

MOTION:

As recommended by the Finance Committee, Treasurer Andy Schwartz made a motion that the Board of Directors approve the 2006 Audit Report as submitted by Larson Gross. The motion was seconded.

Mr. Forbes of Larson Gross presented the 2006 Audit Report including a supplement to the report consisting of recommendations on how to further strengthen SVCA's internal control system. A discussion followed.

MOTION CARRIED UNANIMOUSLY

MOTION:

Calece Cass-Healy made a motion that the Finance Committee be responsible for working with management to discuss the control deficiencies that have been pointed out in the Audit Report and to come up with an action plan for monitoring the implementation

of them.

The motion was seconded. A discussion followed.

MOTION CARRIED UNANIMOUSLY

2. Appointment of Auditors for 2007

MOTION:

As recommended by the Finance Committee, Treasurer Andy Schwartz made a motion that the Board of Directors approve the appointment of Larson Gross PLLC as the auditors for SVCA's annual audit and preparation of the Association's 2007 Federal Income Tax Return as per the terms in the attached Engagement letter dated October 12, 2007. The motion was seconded. A discussion followed.

MOTION CARRIED UNANIMOUSLY

3. Storm Water Report – County Presentation

Chip Anderson reported the County has been formalizing a storm water management plan for Lake Whatcom and the County Council will present the final draft of the plan on November 13th from 6:30 to 8:30 p.m. at a location to be determined. He said he is at this Board meeting to formally invite SVCA's Board of Directors and residents to hear the report. There will be 30 bound copies prepared and one will be available to SVCA. He added that the report will also be available on line. A discussion followed.

V. PROPERTY OWNER COMMENTS:

Les Bjorkstam, Div. 28/multiple lots, expressed his appreciation to outgoing Board members for all the work they have done.

Rachel Manrique, Div. 22/Lot 267, referring to SVCA's pursuit of 501C4 status, asked what the difference is between that status and 501C3. Andy Schwartz responded 501C4 is written specifically for Homeowners Associations and gave her an overview of the steps we are taking to attain that status.

(name inaudible) 20 Sunflower Circle, commented on the closed bathrooms at the marina and asked about the status of next year's plans. She asked to have the old bathrooms back for next year. Dave responded the bathrooms are in very poor shape. He explained we were going to renovate them and then began to look at the building for possible use as a building for the Security Department. He said before they go further with the bathrooms, there will be discussions and plans developed and put before the board and there will be ample opportunity to discuss it. He also added it is SVCA's practice to shut the bathrooms down at this time of year anyway.

Referring to the elections, she asked if is possible to vote by mail. Lee Langdon responded that until 2004, Washington State Law prevented it, so we developed a designated agent proxy, which is essentially a mail in ballot.

She then asked if anyone is aware that there are water hyacinths in Sudden Valley. She said they are very invasive and not a good thing.

Scott Thiele, Div. 3/Lot 128, referring to the November 1, 2007 Joint Council Meeting, asked who will be doing the presentation by Sudden Valley. Russ responded they are working on it at the present time.

VI. BOARD MEMBER COMMENTS:

Mac Carter requested that a formal letter of acknowledgment be sent to Larson Gross, thanking them for the work they have done.

VII. MINUTES:

The minutes of the September 24, 2007 Open Session and the October 7, 2007 Special Meeting were approved as corrected.

VIII. GENERAL MANAGER'S REPORT:

Dave Wareing reported the following items:

Membership:

He has had a number of contacts from members of the Association and he is currently in the process of responding to them.

AGM:

There has been much contact with the Board, dealing with AGM issues such as the dues increase and the budget.

Personnel:

Mr. Wareing reported that staff turnover is troubling and there is a need to look at the reason. When an organization has this amount of turnover, there needs to be some looking into why that is. He has had conversations with Kitty French and Craig Ostrom and the previous accounting manager, and feels there are several reasons for the turnover. The reasons for leaving have been: convenience to their home, more pay, less workload and less stress on the job. Also, they feel there has been a lot of pressure brought to them by what is going on in the community right now. They feel they are exposed to the very strong feelings throughout the community. In the first hundred days he was here, people were very positive, and he doesn't hear that nearly as much as before. He thinks the burden of a divisive community falls heavily on staff. He said when a situation such as this arises, it is time to rebuild the organization with perhaps an even stronger team that can deal with the adversity that confronts us and turn it into something positive. One of the challenges that we face is that this organization is so thinly staffed and the workload is so heavy. He added Sudden Valley is the 4th largest community in the county and when looking at much smaller communities, they have bigger budgets and larger staffs than we do, with less of a workload. Part of the challenge is dealing with the situations and working together and coming together and not putting the burden of the emotions over some of these political issues on staff. He said just because people are divided over issues, they don't have to be inhospitable to each other. We can ill afford to lose the caliber of people we are losing because of this stress.

Physical Plant:

There is a lot going on in the Recreation Center to get the project resolved. The HVAC is going in now, there have been some problems to get the permits out here to do the work, and there has been electrical and cabinet work.

There have been plumbing issues downstairs and the HR office was flooded. The carpet had to be removed and will be replaced with vinyl.

Discussion followed regarding procedures for getting approval for funding of the work in excess of \$1,000 that needs to be done. Russ Harlan stated that according to the bylaws, the Executive Committee has the authority to act if the request cannot go through the Finance Committee.

Requests for Information:

There have been requests recently for information and, in attempting to respond in a timely manner as required by law, he finds there are areas that have not been addressed as the

documents require, which is that the Board establish a process and procedure by which information is released. State Law specifically directs what needs to be released. He has asked Phil Sharpe to research it because of some ambiguities in the law. Jeff Fairchild and Phil provided with a memorandum that has been released to the board.

Bob's Burgers and Brew:

Bob's Burgers and Brew has changed hands. Cameron is gone and Kurt and Sandee Oberleitner have taken over and seem to be doing very well. Mr. Wareing stated we should be seeing some very positive changes in the near future.

A discussion followed regarding a contract. Russ Harlan urged that it be done expeditiously. It was the consensus of the Board that Sandee and Kurt Oberleitner attend a future Board meeting to present their plans.

There was a discussion regarding spending authorization of the Executive Committee and the work that needs to be done in the basement of the clubhouse.

MOTION:

Andy Schwartz made a motion that the Executive Committee be assigned the task of reviewing contracts to replace carpeting in the basement area and approving the expenditure. The motion was seconded.

MOTION CARRIED UNANIMOUSLY

There was a discussion regarding the business plan of the Fitness Center. Mr. Wareing distributed a document showing the beginning of the process and discussed cost versus value. He stated that because of all the work that was done during the weekends and evenings, SVCA has obtained very good results for a very low amount of money.

Further discussion continued.

IX. COMMITTEE REPORTS:

1. Finance Committee

a. Treasurer's Report

Andy Schwartz reviewed the financial information in the Board packet. There were no capital items.

b. Treasurer's Motions:

(None)

2. Communications Committee

Naomi Bunis reported that nine people showed up for the New Residents meeting. She stated these meetings need to be held more frequently, perhaps on a monthly basis

3. N&E:

Lee Langdon reported it has been a very busy month which included meeting with the Parliamentarian, recruiting volunteers, figuring out logistics and the printing of signs. She said the loss of Kitty French is great as she would customarily support the N&E Chair during this time. She met with Kitty to go through the parts of the job that she has always done and then in the transition she met with Barbara Parker, Kitty's replacement.

She said there were a number of interesting things the Parliamentarian shared with them during their meeting, one of which is that running a Membership meeting follows different Roberts Rules of Order and they will have an orientation in advance of the meeting.

Russ Harlan asked Board members to be there at 12Noon on the day of the AGM.

ACC:

Report Attached.

There was a discussion regarding the September ACC report.

John Gordon asked for a motion to approve some ACC members.

MOTION:

Naomi Bunis made a motion that the Board of Directors approve Duncan Young and Kiara Weis as members of the ACC. The motion was seconded. Discussion followed.

MOTION CARRIED UNANIMOUSLY

4. Disaster Preparedness:
(Reports attached)

MOTION:

Barbara Audley made a motion in concept to enter into an agreement with the American Museum of Radio and Electricity to place a translator of their radio station in an appropriate location at Sudden Valley for use in times of emergency. The motion was seconded.

MOTION CARRIED UNANIMOUSLY

X. UNFINISHED BUSINESS:

1. Rules

Postponed per request of General Manager Dave Wareing

2. Fees:

Postponed per request of General Manager Dave Wareing.

XI. NEW BUSINESS:

1. Organizational Meeting

There was a discussion regarding the possibility of waiting a week after the AGM before holding the Organizational Meeting in order to let new members become familiar with rules of order and become acquainted with each other before they decide on the election of officers. It was the consensus of the Board that the Organizational Meeting be held as is custom on the day after the AGM, November 4, 2007 at 6:00 P.M. at the Rotunda.

XII. PROPERTY OWNER COMMENTS:

Les Bjorkstam commented that past practices were for members of the Board was to interview potential ACC members. Current members would propose names to the Board.

Referring to Roger's comments regarding the restaurant back in 2000, the beautiful chairs and tables are compliments of Phil Sharpe because when the Palmer's broke their lease and took things from the restaurant, Mr. Sharpe got them back for us.

Lou Manrique, 22/10, commented he was working out at the new fitness center and thinks it has become a community gathering place. He added that he has had more interesting conversations with residents during these past two months than he has had during the past four years he has lived here.

He thanked the Board members for the small group meetings and that the feedback he has gotten back from people was generally good, some saying they would vote for the dues increase. During his interactions with the residents he said he heard concerns from people

who live here on quite modest incomes and the impact the dues increase would have on them. He said we don't want to economically cleanse our community. He proposes a voluntary trust by pledge whereby those who are willing to pledge money to a fund that would help people for the first year if the dues increase is passed. He said if it is done, he will pledge \$100.

XIII. BOARD MEMBER COMMENTS:

Roger stated he has been on the Board for the past six or seven years and would like to say that this year's Board has been the most professional he has ever been associated with, and he hopes the community appreciates them. He said he is hopeful the dues increase passes.

Calece Cass-Healy asked if the Finance Committee can be kept in place until the new committee is formed. A discussion followed.

Naomi Bunis thanked Andy Schwartz for the quality of work that he has done for the organization and stated her desire to put on record that his contribution to Sudden Valley will allow us to go forward in the appropriate way.

XIV: MOVE TO CLOSED SESSION:

MOTION:

Barbara Audley made a motion to move into Closed Session to discuss a personnel issue. The motion was seconded.

MOTION CARRIED UNANIMOUSLY

XV OPEN SESSION:

The Board returned to Open Session at 10:45 p.m.

MOTION:

Calece Cass-Healy made a motion that the Board invite Kitty French and Craig Ostrom to work the day of the AGM, November 3, 2007, in order to transfer knowledge and to provide insurance for a valid and smooth election at a rate of pay equal to twice their last hourly salary. The motion was seconded.

MOTION CARRIED UNANIMOUSLY

XVI: CLOSED SESSION:

The Board returned to Closed Session at 10:50 p.m. to discuss a contract matter. President Russ Harlan recessed the meeting to reconvene on Wednesday, October 24th at 7:00 p.m.

XV. ADJOURNMENT:

The meeting was adjourned at 11:15 p.m.

Board approved _____ / Date _____