



Sudden Valley Community Association

360-734-6430

4 Clubhouse Circle Bellingham, WA 98229

www.suddenvalley.com

Board of Directors Regular Meeting

February 23rd, 2023, 7:00 PM, IN-PERSON

Call to Order

Land Acknowledgement & Anti-Racism Statement

Roll Call

Item 1) Adoption of Agenda

Item 2) Consent Agenda

2a. Approval of Minutes – January 12

Item 3) Announcements

Item 4) Property Owner Comments – 15 Minutes Total

Please note that comments are limited to 3 minutes per person.

Item 5) Financial Reports

5a. December Financial Reports

5b. Budget Calendar

Item 6) New Business

6a. Request for Approval – Christ the King Lease

6b. Capital Request – Kitchen Repair

Adjournment



REGULAR SESSION OF THE BOARD OF DIRECTORS

January 12, 2023

Minutes

DATE AND LOCATION: Thursday, January 12, 2023, Dance Barn

CALLED TO ORDER AT: 7:01 pm

AUDIENCE MEMBERS: Not Recorded

BOARD MEMBERS PRESENT:

1. Andrew Tischleder	4. Sam Shahan	7. Linda Bradley	
	5. Nancy Alyanak	8. Stu Mitchell	11. Mike Wadsworth
3. Sonia Voldt	6. Asia Andrade	9. Taimi Van de Polder	

ATTENDING:

Staff Members: Jo Anne Jensen, General Manager

Call to Order

President Tischleder Called the meeting to order at 7:01pm. Land acknowledgement and anti-racism statement.

1. Adoption of Agenda

President Tischleder moved to adopt agenda, Approved.

2. Consent Agenda

President Tischleder moves to adopt consent agenda, minutes are approved.

3. Announcements

There are openings on Committees.

4. Property Owner Comments

There were no Property owners' comments.

5. General Manager Report

Jo Anne Jensen made a General Manager's Report, it is available on the Suddenvalley.com website.

6. Board Orientation

Overview of Strategic Planning Process

Director Tischleder gave an overview of the SVCA Strategic Planning Process.

Scheduling of Briefing by SVCA Legal Counsel

The Board of Directors agreed to hold a special meeting on Thursday, January 19th, to review a presentation by Richard Davis, SVCA's legal counsel.

7. New Business

7a. Capital Request - Sander

That the board directors approve the allocation of \$9,052.46 from CRRRF for purchasing a new Sno-Way sander.

Motion By: Director Tischleder		Seconded By:	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained	

7b. Capital Request, Austin Creek Repairs

That the board of directors approve the allocation of \$32,571.00 from CRRRF for the engineering and permitting work for the proposed Austin Creek repairs.

Motion By: Director Tischleder		Seconded By: Linda Bradley	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: Unanimous	Against:	Abstained	

7c. Gate 9 Bus Shelter Roof Repair

That the board of directors approve the allocation of \$1,664.64 from the CRRRF fund for the Gate 9 bus shelter roof.

Motion By: Director Tischleder		Seconded By: Nancy Alyanak	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: 8	Against 1:	Abstained	

8. Closed Session

Motion made to move into closed session.

Motion By: Director Tischleder		Seconded By: Nancy Alyanak	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: 8	Against 1:	Abstained	

Motion made to move into open session.

Motion By: Director Bradley		Seconded By: Director Tischleder	
Approved: X	Not Approved:	Tabled:	Died:
In Favor:	Against:	Abstained	

9. Motion made that the Board of Directors ratify the executive committee's decision to appeal the DOR ruling regarding the transfer fee refund.

Motion By: Director Tischleder		Seconded By: Director Voldt	
Approved: X	Not Approved:	Tabled:	Died:
In Favor: 7	Against :	Abstained 2	

Adjourned 08:46 PM

Sudden Valley Community Association

Sudden Valley Community Association
Balance Sheet
December 31, 2022 and December 31, 2021

	Unaudited** Dec 31, 2022	See Note** Dec 31, 2021	Inc / (Dec)
OPERATIONS			
Current Assets			
Operating Cash	\$ 505,451	\$ 823,297	\$ (317,846)
Building Completion Deposit Fund	492,620	437,650	54,970
Member Receivables - Operations*	46,750	34,910	11,841
Other Receivables	8,288	9,075	(788)
Prepaid Expenses	83,004	73,567	9,436
Inventory	6,200	3,622	2,578
Total Current Assets	1,142,313	1,382,121	(239,809)
Current Liabilities			
Accounts Payable	(204,788)	(188,530)	(16,258)
Accrued Vacation Liability	(61,576)	(47,192)	(14,384)
Accrued Payroll	(54,127)	(58,874)	4,747
Prepaid Assessments	(181,184)	(211,076)	29,892
Building Completion Deposits	(492,620)	(437,650)	(54,970)
Other Refundable Deposits	(4,916)	(6,663)	1,747
Prepaid Golf Memberships	(153,151)	(26,269)	(126,882)
Total Current Liabilities	(1,152,362)	(976,254)	(176,108)
Operating Reserve Funds			
Emergency Operating Cash	361,096	360,736	360
Undesignated Reserves Cash	128,472	342,077	(213,605)
Total Operating Reserve Funds	489,568	702,813	(213,245)
Net Operating Assets	\$ 479,519	\$ 1,108,680	(629,162)
CAPITAL			
Capital Current Assets			
CRRRF (Capital Repair & Replacement) Cash Fund	3,315,300	2,688,455	626,845
Roads Reserve Cash Fund	2,560,947	2,911,292	(350,345)
Board Density Reduction Cash Fund	87,552	87,365	187
Mailbox Cash Fund	101,061	75,985	25,076
Capital Reserve Holding Cash Fund	-	1,157,885	(1,157,885)
CRRRF Capital Reserve Holding Cash	262,193	-	262,193
Mitigation Assignment of Savings Cash	44,545	44,445	100
LWWSA Assignment of Savings Cash	9,076	137,694	(128,618)
Member Receivables - Capital**	19,262	21,253	(1,991)
Total Capital Current Assets	6,399,936	7,124,374	(724,438)
Capital Fixed Assets			
Fixed Assets	14,383,442	11,538,814	2,844,628
Lots Held for Sale	204,809	204,809	-
Total Capital Assets	14,588,251	11,743,623	2,844,628
Long Term Liabilities			
CRRRF Loan 2018	-	(1,119,444)	1,119,444
CRRRF Loan 2022	(2,041,668)	-	(2,041,668)
Capital Leases	(166,357)	(223,599)	57,242
Total Long Term Liabilities	(2,208,025)	(1,343,043)	(864,982)
NET ASSETS	\$ 19,259,681	\$ 18,633,635	\$626,046
MEMBER EQUITY			
Member Equity			
Current Year Net Income: Operations	(170,372)	\$439,833	(610,205)
Current Year Net Income: Rec Special Assmt	(2,572)	63,481	(66,053)
Net Transfers Out from Operations to Capital	(482,660)	-	-
Current Year Net Income: Capital**	1,704,224	1,926,010	(221,786)
Net Transfers Into Capital from Operations	482,660	-	-
Retained Earnings**	5,068,407	4,565,093	503,314
Capital**	12,659,994	11,639,218	1,020,776
TOTAL MEMBER EQUITY	\$ 19,259,681	\$18,633,635	\$626,046

* The Association's internal policy is to write off any member receivables that are 30 days past due as bad debts for internal financial statement purposes. As per SVCA policy, Management continues to pursue collection of these receivables via all avenues allowed by Washington State laws. In addition, the Association records and bills finance charges on receivables that are thirty days past due at 1% per month. At December 31, 2022, and December 31, 2021, the balances of receivables written off were \$599,478 and \$583,636, respectively.

** Beginning with the 2020 year end audited financial statements, Accounting Standards Codification (ASC) 606 requires issued audited financial statements to reclassify unspent capital dues revenue, including related capital transfer fee collections, as a contract liability balance (unearned revenue), which is then reversed out in future years when capital dues/capital transfer fee collections are actually expended on capital related expenditures. This particular accounting standard change is only incorporated into the issued audited financial statements and is not factored into SVCA's internal monthly statements as it would obscure the reality of monthly capital dues/capital transferee fee revenues collected for internal monthly presentation purposes. See SVCA's 2020 and 2021 audited financial statements (2021 represents the most recently issued audited statements), which fully incorporates ASC 606 and complies with Generally Accepted Accounting Principles (GAAP).

**Sudden Valley Community Association
Income Statement Summary**

UNAUDITED	Current Month - December 2022			Year to Date - 12 Months Ending 12/31/2022			
	Operations & Operating Reserves	Operations Better / (Worse) Budget	Capital Reserves**	Operations & Operating Reserves	Operations Better / (Worse) Budget	Coll %	Capital Reserves**
REVENUE							
Current Year Dues & Assessments Income							
Dues & Assessments Income	180,547		230,844	2,167,490			2,772,897
Bad Debt Reserve	(3,680)		(2,254)	(51,900)			(46,992)
Net Current Year Assessment Income	176,867	8,733	228,590	2,115,590	97,983	97.6%	2,725,905
Special Ops Assmt Income- Rec/ Pools/ Parks							
Dues & Assessments Income	35,317			423,730			
Bad Debt Reserve	(134)			793			
Net Special Ops Assmt Income	35,183	2,356		424,523	30,601		
Bad Debt Recoveries - Prior Years			1,109				50,926
Golf Income	15,111	(7,089)	-	1,220,124	180,324		-
Marina Income	440	440	-	151,788	1,092		-
Rec Center & Pools Income	125	(817)	-	16,195	(1,105)		-
Legal & Collections Income	-	-	-	-	-		-
Other Income	5,084	(1,644)	(231)	77,121	(5,628)		6,788
Rental Income - Other	347	80	-	9,877	4,177		-
Area Z Rental Income	2	(1,998)	-	20,832	(3,168)		-
Lease Income	3,552	48	-	30,652	(11,392)		-
New Home Construction Fees	-	(6,250)	-	75,240	240		1,000
Capital Gain (Loss) on Sale of Assets	-	-	-	-	-		-
Investment Income	75	(12)	748	809	(241)		10,620
Total Revenue	236,786	(6,153)	230,216	4,142,751	292,883		2,795,239
EXPENSES							
Salaries & Benefits	201,413	(15,482)	-	2,021,917	191,273		-
Contracted & Professional Services	32,441	(15,676)	-	449,435	(265,285)		-
CC&Rs/ Mandates	50,895	(20,071)	-	487,988	(127,488)		-
Maintenance & Landscaping	31,452	5,209	-	391,546	28,418		-
Utilities	24,244	(4,192)	-	192,374	1,236		-
Administrative	51,697	(36,632)	-	199,061	(44,640)		500
Regulatory Compliance	(67,263)	73,588	-	194,198	(17,840)		429
Insurance Premiums	13,416	(1,193)	-	146,825	(150)		-
Other Expenses	-	83	-	258	742		-
Depreciation Expense	-	-	85,809	-	-		1,029,702
Interest expense	-	-	7,499	-	-		58,393
Total Expenses	338,295	(14,366)	93,308	4,083,602	(233,734)		1,089,024
Net Income (Loss)	(101,509)	(20,519)	136,908	59,149	59,149		1,706,215
Net UDR Activity for Operations							
Firewise/Road Mowing/Clean Green	-			(14,111)			
Clubhouse Remediation & Assessment	-			(23,639)			
Epiq Transfer Fee Refund Servicer	-			(42,117)			
2022 Clubhouse Kitchen Repairs	(1,060)			(96,953)			
Hazardous Tree Removal	(82,202)			(142,202)			
Net Income (Loss) with Board Approved UDR	(184,771)	(20,519)	136,908	(259,873)	59,149		1,706,215
Other Activity							
Net Other UDR Activity*	3,963			89,473			
AR Accrual - Prior Year Reversal	-		(21,253)	(34,910)			(21,253)
AR Accrual - Current Year	46,750		19,262	46,750			19,262
Vacation Liability- Prior Year Reversal	6,873			(14,384)			
Total Other Activity	57,586		(1,991)	86,929			(1,991)
Grand Total Activity	(127,185)	(20,519)	134,917	(172,944)	59,149		1,704,224

*Prior year recoveries for operations are deposited into the Undesignated Reserve Account (UDR).

**Refer to the last footnote on the Balance Sheet (prior page) for a discussion of Accounting Standards Codification (ASC) 606 and capital dues/capital transfer fee revenue collections.

Sudden Valley Community Association

Sudden Valley Community Association
Reserve Cash Balance & Activity
 12 Months Actual, 0 Months Projected

UNAUDITED

	Capital Reserve Funds						Operating Reserve Funds				
	CRRRF	Roads	Capital Reserve Holding Fund	CRRRF Capital Reserve Holding Cash	Board Density Reduction	Mailbox	Mitigation Assignment of Savings*	Total Capital Reserve Funds	Emergency Ops	UDR	Total Operating Reserve Funds
Net Available Cash 12/31/2021	2,688,455	2,911,292	1,157,885	-	87,365	75,985	182,139	\$ 7,103,121	360,736	342,077	\$ 702,813
Dues Received	1,347,074	1,399,245			-	25,076		2,771,395	-	137,295	137,295
Transfer Fees Received, ¼ of 1% Storm Water Mitigation Plan Fee			7,922					7,922			-
Investment Income	4,421	4,456	-	1,620	-	-	123	10,620	360	314	674
Sale of Assets	-				-			-			-
Board Approved Net Transfers	482,660		(1,165,807)	1,165,807				482,660			-
Additional Loan Funding	1,098,468							-			-
Mitigation Release	128,641	-					(128,641)	-			-
2022 Expenditures	(2,434,419)	(1,755,046)	-	(905,234)	187	-		(5,094,512)		(351,214)	(351,214)
Net Available Cash at 12/31/2022	3,315,300	2,560,947	-	262,193	87,552	101,061	53,621	\$ 6,380,674	361,096	128,472	\$ 489,568
0 Month Outlook											
Outlook - 2022 Dues (93% collections)	-	-				-		\$ -			\$ -
Outlook - Prior Year Collections	-	-			-	-		-		-	-
CRRRF Loan Payments for year 2022	-							-			-
Obligated Expenses\Holdings	(614,414)	(560,824)		(262,193)			(53,621)	(1,491,051)		(7,237)	(7,237)
Net Usable Cash Balance 12/31/2022	2,700,886	2,000,123	-	-	87,552	101,061	-	\$ 4,889,623	361,096	121,235	\$ 482,331
Board Recommended Carryover Balance	(600,000)	(500,000)						\$ (1,100,000)			\$ -
Net Usable Cash 12/31/2022, After Recommendation	\$ 2,100,886	\$ 1,500,123	\$ -	\$ -	\$ 87,552	\$ 101,061	\$ -	\$ 3,789,623	\$ 361,096	\$ 121,235	\$ 482,331
Net Current Year Cash Increase (Decrease)	12,431	(911,169)	(1,157,885)	-	187	25,076	(182,139)	\$ (2,213,498)	360	(220,842)	\$ (220,482)

*Note, when mitigation period has ended, unspent funds will be returned to the source account, Roads and CRRRF.

Sudden Valley Community Association

Sudden Valley Community Association
 Operations - By Department
 December 1, 2022 to December 31, 2022
 CURRENT MONTH

Whole \$

UNAUDITED

<u>Department</u>	<u>Actual Revenue</u>	<u>Revenue B / (W)</u>	<u>Actual Salary Benefits</u>	<u>Salary & Benefits B / (W)</u>	<u>Actual Other Expense *</u>	<u>Other Exp B / (W)*</u>	<u>Net Income / (Loss) *</u>	<u>Net B / (W)*</u>
ACC / Security	(100)	(6,579)	(10,208)	14,738	(45,625)	74,919	55,733	83,078
Accounting	2,408	(1,025)	47,569	(24,282)	15,287	(7,025)	(60,448)	(32,332)
Administration	152	10	28,275	5,512	29,060	(20,379)	(57,183)	(14,857)
Common Costs	2,659	(261)	-	-	28,444	(5,927)	(25,785)	(6,188)
Facilities	2,904	(1,848)	897	2,555	17,856	(3,010)	(15,849)	(2,303)
Maintenance	40	(43)	15,293	12,380	28,073	(14,568)	(43,326)	(2,231)
Subtotal	8,063	(9,746)	81,826	10,903	73,095	24,010	(146,858)	25,167
Golf	15,111	(7,089)	94,695	(25,846)	55,573	(29,185)	(135,157)	(62,120)
Marina	440	440	-	4,854	990	1,617	(550)	6,911
Subtotal	23,614	(16,395)	176,521	(10,089)	129,658	(3,558)	(282,565)	(30,042)
Rec/ Pools/ Parks								
Special Assmt Earned	35,317						35,317	
Curr Yr Bad Debts Activity	(134)						(134)	
Net Special Assmt Dues	35,183	2,356					35,183	2,356
Rec/ Pools/ Parks	1,122	(848)	24,892	(5,393)	7,224	4,675	(30,994)	(1,566)
Subtotal Rec/ Pools/ Parks	36,305	1,508	24,892	(5,393)	7,224	4,675	4,189	790
Subtotal Operations before Ops Dues	59,919	(14,887)	201,413	(15,482)	136,882	1,117	(278,376)	(29,252)
Ops Dues Earned	180,547						180,547	
Curr Yr Bad Debts Activity	(3,680)						(3,680)	
Net Ops Dues	176,867	8,733					176,867	8,733
Net Operations	236,786	(6,154)	201,413	(15,482)	136,882	1,117	(101,509)	(20,519)
Net BOD Approved UDR Activity for Operations								
Firewise/Road Mowing/Clean Green	-		-		-		-	
Clubhouse Remediation & Assessment	-		-		-		-	
Epiq Transfer Fee Refund Servicer	-		-		-		-	
2022 Clubhouse Kitchen Repairs	-		-		1,060		(1,060)	
Hazardous Tree Removal	-		-		82,202		(82,202)	
Net Operations with Board Approved UDR	236,786	(6,154)	201,413	(15,482)	220,144	1,117	(184,771)	(20,519)
Other Operating Activity								
UDR Activity	4,256				293		3,963	
AR Accrual - Prior Year Reversal	-				-		-	
AR Accrual - Current Year	46,750				-		46,750	
Vacation Liability Accrual	-				(6,873)		6,873	
Total Other Operating Activity	51,006				(6,580)		57,586	
Grand Total Operations Activity	287,792	(6,154)	201,413	(15,482)	213,564	1,117	(127,185)	(20,519)

* Excludes Depreciation

B / (W) = Better / (Worse) Than Budget

Sudden Valley Community Association

Sudden Valley Community Association
 Operations - By Department
 January 1, 2022 to December 31, 2022
 YEAR TO DATE

Whole \$

UNAUDITED

Department	Actual Revenue	Revenue B / (W)	Actual Salary Benefits	Salary & Benefits B / (W)	Actual Other Expense *	Other Exp B / (W)*	Net Income / (Loss) *	Net B / (W)*
ACC / Security	77,745	(5)	11,937	46,304	401,153	(49,953)	(335,345)	(3,654)
Accounting	31,309	(9,891)	325,556	(25,448)	107,921	(30,221)	(402,168)	(65,560)
Administration	1,744	44	381,668	54,131	268,053	(153,892)	(647,977)	(99,717)
Common Costs	38,754	3,704	-	-	411,922	(89,917)	(373,168)	(86,213)
Facilities	43,684	(13,340)	22,037	22,422	156,237	3,443	(134,590)	12,525
Maintenance	78	(922)	271,934	32,894	156,556	(44,405)	(428,412)	(12,433)
Subtotal	193,314	(20,410)	1,013,132	130,303	1,501,842	(364,945)	(2,321,660)	(255,052)
Golf	1,220,124	180,324	716,208	(9,320)	359,904	(26,992)	144,012	144,012
Marina	155,330	2,634	19,499	42,936	12,052	18,118	123,779	63,688
Subtotal	1,568,768	162,548	1,748,839	163,919	1,873,798	(373,819)	(2,053,869)	(47,352)
Rec/ Pools/ Parks								
Special Assmt Earned	423,730						423,730	
Curr Yr Bad Debts Activity	793						793	
Net Special Assmt Dues	424,523	30,601					424,523	30,601
Rec/ Pools/ Parks	33,872	1,752	273,078	27,354	187,889	(51,189)	(427,095)	(22,083)
Subtotal Rec/ Pools/ Parks	458,395	32,353	273,078	27,354	187,889	(51,189)	(2,572)	8,518
Subtotal Operations before Ops Dues	2,027,163	194,901	2,021,917	191,273	2,061,687	(425,008)	(2,056,441)	(38,834)
Ops Dues Earned	2,167,490						2,167,490	
Curr Yr Bad Debts Activity	(51,900)						(51,900)	
Net Ops Dues	2,115,590	97,983					2,115,590	97,983
Net Operations	4,142,753	292,884	2,021,917	191,273	2,061,687	(425,008)	59,149	59,149
Net BOD Approved UDR Activity for Operations								
Firewise/Road Mowing/Clean Green	-		-		14,111		(14,111)	
Clubhouse Remediation & Assessment	-		-		23,639		(23,639)	
Epiq Transfer Fee Refund Servicer	-		-		42,117		(42,117)	
2022 Clubhouse Kitchen Repairs	-		-		96,953		(96,953)	
Hazardous Tree Removal	-		-		142,202		(142,202)	
Net Operations with Board Approved UDR	4,142,753	292,884	2,021,917	191,273	2,380,709	(425,008)	(259,873)	59,149
Other Operating Activity								
UDR Activity	117,214				27,741		89,473	
AR Accrual - Prior Year Reversal	(34,910)				-		(34,910)	
AR Accrual - Current Year	46,750				-		46,750	
Vacation Liability Accrual	-				14,384		(14,384)	
Total Other Operating Activity	129,054				42,125		86,929	
Grand Total Operations Activity	4,271,807	292,884	2,021,917	191,273	2,422,834	(425,008)	(172,944)	59,149

* Excludes Depreciation

B / (W) = Better / (Worse) Than Budget

Sudden Valley Community Association

SUDDEN VALLEY COMMUNITY ASSOCIATION - LOTS & DUES ANALYSIS 2022

	SVCA Owned Lots																											LLE & CTB	Dues Exempt	Total Non-Billable Lots	Total All Lots		
	Actual Year Prepaid			Actual Current			Actual 1 Mth Due		Actual 2 Mth Due		Actual 3 Mth Due		Actual 4+ Mth Due		Pmt Plans		Total Prepaid & Current			Total Not Current			Total Billable Lots			Restricted							
	Vac	Dev	Total	Vac	Dev	Total	Vac	Dev	Vac	Dev	Vac	Dev	Vac	Dev	Vac	Dev	Total	Vac	Dev	Total	Vac	Dev	Total	Vac	Dev	Total	Perm					WD10	Avail.
Jan	20	87	107	350	2,376	2,726	43	110	3	25	1	15	26	51	3	14	370	2,463	2,833	76	215	291	446	2,678	3,124	774	0	3	777	732	8	1,517	4,641
Feb	22	97	119	341	2,389	2,730	33	86	27	23	1	11	18	57	4	15	363	2,486	2,849	83	192	275	446	2,678	3,124	774	0	3	777	732	8	1,517	4,641
Mar	28	104	132	366	2,433	2,799	17	60	7	12	7	8	18	46	3	15	394	2,537	2,931	52	141	193	446	2,678	3,124	774	0	3	777	732	8	1,517	4,641
Apr	30	106	136	346	2,391	2,737	38	94	4	19	3	7	22	46	3	15	376	2,497	2,873	70	181	251	446	2,678	3,124	774	0	3	777	732	8	1,517	4,641
May	31	113	144	361	2,410	2,771	15	77	12	15	2	8	20	39	5	16	392	2,523	2,915	54	155	209	446	2,678	3,124	774	0	3	777	732	8	1,517	4,641
Jun	34	126	160	362	2,400	2,762	18	75	2	19	6	5	17	40	6	14	396	2,526	2,922	49	153	202	445	2,679	3,124	774	0	3	777	732	8	1,517	4,641
Jul	37	141	178	332	2,357	2,689	32	116	7	21	2	5	18	36	5	14	369	2,498	2,867	64	192	256	433	2,690	3,123	774	0	3	777	733	8	1,518	4,641
Aug	42	162	204	337	2,398	2,735	11	50	13	23	5	9	17	35	5	15	379	2,560	2,939	51	132	183	430	2,692	3,122	774	0	3	777	734	8	1,519	4,641
Sep	50	189	239	319	2,302	2,621	22	120	7	16	10	15	17	33	4	18	369	2,491	2,860	60	202	262	429	2,693	3,122	774	0	3	777	734	8	1,519	4,641
Oct	66	286	352	303	2,261	2,564	20	74	7	17	2	6	21	37	4	18	369	2,547	2,916	54	152	206	423	2,699	3,122	774	0	3	777	734	8	1,519	4,641
Nov	128	728	856	244	1,815	2,059	22	77	7	18	1	9	17	31	4	21	372	2,543	2,915	51	156	207	423	2,699	3,122	774	0	3	777	734	8	1,519	4,641
Dec	3	15	18	339	2,547	2,886	16	88	9	22	1	10	16	30	5	21	342	2,562	2,904	47	171	218	389	2,733	3,122	774	0	3	777	734	8	1,519	4,641

LLE = Lot Line Eraser
 CTB = Covenant to Bind

Sudden Valley Community Association - Capital Project Report										
CRRRF Projects Open in 2022										
Updated as of 12/31/2022										
							A	B	A-B	
BOARD APPROVED PROJECT							BUDGETED			
Cost Manager	Approval Date	GL	Project Name	Fund	Status		Board Approved	Total Invoiced	Acctg Funds Obligated	
Turf Manager	1/23/20	9719.18	Trim Mower- Turf	CRRRF	Open	●	44,050	23,156	20,894	LE
Turf Manager	1/23/20	9719.19	Utility Vehicles	CRRRF	Open	●	104,248	60,256	43,992	LE
Rec Manager	3/12/20	9719.20	Marina Dock Replacement	CRRRF	Open	●	53,929	24,183	29,746	
B. Kruhlak	11/5/20	9721.01	Golf Cart Fleet	CRRRF	Open	●	183,900	70,695	113,205	LE
B. Kruhlak	2/10/22	9722	Golf Course Bridge Replacement	CRRRF	Open	●	323,177	322,407	770	
Turf Manager	3/30/22	9722.1	2014 Toro Flex Walk Mowers	CRRRF	Open	●	10,870	10,000	870	
Turf Manager	3/30/22	9722.02	2022 John Deere 7500A Fairway Mower	CRRRF	Open	●	84,703	-	84,703	
Turf Manager	3/30/22	9722.03	2022 John Deere HD300 SelectSpray Sprayer	CRRRF	Closed	●	21,231	21,231	-	
GM	6/9/2022 & 8/1/2022	9722.04	Security System	CRRRF	Open	●	56,003	53,230	2,773	
GM	6/9/22	9722.05	Rekeying of Facilities	CRRRF	Open	●	25,000	-	25,000	
Maint Manager	9/1/22	9722.06	Roadside Mower	CRRRF	Open	●	101,617	90,754	10,863	
GM	10/13/22	9722.07	Main Pool Gutter Repair (Executive Comm. Ratification)	CRRRF	Closed	●	26,933	26,933	-	
Maint Manager	10/27/22	9722.08	Area Z Maintenance Facility Remodel	CRRRF	Open	●	254,657	941	253,716	
GM	10/27/22	9722.09	Barn 8 Remodel Design & Permitting	CRRRF	Open	●	39,792	11,910	27,882	
Maint Manager	10/13/22	9722.095	Dump Trailer	CRRRF	Closed	●	14,052	14,052	-	
Open Projects Total, CRRRF							\$ 1,344,162	\$ 729,748	\$ 614,414	
		LE	These items represent 5 year capital leases, which means the obligated costs will be spread out over a five year period.							

Note: Cash outlay on 1850 Lake Whatcom Boulevard property purchase is \$1,570,681

Sudden Valley Community Association - Capital Project Report									
Roads Projects Open in 2022									
Updated as of 12/31/2022									
BOARD APPROVED PROJECT						A	B	A-B	
Cost Manager	Approval Date	GL	Project Name	Fund	Status	BUDGETED		Acctg Funds Obligated	
						Board Approved	Total Invoiced		
GM	3/28/2019 & 7/14/2022	9919.07	Barn 7 & Rotunda Foundation Removal Design	ROADS	Open	●	78,385	77,960	425
GM	10/8/20	9920.06	2020 Southern Court Remediation	ROADS	Open	●	200,000	198,236	1,764
GM	3/25/21	9921.03	2021 Southern Court Stabilization & Asphalt Repairs	ROADS	Open	●	189,271	141,227	48,044
GM	5/27/21	9921.04	Culvert C-182	ROADS	Open	●	15,125	14,893	232
GM	5/27/21	9921.05	Culvert C-315	ROADS	Open	●	314,700	236	314,464
GM	1/27/22	9922	Fast Response Unforseen Drainage Issues	ROADS	Open	●	83,208	77,299	5,909
GM	2/10/22	9922.1	2022 Roads Repair Project	ROADS	Open	●	30,000	25,752	4,248
GM	1/27/22	9922.2	Polo Park Drive Repairs	ROADS	Open	●	60,793	46,496	14,297
GM	1/27/22	9922.3	2022 Roads On-Call Engineering	ROADS	Open	●	36,361	35,832	529
GM	5/4/22	9922.4	2022 Pothole Repairs	ROADS	Open	●	37,207	34,997	2,210
GM	5/4/2022 & 7/14/2022	9922.5	Road & Drainage NOA Projects	ROADS	Open	●	573,239	547,922	25,317
GM	5/4/22	9922.6	Spring Road, Cascade Lane, Greenhill Road Repairs	ROADS	Open	●	850,199	736,856	113,343
GM	6/9/22	9922.7	Marina Parking Lot Grading	ROADS	Open	●	30,000	23,870	6,130
GM	10/13/22	9922.8	Cold Spring Drainage Repair	ROADS	Open	●	35,596	11,684	23,912
Subtotal Roads Open Projects							\$ 2,534,084	\$ 1,973,260	\$ 560,824
2021 Culvert Vegetation Control (CVC)									
Maint Manager	4/8/21	9921.08	Supplies & Outside Contractor	ROADS	Closed	●	27,209	121,535	- A
Maint Manager	4/8/21	9921.082	CVC Wages, Taxes, & Benefits	ROADS	Closed	●	155,049	26,063	- A
Subtotal Roads CVC Project							\$ 182,258	\$ 147,598	\$ -
Open Project Totals, Roads							\$ 2,716,342	\$ 2,120,858	\$ 560,824
		A	9921.08 and 9921.082 are the same project.						

2023 Budget Calendar

2023

2023

January						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

May						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

September						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

February						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

June						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

October						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

March						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

July						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

November						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

April						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

August						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

December						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

x	SVCA Holiday
x	Town Hall/AGM
x	AGM Planning
x	Budget Planning
x	Board Meeting
x	N&E

RCW 64.90.525

(1)(a) Within thirty days after adoption of any proposed budget for the common interest community, the board must provide a copy of the budget to all the unit owners and set a date for a meeting of the unit owners to consider ratification of the budget not less than fourteen nor more

Budgeting Timeline

FEB	
2/9/23	BOD authorizes GM to negotiate 1-yr UniLect contract renewal
APRIL	
4/13/23	BOD Meeting - Regular
4/17/23	2022 Audit scheduled to begin
4/27/23	BOD Meeting - Regular
MAY	
5/1/23	Reserve Study - Draft Level II due
5/11/23	BOD Meeting - Regular
5/25/23	BOD Meeting - Regular
JUNE	
6/8/23	BOD Meeting - Regular
6/22/23	BOD Meeting - Regular
JULY	
7/4/23	July 4th Holiday - Observed
7/5/23	N&E Opening of Candidate Application Period
7/12/23	Presentation of Operational budget to BOD & Finance Committee
7/13/23	Presentation of Capital budget to BOD & Finance Committee
7/27/23	BOD Meeting - Regular
AUG	
8/10/23	BOD Meeting - Regular
8/19/23	50th Celebration / Town Hall
8/24/23	BOD Meeting - Reg.: AGM Agenda, measures, ballot and explanations reviewed, votings as necessary
8/25/23	N&E/GM - Begin work on draft Election Booklet
TBD	Attorney Review of AGM materials
SEPT	
9/4/23	Labor Day Holiday
9/5/23	N&E Candidate Application Deadline/Ballot Lottery
TBD	Last day for BOD Candidates to submit photos, biographies, and vision statements
9/7/23	BOD Special Meeting - Voting to adopt the 2024 Budget
9/8/23	GM Send ballot info to UniLect -- Does not need layout, just needs info
9/11/23	GM send voter guide materials to UniLect
9/14/23	BOD Meeting - Vote to approve proof of Election Booklet/Ballot
9/15/23	GM emails FINAL BOD - approved election materials to UniLect
9/27/23	Election Materials mailed out to SVCA members by UniLect
9/28/23	BOD Meeting - Regular
OCT	
10/2/23	N&E/GM set pertinent dates
10/12/23	BOD Meeting - Regular
TBD	Preview AGM Agenda with Parliamentarian
TBD	Candidate Forum(s)
10/26/23	BOD Meeting - Regular
NOV	
11/2/23	N&E/GM send list of members NOT in good standing to UniLect (Accounting pulls list, GM sends)
11/4/23	AGM
11/4/23	SVCA BOD Organizational Meeting - Follows AGM



Sudden Valley Community Association
360-734-6430
4 Clubhouse Circle Bellingham, WA 98229
www.suddenvalley.com

APPROVAL REQUEST MEMO

To: Sudden Valley Community Association Board of Directors
From: Jo Anne Jensen, General Manager
Date: February 23, 2023
Subject: Approval Request –Christ the King Lease

Purpose

To request approval for the renegotiated lease agreement between SVCA and Christ the King Community Church.

Background

Christ the King Community Church (CTK) has been a tenant of Sudden Valley Community Association (SVCA) for more than a decade. The current lease agreement expired at the end of December 2022, but was extended through the end of February 2023 to allow for the negotiation of a new lease. A draft lease agreement has been verbally agreed to by CTK. That agreement is presented today for your approval.

Analysis

The proposed lease agreement was developed using a template provided by our legal counsel. This template includes more up-to-date terms and conditions than were included in previous agreements, and bring SVCA closer to the goal of implementing appropriate standard agreements for all tenants.

The proposed term for this lease is two years, from January 2023 through January 2025, with two, one-year renewal options. If both options were used, this lease would govern through December 2027. The agreement includes a mutual termination provision upon sixty (60) days notice.

The space leased by CTK has changed slightly, as shown in the table below.

Space Included in Previous Agreement	Space Included in Proposed Agreement
Dance Barn	Dance Barn
Kitchens (adjacent to Dance Barn)	Kitchens (adjacent to Dance Barn)
Sunshine Room	
Multipurpose Room A	Multipurpose Room A
Game Room	Game Room
Multipurpose Room B	Multipurpose Room B
Infant Room/Class Room A	
Unspecified Storage	Locked Storage (adjacent to Dance Barn)

Additionally, the proposed lease agreement identifies five annual events held by CTK in the Dance Barn and waives any additional fees for those events.

The monthly rent has also changed. The previous lease set the monthly amount at \$650.00; the proposed lease sets monthly rent at \$1,100.00.

The monthly rent amount was determined by adding up the Facility Rental Rates for the spaces leased and applying a 50% discount. The proposed lease also states that if CTK reserves space for other meetings or events, they will receive a 50% discount on the Facility Rental Rate.

Request

Request that the SVCA Board of Directors approve the proposed lease agreement with CTK and authorize Jo Anne Jensen, General Manager, to sign the said agreement.

Motion

Move that the Board of Directors approve the proposed lease agreement with CTK and authorize Jo Anne Jensen, General Manager, to sign the said agreement.

Board of Directors Approval

Approved: _____ Not Approved: _____ SVCA Board of Directors

**LEASE
PREMISES WITH COMMON AREA**

This **LEASE** ("Lease") is made and entered into this _____ day of February, 2023, by and between the **SUDDEN VALLEY COMMUNITY ASSOCIATION** (hereinafter referred to as "Landlord"), and **Christ the King Community Church**, an independent nonprofit organization (hereinafter referred to as "Lessee").

**ARTICLE I
Summary of Lease Terms and Definitions**

Landlord: Sudden Valley Community Association
Attn: General Manager

Landlord's Address: 4 Clubhouse Circle
Bellingham, WA 98229

Lessee's Address: Christ the King Community Church
Attn: Shawna Walton
4173 Meridian Street
Bellingham, WA 98226

Use of Premises: Church services and related events

Commencement Date: March 1, 2023

Term: Commencing upon the Commencement Date and expiring on the "Termination Date" one (1) year and ten (10) months] thereafter.

Rent:

<u>Period of Lease Term</u>	<u>Rent Per Month (Mo)</u>
2023	\$ 1,100.00
2024	\$ 1,200.00

**ARTICLE II
Premises, Term, Renewals, and Common Areas**

2.1 **PREMISES:** Landlord, in consideration of the rents hereinafter reserved and of the covenants and conditions herein set forth to be performed by Lessee, does hereby lease, on a non-exclusive basis to Lessee a portion of the following-described real property, situated in Whatcom County, Washington: TR KN N ½ DAF-BEG AT MOST NLY COR ON ELY BNDRY OF SUDDEN VALLEY CLUBHOUSE CLUSTER CONDOMINIUM-TH USING SAME MERIDIAN SHOWN ON SD PLAT S 87 DEG O2'58" E 175/14 FT-TH N 25 DEF 48'04" 3 32.49 FT-TH S 60 DEG 52'42" E 223.35 FT-TH N 32 DEG 19'26" E 246.79 FT. The portion leased includes the following locations:

- a. Dance Barn, including the use of the two adjacent kitchen spaces and up to 175 padded chairs and or tables: on Sundays, between 8:00 AM and 12:00 PM
- b. Multipurpose Room A, Multipurpose Room B, and the Game Room: on Sundays between 9:30 AM and 11:30 AM

- c. Storage – The Landlord will provide use of storage area 122 (adjacent to Multipurpose Room A) and storage area 211 (adjacent to the Dance Barn) for the exclusive use of the Lessee. Storage may be secured. The Landlord will not be responsible for loss of or damage to the Lessee’s property or equipment for any reason. The Landlord retains the right to inspect any storage area used by the Lessee at any time and for any reason and to require the exclusion and removal of any items that it determines to be unacceptable for storage, at its sole discretion.

2.2 **TERM:** The term of this Lease shall be for two (2) years beginning January 1, 2023, through December 31, 2024. Notwithstanding the foregoing, either party may terminate this Lease upon sixty (60) days written notice to the other party.

2.3 **RENEWAL:** Subject to written approval of Landlord and the terms and conditions herein, Lessee may renew this Lease for two (2) consecutive one (1) year periods by giving written notice of such intention to Landlord at least one hundred twenty (120) days prior to the expiration of the term of this Lease or any renewal thereof. Lessee shall not be entitled to renew this Lease unless the Lease is in good standing at the time of renewal and the Lessee is not in default under the terms of this Lease. Landlord reserves the right to reject the renewal request in its sole discretion. The terms and conditions of any renewal shall be the same as set forth in this Lease, except that rent shall be as agreed upon during the renewal process and described in an amendment hereto.

ARTICLE III
Rent and Other Charges

3.1 **RENT:** Rent and all other sums payable by Lessee pursuant to this Lease shall be paid without the requirement that Landlord provide prior notice or demand, and shall not be subject to any counterclaim, setoff, deduction, defense, or abatement.

3.1.1 **Rent Paid in Advance – Late Charges.** Rent shall be paid monthly in advance on or before the first (1st) day of each month beginning on the Commencement Date. A late charge of one percent (1%) per month will be assessed against past due Rent from the date such Rent became due. Additionally, if Rent is not received by the tenth (10th) day of any month, Lessee shall pay Landlord an additional fee of One Hundred Dollars (\$100.00) or ten percent (10%) of the delinquent payment, whichever is greater, to defray costs of collecting and handling such late payment. All accrued interest and late charges shall be paid no later than the first (1st) day of the month following that month in which such interest or late charges accrued.

3.2 **OTHER CHARGES.** Lessee shall be required to pay up to a Five Hundred Dollars (\$500.00) cleaning assessment for failing to restore the Premises to the condition existing prior to the service or event hosted by Lessee. Determination of the assessment amount shall be at the sole discretion of the General Manager.

ARTICLE IV
Use of Premises, Condition of Property, Improvements, Removal of Property, Maintenance, and Utilities

4.1 **LESSEE'S USE OF THE PREMISES:** Lessee shall only conduct the following activity on the Premises: church services and related events (the “Authorized Use”).

4.1.1 **Set Up and Cleanup.** No set up or clean up services are included or will be provided by the Landlord and the Lessee agrees to provide both or to pay an additional fee for the same. The Landlord will provide the applicable portion of the Premises for the Lessee each Sunday during the times of day stated in Section 2.1. The Lessee agrees to honor the specified timeframe.

4.1.2 **Schedule.** The Lessee is granted use of the Dance Barn for the following specific events:

- “5th Sunday Potluck” – 12:00 PM to 1:00 PM
- “Mother’s Day Service” -- 12:00 PM to 1:00 PM
- “Father’s Day Service” --12:00 PM to 1:00 PM
- “Chili Cook-Off” -- 12:00 PM to 2:00 PM
- “Men’s Group” – Weekly, Thursday, 6:00 AM to 7:00 AM

These events are acknowledged to be over and above the standard usage described in Section 2.1 above. No additional charges will be assessed for this usage of the facilities.

Should Lessee desire to schedule some portion of the facilities to accommodate an event or program in addition to those specifically enumerated in this Lease, such events must be scheduled by making a request with the General Manager, whose sole discretion will determine whether the events or programs can be accommodated. If an accommodation can be made, the Lessee will be assessed a fee equal to 50% of the normal rental fee for the facility scheduled.

4.1.3 **Availability.** The parties agree that the Landlord may require the Lessee to vacate the Premises at any time for any reason without compensation. All space reservations must be approved by the General Manager before being referred to administrative staff. Changes of ANY dates or times must be made in writing and any requests or issues concerning the facilities will be reported to the SVCA General Manager. No other persons are authorized to make changes. Lessee agrees that the Landlord may preempt the Lessee’s services or events in favor of other paid events that are consistent with the use of the facility and the practices of the Landlord. The Landlord may allow the use of other available facilities under such circumstances, at its discretion.

4.1.4 **Preemption.** In the event where the Landlord is compelled by an exceptional circumstance that is of such a nature or magnitude that it reasonably requires the use of the Premises, the Landlord may preempt Lessee’s scheduled use of the Premises upon written notice. Such exceptional circumstances must be directly related to the official business of the Landlord. Under such circumstances the Landlord:

- A. Will make reasonable effort to avoid unnecessary disruption to the Lessee’s event operations or loss of revenue.
- B. Will provide notice of a preemptive exceptional circumstance to the Lessee or Lessee’s representative without undue delay, or as soon as is reasonably possible.
- C. Shall not incur any liability to the Lessee; provided, however, that the amount of the fees that would normally have been paid for the time lost by Lessee for that one event, if any, shall be refunded.

4.1.5 **Non-Disturbance.** The Lessee agrees to not interfere with the use of the facility by other users of the facility. Landlord requires that all items used by the Lessee be removed

from non-exclusive areas after use, so as not hinder the use of said facility by the Landlord or other users.

4.1.6 **Alterations**. No alteration of any of the Landlord's facilities shall be allowed without specific authorization, at the discretion of the Landlord.

4.2 **DEFAULT – UNAUTHORIZED USE**. Lessee shall be in default under this Lease if it conducts any other activity on the Premises without first obtaining a validly executed lease modification or violates any portion of Section 4.1.

4.3 **NO FLAMMABLE OR DANGEROUS MATERIALS**. The Premises shall not be used to store, distribute, or otherwise handle flammable or dangerous materials, excepting only such uses which are necessary to conduct the Authorized Use.

4.4 **LESSEE INSPECTION - CONDITION OF PROPERTY**: Prior to executing this Lease, Lessee has fully and carefully inspected the Premises. Lessee accepts the Premises, including all existing improvements thereon, "as is" without further maintenance liability on the part of the Landlord, except as specifically noted herein. Lessee is not relying on any representations of Landlord as to condition, suitability, zoning restrictions, or usability, except Landlord's right to grant a lease of the Premises.

4.5 **REMOVAL OF PERSONAL PROPERTY AND TENANT IMPROVEMENTS AT END OF LEASE**: Prior to the conclusion of the Lease, at Landlord's option, Lessee shall remove all equipment and other property from the Premises.

4.5.1 **Landlord's Remedies**. If any of the foregoing items are not removed from the Premises by the conclusion of the Lease or when Landlord has the right of re-entry, then Landlord may, at its sole option, elect any or all the following remedies:

a. To remove any or all the items and to dispose of them without liability to Lessee. Landlord shall not be required to mitigate its damages, to dispose of the items in a commercially reasonable manner, or to make any effort whatsoever to obtain payment for such items. Lessee agrees to pay Landlord's costs and damages associated with Lessee's failure to remove such items, including, but not limited to, the following: storage, demolition, removal, transportation, and lost rent (collectively "Disposal Costs"); provided, however, that any net proceeds recovered by Landlord in excess of its Disposal Costs will be deducted from Lessee's financial obligation set forth herein. Lessee's financial obligations herein shall survive the termination of this Lease.

b. To have the title to any or all such items revert to Landlord.

4.6 **MAINTENANCE OF PREMISES**: Maintenance and repair of the Premises and all improvements thereon is the sole responsibility of Landlord, except for repairs necessitated by the actions of Lessee, its guests, licensees, or invitees.

4.7 **UTILITIES AND SERVICES**: Landlord will supply the following utilities and services to the Premises: heat, electric, water, sewer, and trash removal. Any additional utilities or services desired by Lessee are its sole and exclusive responsibility. Any such additional utility or service may only be supplied to the Premises with the express written permission of Landlord, with such permission at the Landlord's sole and exclusive discretion.

ARTICLE V
Insurance and Financial Security

5.1 **CASUALTY LOSS OF LESSEE:** The parties hereto agree that the Landlord, its employees and directors, Landlord's insurance carrier and Landlord's casualty policy shall not be responsible to the Lessee for any property loss or damage done to the Lessee's property, whether real, personal or mixed, occasioned by reason of any fire, storm or other casualty whatsoever. It shall be the Lessee's sole responsibility to provide its own protection against casualty losses of whatsoever kind or nature, regardless of whether or not such loss is occasioned by the acts or omissions of the Landlord, Lessee, third party, or act of nature. Lessee hereby releases and discharges the Landlord, its commissioners and employees, Landlord's insurance carrier and Landlord's casualty policy from any claims for loss or damage to Lessee's property.

5.2 **INSURANCE:** Lessee shall procure and maintain a comprehensive general liability policy with a company rated A-XV or better in Best's Insurance Guide covering all claims for personal injury (including death) and property damage (including all real and personal property located on the Premises or Landlord's property) arising on the Premises or Landlord's property as a result of, or arising out of, Lessee's operations under this Lease. The limits of liability shall be not less than Two Million Dollars (\$2,000,000.00) for each occurrence and in the aggregate unless the Lessee requests, and Landlord approves in writing, a lesser liability limit.

5.2.1 **Policy Provisions.** The foregoing insurance policy shall name Landlord as an additional named insured by way of a policy endorsement. Lessee shall provide certificates of insurance and, if requested, copies of any policy to Landlord. Receipt of such certificate or policy by Landlord does not constitute approval by Landlord of the terms of such policy. Furthermore, the policy of insurance required herein shall: (i) be written as a primary policy; (ii) expressly provide that such insurance may not be materially changed, amended or canceled with respect to Landlord except upon forty-five (45) days' prior written notice from the insurance company to Landlord; (iii) contain an express waiver of any right of subrogation by the insurance company against Landlord and Landlord's elected officials, employees or agents; (iv) expressly provide that the defense and indemnification of the Landlord as an "additional insured" will not be affected by any act or omission by Lessee which might otherwise result in a forfeiture of said insurance; (v) contain a separation of insureds provision such that the policy applies separately to each insured that is subject of a claim or suit; (vi) not contain a cross-claim, cross-suit, or other exclusion that eliminates coverage by one insured against another; and (vii) provide for coverage for damage to the Landlord's property caused by the Lessee.

5.2.2 **Failure to Obtain and Maintain Insurance.** If Lessee fails to procure and maintain the insurance described above, Landlord shall have the right, but not the obligation, to procure and maintain substitute insurance and to pay the premiums. In such event, Lessee shall pay to Landlord upon demand the full amount paid by Landlord. Alternatively, Landlord may terminate this Lease without liability to Lessee.

ARTICLE VI
Miscellaneous Provisions

6.1 **LESSEE WILL OBTAIN PERMITS:** Lessee agrees to obtain and comply with all necessary permits for any Tenant Improvements and to conduct the Authorized Use. If Lessee fails to obtain and comply with such permits, then Lessee accepts full responsibility for any and all costs incurred by Landlord, including actual attorneys' fees. In this way, Lessee agrees to be solely responsible for all damages, costs and expenses incurred as a result of Lessee's failure to fully comply with any necessary permit process and requirements.

6.2 **RULES, REGULATIONS, and POLICIES:** Lessee agrees to conform to and abide by all applicable rules, regulations, and policies issued by the Sudden Valley Community Association ("Association") in connection with its use of the Premises and not to permit said Premises to be used in violation of any applicable rule, regulation, policy, or other Association guideline.

6.3 **LIENS:** Lessee agrees to keep the Premises described herein free and clear of all liens and charges whatsoever. Lessee shall not allow any mechanics' and materialmen's or other liens to be placed upon the leased Premises. If such a lien is placed or recorded, Lessee shall cause it to be discharged of record, at its own expense, within ten (10) days of Landlord's demand. Failure to comply with Landlord's demand within ten (10) days shall be a default under the terms of this Lease.

6.4 **INDEMNIFICATION AND HOLD HARMLESS:** The Lessee agrees that it will defend (with legal counsel acceptable to Landlord), indemnify and hold harmless the Landlord, its officers, employees and agents from any and all demands, claims, judgments or liability for loss or damage arising as a result of accidents, injuries or other occurrences on the Premises or on Landlord's property, (i) occasioned by either the negligent or willful conduct of the Lessee, its agents, or (ii) made by any person or entity holding under the Lessee, or any person or entity on the Premises or on the Landlord's property as a result of Lessee's activity, regardless of who the injured party may be. This indemnification and hold harmless shall not apply to the extent the damages was caused by the gross negligence or willful misconduct of the Landlord.

6.5 **LIMITED WAIVER OF IMMUNITY UNDER WASHINGTON STATE INDUSTRIAL INSURANCE ACT, TITLE 51 RCW AND OTHER SIMILAR INDUSTRIAL INSURANCE SCHEMES:** For purposes of the foregoing indemnification provision, and only to the extent of claims against Lessee by Landlord under such indemnification provision, Lessee specifically waives any immunity it may be granted under the Washington State Industrial Insurance Act, Title 51 RCW, The United States Longshore and Harbor Workers Compensation Act, 33 USC §901-950, or any other similar workers' compensation schemes. The indemnification obligation under this Lease shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable to or for any third party under workers' compensation acts, disability benefit acts, or other employee benefit acts. The foregoing provision was specifically negotiated and agreed upon by the parties hereto.

6.6 **LAWS AND REGULATIONS:** Lessee agrees to conform to and abide by all applicable rules, codes, laws, regulations, and Port policies in connection with its use of the Premises and the construction of improvements and operation of Lessee's business thereon and not to permit said Premises to be used in violation of any applicable rule, code, law, regulation, Port policy, or other authority.

6.6.1 **Environmental Laws and Regulations.** Lessee's obligations herein shall include, but in no way be limited to, the obligation to comply with all State and Federal environmental laws and regulations. Lessee shall defend (with legal counsel acceptable to

Landlord), indemnify and hold harmless the Landlord from any fine, penalty or damage which may be imposed by any lawful authority, which may arise as a result of the Lessee's failure to comply with the obligations of this article.

6.7 **WASTE AND REFUSE:** Lessee agrees not to allow conditions of waste and refuse to exist on the Premises and to keep the Premises in a neat, clean, and orderly condition.

6.8 **SIGNS:** No signs shall be installed without the prior written permission of Landlord. In the event that an unauthorized sign has been installed and after twenty-four (24) hours' notification to remove the sign by the Landlord, Lessee shall pay the Landlord a penalty of One Hundred Dollars (\$100.00) per day for each day the sign remains in place after such notification. The penalty shall automatically resume, without notice, if the sign is reinstalled after having been removed. The penalty accrued shall be paid with the next month's Base Rent. In addition, the Landlord reserves the right to provide notice of, and treat an unauthorized sign as, a non-monetary default of this Lease.

6.9 **LITIGATION:** In the event Landlord shall be made a party to any litigation commenced by or against Lessee (other than actions commenced by Lessee or Landlord concerning the interpretation or enforcement of any of the terms and conditions of this Lease), then Lessee agrees to pay all costs, expert witness fees, and attorneys' fees, including all customary charges incurred by Landlord in connection with such litigation. However, if Landlord is made a party defendant and Lessee undertakes the defense of the action on behalf of Landlord, then no obligation for costs and attorneys' fees will be chargeable against Lessee by Landlord for costs arising out of such undertaking.

6.10 **ASSIGNMENT OF LEASE:** Lessee shall not assign, rent, or sublease any portions of this Lease or any extension thereof, without the prior written consent of Landlord, and no rights hereunder in or to said Premises shall pass by operation of law or other judicial process, or through insolvency proceedings.

6.11 **DEFAULT, CROSS DEFAULT, AND REMEDIES:**

6.11.1 **Monetary Defaults.** Failure to pay Rent or any other monetary obligations by the first (1st) day of each month shall constitute a default under the terms of this Lease. If Lessee is in default in the payment of Rent or other monetary obligations then, at Landlord's sole option, upon ten (10) days' written notice, this Lease may be terminated, and Landlord may enter upon and take possession of the Premises. Without limiting the generality of the foregoing, Lessee expressly authorizes Landlord to obtain a prejudgment writ of restitution in the event of default by Lessee. This remedy is in addition to and is not exclusive of any other remedies provided either by this Lease or by law.

6.11.2 **Non-monetary Defaults.** If Lessee shall fail to perform any term or condition of this Lease, other than the payment of Rent or other monetary obligations, then Landlord, upon providing Lessee thirty (30) days' written notice of such default, may terminate this Lease and enter upon and take possession of the Premises. This remedy is in addition to and is not exclusive of any other remedies provided either by this Lease or by law.

6.11.3 **Other Defaults.** The following shall also constitute a default under the terms of this Lease: A default by Lessee under any other agreement or lease with the Landlord; insolvency of Lessee; an assignment by Lessee for the benefit of creditors; the filing by Lessee of a voluntary petition in bankruptcy; an adjudication that Lessee is bankrupt or the appointment

of a receiver of the properties of Lessee; the filing of an involuntary petition of bankruptcy and failure of Lessee to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levying of execution on the leasehold interest; and failure of Lessee to secure a discharge of the attachment or release of the levy of execution within ten (10) days.

6.11.4 **Multiple Defaults in a Year.** If within any one (1) year period, Landlord serves upon the Lessee three notices requiring Lessee either to: (i) comply with the terms of this Lease or to vacate the Premises; or (ii) pay Rent or vacate (collectively referred to herein as "Default Notices"), then Lessee shall, upon a subsequent violation of any term of this Lease by the Lessee (including failure to pay Rent), be deemed to be in unlawful detainer, and Landlord may, in addition to any other remedies it may have, immediately terminate the Lease and/or commence an unlawful detainer action without further notice to Lessee.

6.11.5 **Cross-Default.** A default under this Lease shall constitute a default under any other lease or agreement which Lessee has with Landlord (hereinafter such other agreements shall be referred to as "Collateral Agreements"). Likewise, any material breach or default under a Collateral Agreement shall be deemed a material breach or default under the terms of this Lease. If a Collateral Agreement is terminated for a material breach or default of Lessee, then Landlord shall, without limiting any other remedies it may have, be entitled to terminate this Lease upon five (5) days' written notice to Lessee.

6.11.6 **Other Remedies.** In addition to the foregoing remedies specified in this article, Landlord may exercise any remedies or rights under the laws of the State of Washington including, but not limited to, recovering damages for past due rent, future rent, costs to re-let the Premises, and costs to restore the Premises to its prior condition (reasonable wear and tear excepted). Under no circumstances shall Landlord be held liable in damages or otherwise by reason of any lawful re-entry or eviction. Landlord shall not, by any re-entry or other act, be deemed to have accepted any surrender by Lessee of the Premises or be deemed to have otherwise terminated this Lease or to have relieved Lessee of any obligation hereunder. Landlord shall be under no obligation to observe or perform any covenant of this Lease after the date of any material default by Lessee unless and until Lessee cures such default. A fee of Five Hundred Dollars (\$500.00) shall be assessed to Lessee for each Default Notice issued to Lessee to defray the costs associated with preparing, issuing, and serving such notice. This fee shall be payable on the first (1st) day of the month following the issuance of the Default Notice.

6.12 **TERMINATION:** This Lease shall terminate for default if Lessee fails to cure any default within the time provided for herein. Upon termination of this Lease or any extension thereof, whether by expiration of the stated term or sooner termination thereon, as herein provided, Lessee shall surrender to Landlord the Premises peaceably and quietly. Lessee shall restore the Premises to the condition existing at the time of initiation of this Lease, except for: (i) normal wear and tear; and (ii) any improvements which Landlord permits to remain on the Premises.

6.13 **NON-WAIVER:** Neither the acceptance of Rent nor any other act or omission of Landlord after a default by Lessee or termination shall operate as a waiver of any past or future default by Lessee, or to deprive Landlord of its right to terminate this Lease or be construed to prevent Landlord from promptly exercising any other right or remedy it has under this Lease. Any waiver by Landlord shall be in writing and signed by Landlord in order to be binding on Landlord.

for an indefinite period of time. Since such restrictions on access are outside the control of Landlord, Lessee agrees that such interruptions shall not be deemed a violation of this Lease or the Covenant of Quiet Enjoyment.

6.18 **LANDLORD MAY ENTER PREMISES**: It is agreed that the duly authorized officers or agents of Landlord may enter to view said Premises at any time, and if the business or normal function of Landlord should at any time require that it enter upon the Premises to perform any work or make any improvements, it may do so, but not in such manner as to materially injure Lessee with its normal and usual operation.

6.19 **TIME**: It is mutually agreed and understood that time is of the essence of this Lease and that a waiver of any default of Lessee shall not be construed as a waiver of any other default.

6.20 **INTERPRETATION**: This Lease has been submitted to the scrutiny of the parties hereto and their counsel, if desired. In any dispute between the parties, the language of this Lease shall, in all cases, be construed as a whole according to its fair meaning and not for or against either the Landlord or the Lessee. If any provision is found to be ambiguous, the language shall not be construed against either the Landlord or Lessee solely on the basis of which party drafted the provision. If any word, clause, sentence, or combination thereof for any reason is declared by a court of law or equity to be invalid or unenforceable against one party or the other, then such finding shall in no way affect the remaining provisions of this Lease.

6.21 **HOLDING OVER**: If the Lessee remains in possession of said Premises after the date of expiration of this Lease without Landlord's prior written consent, such holding over shall constitute and be construed as tenancy at sufferance only, at a monthly rent equal to one hundred fifty percent (150%) of the Base Rent owed during the final month of the Term of this Lease and otherwise upon the terms and conditions in this Lease. If Lessee holds over with Landlord's prior written consent, then until such time as a new written Lease is executed by the parties hereto, Lessee shall continue to make payments to Landlord on a month-to-month basis as provided for in this Lease. Such authorized holdover tenancy may be terminated by either party at the end of any such monthly period by sending written notice not less than five (5) days before the end of such period. Such authorized holdover tenancy shall be subject to all terms and conditions contained herein.

6.22 **SURVIVAL**: All obligations of the Lessee, as provided for in the Lease, shall not cease upon the termination of this Lease and shall continue as obligations until fully performed. All clauses of this Lease which require performance beyond the termination date shall survive the termination date of this Lease.

6.23 **GOVERNING LAW**: This Lease, and the right of the parties hereto, shall be governed by and construed in accordance with the laws of the State of Washington, and the parties agree that in any such action jurisdiction and venue shall lie exclusively in Whatcom County, Washington and not in any federal court.

6.24 **ATTORNEYS' FEES – LEASE ENFORCEMENT**: The prevailing party in any action to enforce any term or condition of this Lease shall be entitled to an award of their reasonable costs and attorneys' fees.

6.25 **ESTOPPEL CERTIFICATES**: At Lessee's request, Landlord agrees to execute and deliver to Lessee or its lender(s), a customary estoppel certificate in a form acceptable to the Landlord which sets forth the following information: (i) the terms and conditions of this Lease; (ii)

the status of the Rent payments under the Lease; and (iii) Landlord's knowledge of any breaches or anticipated breaches of the Lease. Landlord shall have no obligation to execute an estoppel certificate which requests any information other than as set forth above. Lessee agrees to reimburse the Landlord for all staff time incurred and attorneys' fees paid by Landlord for the review and opinion of such attorney acting on the request for such estoppel certificate and in negotiating acceptable language in the estoppel certificate. A failure to reimburse Landlord within sixty (60) days of the mailing of notice of such charges shall constitute a default under the terms of this Lease.

6.26 **ATTORNMEN**T: In the event the Premises are sold, Lessee shall attorn to the purchaser upon the sale provided that the purchaser expressly agrees in writing that, so long as Lessee is not in default under the Lease, Lessee's possession and occupancy of the Premises will not be disturbed and that such purchaser will perform all obligations of Landlord under the Lease.

6.27 **COUNTERPARTS AND ELECTRONIC TRANSMISSION**: This Lease may be signed in counterparts. Electronic transmission of any signed original document, and retransmission of any signed electronic transmission shall be the same as delivery of an original document.

6.28 **ENTIRE AGREEMENT**: This Lease contains all of the understandings between the parties. Each party represents that no promises, representations, or commitments have been made by the other as a basis for this Lease which have not been reduced to writing herein. No oral promises or representations shall be binding upon either party, whether made in the past or to be made in the future, unless such promises or representations are reduced to writing in the form of a modification to this Lease executed with all necessary legal formalities by the Sudden Valley Community Association.

6.29 **VALIDATION: IN WITNESS WHEREOF**, Landlord has caused this instrument to be signed by its General Manager, who has the delegated authority of the Board of Directors of the Sudden Valley Community Association, and this instrument has been signed and executed by Lessee, the day and year first above written.

THIS LEASE CONTAINS INDEMNIFICATIONS FROM THE LESSEE TO THE LANDLORD, RELEASES BY THE LESSEE AND A LIMITED WAIVER OF IMMUNITY UNDER THE WASHINGTON STATE INDUSTRIAL INSURANCE ACT, TITLE 51 RCW, OR ANY OTHER SIMILAR WORKERS' COMPENSATION SCHEMES

LESSEE:

CHRIST THE KING COMMUNITY CHURCH

By:
Its: President

LANDLORD:

SUDDEN VALLEY COMMUNITY ASSOCIATION

By:
Its: General Manager

By:
Its: Secretary

C:\Users\ABolander\AppData\Local\Box\Box Edit\Documents\RH_AvMz4g0OT0JTBA6Gcw==\Lease.01.18.2023(rad).doc



Sudden Valley Community Association

360-734-6430

4 Clubhouse Circle Bellingham, WA 98229

www.suddenvalley.com

CAPITAL REQUEST MEMO

To: Sudden Valley Community Association Board of Directors

From: Joel Heverling, Finance Director

Date: February 21, 2023

Subject: **Capital Request – Reclassify Funding of 2022 Clubhouse Kitchen Repairs**

Purpose – To request a reclassification of 2022 Clubhouse kitchen repairs from UDR to CRRRF.

Background – On July 14, 2022, the Board passed a motion for the funding of \$76,058.40 from the UDR reserve fund for the 2022 Clubhouse kitchen repairs, which was a construction estimate provided by PNW services.

Upon completion of this repair project, total costs are \$96,952.84 (GL# 9622.3). Additionally, since this repair project contributes to extending the useful life of the Clubhouse, the appropriate treatment is to reclassify the funding of this repair project from the UDR fund to the CRRRF fund and to capitalize these costs as a fixed asset.

Proposal – To transfer all 2022 Clubhouse Kitchen Repair project costs from the UDR fund to the CRRRF fund.

Request - Request funding of \$96,952.84 from the CRRRF fund for the total costs of the 2022 Clubhouse Kitchen Repair project and to transfer back all funds previously utilized for this project from the UDR fund.

Motion: Motion to approve the funding of \$96,952.84 from the CRRRF fund for the total costs of the 2022 Clubhouse Kitchen Repair project and to transfer back all funds previously utilized for this project from the UDR fund.