

January 16, 2020

Agenda

Call to Order: 4:31pm -- Dawn Kerns, President Sunland Condo Owners Association Board of Directors
Certification of Quorum: President

Approval of last month's Minutes: Approved Online

President's Comments: Steve Lavelly's Resignation – Thank you for your service Steve; Nominating Committee's recommendation to fill remainder of Steve's Term (Through Sept 2021) with Hilltop resident Brenda Owens

Treasurer's Report: Carol Stults December 31, 2019 Financial Report

Report of Qtr. 1 / 2020 invoice template used

◦ New Reserve Account Proposal from Finance Committee—Brief Review of Parameters / Scope for Reserve Account Use and Review of Options for Bank Account to cover new reserve account (IF approved) ◦

Status of Surplus funds from 2019 Operating Accounts (Checking & Savings)

◦ Update on Plan for 2019 Audit – to begin February 15, 2020

Landscape Report: Richard Streeter & Landscape Committee Members (Water Line in front of 108B, etc.)

Insurance Report: Nancy Baer (Renews in March 2020)

Architecture & Maintenance Report: Joel Ogden

Received Estimate to Replace Leaking Roof on Building 134

Gutter Cleaning & Moss Maintenance Service Contract

OTHER COMMITTEE REPORTS

Data and Records Committee: Rob Baer

Governing Documents: Nancy Baer Bylaws approval (corporate seal found? If not, renew motion to delete that portion of Bylaws)

Newsletter Committee: Carol Stults

Welcoming Committee: Patty Lavelly

Emergency Preparedness Committee: Joel Ogden

Nominating Committee: Carol Stults

New Business: Ted Gagne Presentation (cancelled)

Unfinished Business: Memorial bricks Layout

Date of next meeting: Thursday, February 20 at 4:30 pm

Owners' questions and comments

ADJOURNMENT Approximately 6:00 pm

Parting Comment by President: We all have two lives. The second one starts when we realize we only have one.

Division 7: Regular Board Meeting

Agenda: January 20, 2020 from President, Dawn Kerns

Call to Order: by President Dawn Kerns at 4:31 pm at The Gathering Place

Attendees: Dawn Kerns, Richard Streeter, Joel Ogden, Carol Stults, Nancy Baer, Teresa Lotzgesell (New: Brenda Owens)

Dawn Kerns, President Certification of Quorum: All board members present, quorum fulfilled.

President Approval of last month's minutes: Email Motion to Approve:

11/20/2019 Meeting Notes sent to Division 7 Website administrator Sue Forde 11/27/2019.

President's Comments:

- 1) Received a letter of resignation from Board Member, Steve Lavelly in December. Dawn read the letter to the Board and attending audience:

RESIGNATION LETTER DEC 2019

Sunland, Division 7

Board of Directors

December 2019

Dawn Kerns,

With deep regret, I must resign my position as Maintenance director of Sunland Division 7, in order to deal with some serious health problems. However, I remain ready to answer questions and give my support to the Board in any way that I can. Just give me a call. Please feel free to announce my decision at your next meeting.

Steve Lavelly

We all applaud Steve's dedication to our division and all of the work he has done to make our division a beautiful place to live! Thank you! Thank you Steve for your willingness to help us going forward with your wisdom and experience! We appreciate you very much! We wish you the very best!

MOTION: We propose that we Accept Steve Lavelly's resignation from the Sunland Division 7 Board. (Nancy Baer). SECOND: Joel Ogden APPROVED

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- 2) The nominating committee has forwarded the nomination of Brenda Owens to complete the Sept 2021 board term vacated by Steve Lavelly. The following was submitted to introduce us to our neighbor, Brenda Owens:

Brenda Owens

January 11, 2020

Bio for Division 7 Condo Association (Board)

Brenda Owens was born and raised in Bend, Oregon; skiing on Mt. Bachelor, camping at Elk Lake and playing on the Deschutes River. Definitely any kid's dream playground!

Brenda, Bren or B (she has been given several names over the course of her life) and has lived in the PNW most of her life and has never ventured away from the Western US Seaboard. She went to college in California where she started out in Banking a s soon found herself in Alaska working on the Pipeline in Prudhoe Bay (working in a heated office – not laying pipe)!

She has 4 children who live in Washington and Idaho and lots of grandbabies that she has lost count of; maybe 15? She always has to pause when asked, so she can start counting off names.

Bren is currently working for a Reiki Energy Healing Center in Sequim as the Office Manager / Bookkeeper an s is also a Reiki Master herself. Energy healing is her passion and always has been. She and her dog, Cami live in Sequim.

MOTION: We propose that we Accept Brenda Owens nomination to complete the Sept 2021 term vacated by Steve Lavelly's resignation from the Sunland Division 7 Board. (Nancy Baer). SECOND: Joel Ogden APPROVED

Division 7: Regular Board Meeting

Treasurer's Report: Carol Stults December 31, 2019 financial report:

Financial documents for Jan 1-Dec 31, 2019. Note 2 changes to the copies sent to you –

- Per discussion with Richard, we have moved bark expenses that were partially attributed to Landscape Grounds contract acct 5320 to acct 5310 Bark expense account, to more clearly reflect the total cost of barking the entire division.
- The liability listed on the Balance Sheet for Taxes Payable of \$354.00 was already paid. The previous bookkeeper just failed to offset the payment the liability invoice already entered. We have not tax liability outstanding, and have paid estimated taxes for this year already. We also have a credit for overpayment of estimated taxes in 2018.

Review of 2019 financials:

- Operating funds: Balances in checking and savings combined \$133,386.81, including \$4,862.00 of prepaid dues for 2020.
- Total Reserve balances at the end of 2019 is \$275,183.13. This compares with the total Reserve balance at the end of 2018 of \$227,765.93 a gain of \$47,417.20 (~ \$21% gain).
Balances in the individual reserve accounts are as follows:
 - Road Reserve - \$65,476.68
 - Tile Roof Reserve - \$52,285.26
 - Composite Roof Reserve - \$157,421.19.
- Invoicing and Aging Report –
 - Invoice Template – was updated by our new accounting firm, with some errors found in the templates used by the previous bookkeeper. All has been corrected; templates have been confirmed correct in all aspects.
 - Aging Report - only one past due account remains. 1st quarter dues notice was sent with an additional invoice for past due amount. Dawn emailed the resident with the details. Otherwise there are no other past due accounts. NOTE: Prepaid dues is listed separately now.
- Surplus Funds report – more discussion will take place in February or March when the Board decides on surplus fund allocation to reserve.

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Surplus fund analysis 2019 operating funds		
Checking	12/31/19 balance	\$86,482.84
Less prepaid 2020 dues		(\$4,862.00)
Savings		\$51,765.97
TOTAL		\$133,386.81
Allowed holdover of op funds		(\$25,000)
Total surplus funds tentative		\$108,386.81
2019 pending projects		
Roof for building 134	estimate - to be completed in 2020 due to availability of contractor	\$40,000
Landscape replacement for 142 front	To be determined	?

- Update on 2019 audit – to begin no later than February 15, 2020, using the Newman and Associates proposal of \$2,600.
- New Reserve Account Proposal.

PROPOSAL – Establish a new General Reserve account as noted below:

NAME of Account: Landscape and Maintenance General Reserve Account.

Purpose and use:

Use of these funds is restricted to unbudgeted maintenance and landscape projects including but not limited to:

- Painting projects not budgeted in operating funds
- Building or landscape maintenance not budgeted in operating funds for the current year
- Reserve Study expenses not budgeting in the annual Reserve Budget and not budgeted for in other reserve Accounts. Examples: street lighting, major driveway repairs.
- Maintenance or other Projects required by changes in Washington State or Federal laws/regulations. Examples: Roof Anchors that we were legally obligated to install, but did not have in the budget, \$13,000.
- Other maintenance or landscape expenses deemed necessary for the future welfare of Division 7 assets, properties and common areas.

Funding for this reserve:

- Establish new money market account at XXX.
- Funding for the new account: Use a large portion of current Savings account at First Federal (12/31/2019 balance is \$51,765.97) How much do we leave in savings? Confirm total to be moved to new reserve considering also the level of surplus funds available from 2019 operating funds. (NOTE: Primarily there due to the shortage of qualified construction firms that bid for work yet to do on our work list). Other sources of funds include transfers annually from surplus operating funds remaining after year end as determined by the board (NOTE: Normally determined AFTER first Quarter condo dues payments so we do not have cash flow issues if some dues arrive late). The Board retains the right to assess the homeowners in the future to meet the needs in this fund, at this time that is not deemed necessary.

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- Goal for the fund account balance -- To Be Determined by the Board. Suggestions? \$70,000 by 2030; within 10 years of the start of the fund?

NOTES FROM FINANCE COMMITTEE:

Jack Marlow: Care will need to be taken in order for this to be a reserve account rather than something that can be used whenever the operating budget is running low.

Steve Welborn: If the Board wants to use the funds to directly pay for painting or prep of buildings, then a \$70,000 balance may be too low for this fund. If proper prep is to be done with painting each building, then it could cost \$20,000 - \$25,000. Assuming this new fund will receive only a portion of the annual Operating Fund surplus (and that surplus may not always remain as high as it has been), then the new fund may soon run a too low balance for other purposes or for the situation of having to paint two buildings in a year.

BANK OPTIONS FOR NEW RESEARVE ACCOUNT

Rate Comparison for (Proposed) Reserve Account:

First Federal (Money Market: Rate = 0.50% (Maintain \$10K balance current MM rate we have is 0.75% with FF on other accounts, now NOT available with current market conditions). Total on deposit at this Bank, \$235,500.

Key Bank (Money Market Gold: Rate = 1.50% (Maintain \$25,000 min balance; rate for 6 months only. Rate reset at 0.80% after initial 6 months period). Total on deposit at this Bank, \$157,500.

Key Bank (CD: Rate = 1.50% (11 month terms; forfeit 6 months interest if removed early) Total on deposit at this Bank, \$157,500.

Key Bank (CD: Rate= 1.45% (17 month terms; forfeit 6 months interest if removed early) Total on deposit at this Bank, \$157,500.

(NOTE: Carol will explore FDIC coverage for our business accounts; levels of coverage are higher than for an individual account.)

Discussion of Reserve Account / Board:

We probably benefit the most in terms of accessibility of the funds with a Money Market account, the initial rate is a big benefit from Key bank and is higher even after the promotional 6 month rate than our funds at First Federal. Despite the large deposits, FF did not have a higher rate for us. Looking back at our operational spending the last 4-5 years, we have NOT accessed our regular savings account. It was established as a safeguard, against a mistaken overdraft on our linked checking account, but wasn't ever used in that way. In addition, the regular savings account was not earning a very good rate of return for us.

MOTION: Propose we accept the recommendation from the Finance Committee to establish a contingent Landscape & Maintenance General Reserve account for use as outlined in the above presentation. (Nancy Baer) SECOND: Joel Ogden APPROVED

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The good news with approving a contingency reserve account is it boosts our reserves for our next reserve studies and will benefit all of our homeowners' property values for prospective buyers and lenders. The question now is what portion of our \$51K in savings should we use to initially fund the new reserve account, should it be \$20-\$30K or higher? Given the low rate of the First Federal savings account, why not make it a larger amount (\$40,000 or more) for now and weighing the need to retain some savings?

MOTION: Propose we use \$40,000 of our First Federal savings account to fund our new Reserve Account. (Nancy Baer) SECOND: Brenda Owens APPROVED

MOTION: Propose move the Contingent Reserve Fund to Key Bank and go with the higher Money Market Gold fund at Key Bank (1.5% / 6 months and 0.80% after the initial 6 mo. Period) for our new Reserve Account. (Nancy Baer) SECOND: Brenda Owens APPROVED

Landscape Committee: Richard Streeter

We were alerted by the water company to a leak from the meter in the front yard of 108A; it goes underground (leaking at the rate of 1 gallon per minute) and we had a person (Jim Lund at Power Tech) come out and test to determine the leak location. The leak is adjacent to the west side of the 108B driveway. RJ Services will be engaged to fix the leak this next week.

We have had several people volunteer to help with the landscape committee--- all are welcome! (Debby McGehee, Patty Lavelly). We have made progress on the sprinkler system last year and had most of the trouble trees removed in 2019. We do have a tree situation at 126B that requires some attention. Richard went down the slope and examined the slope, erosion and reviewed the reports done by foresters and experts hired by the homeowner. The tree roots encompass approximately 10' x 10' area. It is VERY close to the building and that makes it risky for the stability of the building and the slope despite the good health of the tree. Normally, we remove trees that are deemed a danger of some degree to the building due to ill health of the tree. Should the tree behind 126B come down; a major portion of the slope would be at risk and would undermine the foundation of the building. Town and Country gave us a bid of \$500 to take that tree down. There are other strong trees, maples and cedars there to help support the bank that are sound. Other rosehips and berries are there, they help shore up the slope with good roots down about 1' deep. Ted wanted to add grasses; we will explore the best recommendations from landscape experts to supplement the plantings.

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It has been suggested to develop an inventory of the trees in the hilltop neighborhood and the slope. Would be good to get an assessment of the slope as well. (NOTE: Steve Lavelly says SLOA does not approve of “prune up” projects on their trees). The blank slate left by a recent tree / landscape removal will be redesigned. Not sure how much we will budget for that. Just like the new landscaping in front of 108A, it will look great and fill in nicely.

Insurance Report: Nancy Baer

Next billing cycle for insurance is March 2020. The agent will be available for in person questions from our residents about the policy relative to their personal property insurance. .

Architecture & Maintenance Report: Joel Ogden

- **Leaking Roof at 134 (Full Building)**
The roof is leaking very badly at building 134; the roof has failed. There are water stains inside the units. Tarp in place, but given the long queues for construction repairs, we are 4 months from replacing the roof and the cost is estimated to be \$40,000. Getting 2-3 more bids for the replacement of the roof.
- **Gutter cleaning and Moss Removal**
The committee is exploring the cost of regular preventative maintenance on the gutters for all of the units. It is time consuming and costly to hire for individual gutter maintenance. It is preferred that we do all of the units at once, but we would need a contractor with a large crew. Last meeting, they were looking at a bid from Three Crowns for Gutter Cleaning. Now they are looking at the benefit of having the roof surfaces treated for moss at the same time with the gutter cleaning. It works out to \$800 per unit to have gutter cleaning and roof moss treatment twice a year, or roughly \$50,000 in total. We are getting 2-3 more bids for these services.

Good thing we have a surplus from 2019 Operating funds to add to our reserves!

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Data and Records Committee: Rob Baer

- **Data Records: Rob Baer**
New database software is available online now with 2 user access (simultaneously) included in our license, so that makes it much more user-friendly and easier to manage without requiring the sharing of the Division's laptop. Much better! The database for the maintenance/landscaping projects is in good shape and will provide the necessary paper trail for this board and future boards. Well done everyone! Rob is also searching for volunteers to assist in data entry.

Governing Records: Nancy Baer

- **Governing Documents: Nancy Baer**
Teresa will take a look at the R&Rs and make proposals in the future. Haven't been reviewed in while and there are some outdated items. (November Meeting).
- **Bylaws approval (appendix/corporate seal): Nancy Baer**
The bylaw review is complete. However, the corporate seal is not required legally and it is no where to be found, despite searching the storage at SLOA's offices as well, by Carol. Suggest we remove it from the bylaws and approve the corrected bylaws as they stand without the language referring to the corporate seal.

MOTION: Propose we remove the reference to the corporate seal in the bylaws and accept the corrected bylaws, as of 1/16/2020. (Nancy Baer) SECOND: Brenda Owens APPROVED

Newsletter Committee: Carol Stults

Next newsletter will be done in a couple weeks; need news submissions by January 23rd. Dawn encouraged board members to write an article.

Welcoming Committee: Patty Lavelly (Patty not present)

Next event, probably 4th of July! Had a great turn out for Christmas Party – 42 people! Very fun, great job everyone!

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Emergency Preparedness Committee: Joel Ogden

Current storm proved the point of needing batteries, flashlights in the bathroom, having supplies ready! Be sure to stock up on batteries and water! Snow removal expense (Ambro's Landscaping) cost us roughly \$9 per household.

Update Nominating Committee: Carol Stults

No new news except addition of Brenda Owens to Board tonight—thank you for volunteering Bren!

New Business:

Ted Gagne cancelled his presentation, but Richard's report covered the topic.

Unfinished Business:

Memorial bricks Date of next meeting: (Dawn Kerns)

Dawn showed the group a nice brick sandblasted with permanent black lettering as a sample. Dawn is proposing an area memorializing Division 7/ Hilltop residents that have passed away. Dawn outlined a diagram of a design for the bricks, roughly a 8 row design with 28 bricks surrounded by treated 2x4s in a frame to hold bricks securely. She will purchase 30 or so to allow for breakage (\$3 per brick). Engraving cost is \$25 per brick. She will draft a proposal for parameters for those to be honored by memorial bricks (Hilltop residents, pets, loved ones, etc.). The criteria for inclusion will define when the home association pays (Hilltop residents) or individuals pay the engraving cost (Pets, loved ones) at a future meeting.

NEXT MEETING: Thursday, February 20, 2020 at 4:30 pm

Owners' Questions and Comments:

Patty Lavelly read a statement concerning tree removal: She was in full support of the Landscaping committee, but would love to see a 5-year plan to facilitate the removal of trees / redesigning areas that may be dated or unsafe or dead in a way that kept the diverse look of the neighborhood without removals that are deemed too severe that would disrupt the mature look of our neighborhood. A moratorium was discussed regarding tree removal until a 5-year plan could be approved. Richard viewed additional help and a moratorium on tree removal positively, as did some others (NOTE: All of these proposed ideas would need a Board motion and approval during a regular meeting). David lotzgesell and Ted Foster voiced similar concerns and discussed the need for independent evaluation of the trees / landscaping from an expert that will NOT be hired for that removal project to retain objectivity. David noted that if a homeowner is

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in conflict with removal, it may be feasible to deem that tree as the personal property of said homeowner via a legal document. Not sure that is practical, but the board has experts look at tree removal (Arborist, forestry experts, etc.) now before any decision is taken to remove a tree. The foremost goal is safety in the common areas for property and residents. Some units have had all new plantings and they take hold fairly quickly (i.e., 108) and look great! Keeping the lines of communication open is key, just like tonight!

Richard will work with his committee to further the idea of a long term plan. This would also benefit future boards in the event of transition or board seat changes. Not a bad idea to have a 5 year plan in all areas of our board. The free flow of ideas and possible solutions was good and encouraged by the board regarding these topics--- we welcome the input!

ADJOURNMENT at approximately 6:00 pm

Board Motions completed via e-mail in DECEMBER/JANUARY:

- **January 27, 2020 (approved via email in Nov, but formally with a motion in Jan 2020)**
MOTION: Approve Final November 20,2019 Meeting Minutes (Dawn Kerns) SECOND: Carol Stults APPROVED
- **December 27, 2019**
MOTION: Retain Newman and Associates for out 2019 audit (Done in February 2020) for \$2,600 vs Baker Overby & Moore for \$3,700 (Nancy Baer) SECOND: Teresa Lotzgesell APPROVED

TYL/01/30/2020