

September 17, 2020

Annual Meeting Agenda

Call to Order: 4:35 pm -- Dawn Kerns, President Sunland Condo Owners Association Board of Directors
Certification of Quorum: President

Approval of last month's Minutes: Approved Online by majority of the Board; forwarded to web Administrator
Approval of 2019 Annual Meeting Minutes (mailed to residents): Approved

President's Comments & Welcome

Treasurer's Report: Carol Stults August 31, 2020 Financial Report

Newsletter Report: Carol Stults

Landscape Report: Richard Streeter

Insurance & Drainage Mitigation Update: Nancy Baer

Architecture & Maintenance Report: Joel Ogden (Absent; Dawn gave message)

OTHER COMMITTEE REPORTS

Data and Records Committee: Rob Baer

Welcoming Committee: Patty Lavelly (Absent; message in notes)

Emergency Preparedness Committee: Joel Ogden (Absent; Dawn gave message)

Nominating Committee: Bren Owens (Absent; Dawn gave message)

Old Business

New Business

Voting Results: Candidate, Sherry Barnhart (Approved)

2021 Operational Budget (Approved)

2021 Reserve Budget (Approved)

Date of next meeting: Regular Meeting on Thursday, October 15, 2020 (Zoom or location TBD)

Owners' questions and comments

ADJOURNMENT Approximately 5:44 pm

Executive Board Meeting followed with new board present to determine officer positions

Division 7 Board Meeting

Annual Meeting Agenda: September 17, 2020 from President, Dawn Kerns

Call to Order: by President Dawn Kerns at 4:35 pm at Sunland Ballroom – Small Room

Attendees: Dawn Kerns, Richard Streeter, Carol Stults, Nancy Baer, Teresa Lotzgesell

Dawn Kerns, President Certification of Quorum: Quorum fulfilled for voting residents and board members present.

President : Approval of last month's minutes via Email

08/20/2020 Meeting Notes & Financials sent to Division 7 Website administrator Sue Forde 09/13/20

President's Comments: Welcome to the Annual Meeting--- we have a quorum and will proceed with the meeting!

Treasurer's Report: Carol Stults, August 31, 2020 Financial Report:

Key Financial Actions / Projects through September 2020

- We hired a CPA, Bell & Bell (interviewing 3 candidates) and expanded Audit Committee to be Finance and Audit Committee, whose responsibilities include not only the review during the annual Audit, but oversight of the financial transactions, processes and reports in support of the Treasurer's responsibilities. Until the Covid-19 virus, the committee met monthly to review reports and weigh in on key financial and budget decisions being presented to the Board. The Committee currently includes Steve Welborn, John Gagan, Brenda Owens, Sherry Barnhart and Steve Lavelly (as well as Treasurer, Carol Stults as Chair). The expansion has created better communications out to more people about key financial decisions has given more owners a chance to be involved and understand our financial processes and allowed those on the committee to be a voice for all the owners to the Board. Much appreciated! I would be remiss if I didn't mention to you the valuable contribution that Jack Marlow made in 2019 and 2020 to this committee as well as for a great number of years in service on the Board and the Audit Committee. While he has now turned the oversight over to the rest of the committee, his expertise has been and remains a valuable asset to Division 7. I applaud his commitment.

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- Establishment of a new reserve account in January, We didn't anticipate that these funds would be needed in 2020, but we used \$22,000 of those funds to pay for the unexpected repairs on Building #121 that were discovered during a routine painting project. The new reserve account (formed with \$40,000 from our \$52,000 in savings that went unused for 6 years) was named "Landscape and Maintenance General Reserve Fund" with the purpose and use 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 budgeted in the annual Reserve Budget and not budgeted for in other Reserve Accounts. Examples: Street Lighting, major driveway repairs (safety priority).
 - Maintenance or other projects required by changes in Washington State or Federal laws / regulations (example: roof anchors that we legally had to install but were not budgeted)
 - Other unbudgeted maintenance or landscape expenses deemed necessary for the long-term future welfare of division 7 assets, properties and common areas.
- Completed the audit of the 2019 Financial reports in a timely manner with a clear record of accuracy, after spending a great deal of time in late 2019 clearing up transactions that the former bookkeeper had not recorded accurately.
- Separated the Reserve Budget for 2021—both income and expenses – to a separate document, rather than as a part of the operations budget, to align with the fund format used by our auditors. Reserve accounts are also now required by accounting principles to be considered a liability until funds are spent on a qualified reserve expense. When the funds are remitted from reserves by either a direct check or by a transfer to operational accounts (checking), the amount is then recorded to income offsetting the liability.
- Guided the financial transactions associated with emergency repairs on building #121 as well as emergency roof replacements to 3 buildings. This included making a category adjustment to the

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budget moving \$15,000 from the #5320 account for Landscape Contract budget to cover the maintenance expense in the Decks and Gutters categories for the emergency repairs on Building #121 related to the issues discovered in the prep work for a routine painting project. The final budget totals remain the same, but this allowed us to closely monitor the remaining Maintenance budget expenses against the dollars designated now, weighing the priorities of safety and building preservation. The #5320 Landscape Contracts budget was overstated this year and it was clear there was a very substantial amount in that budget line item that would never be needed for operations in 2020. This allowed us to see the P&L and easily discern what dollars were actually spent in this category to date and what was remaining for the rest of the budget in 2020 given the current schedule of projects through the end of the year.

Balance Sheet

- The August 31, 2020 balance reflects cash in operations checking / savings at \$108,682.
- Dues Receivables are in excellent shape with only 2 accounts past due for a total of \$2,002.
- Reserve balances total \$253,840.05 with \$18,147 still showing in reserve Receivables for the Tile Roof Reserve Special Assessment all due by May 2023.
- All reserve income has been transferred into the appropriate accounts, with the exception of the 2019 surplus funds which according to our Bylaws require the Board to transfer any year end operating funds over \$25,000 to be transferred to Reserve accounts. This year, we will be transferring \$68,300, as required from the surplus operating funds from 2019 to the reserve accounts as follows:
 - \$3,500 to the Road Reserve
 - \$50,000 to the Composite Roof Reserve
 - \$4,800 to the Tile Roof Reserve
 - \$10,000 to the Emergency Landscape and Maintenance Reserve
 - Transfers will be done in October this year. We waited to see the total expensed of the emergency repairs made this Fall from existing projects, in case cash flow was negative until 4th quarter dues invoices were paid by residents. See cash flow estimates for Reserve accounts in the Financials Packets.

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- Reserve Expense remaining this year is to replace the roof on Building #121, anticipated to be roughly \$31,000 with Tax. Supply and contractor shortages this year have affected timelines and prices of materials and labor.
- The August P&L reflect the changes in categories as shown on the 2020 Budget in the meeting packets. The board voted to repurpose the \$15,000 of the Landscape Contract budget described earlier that would not be used in 2020 to the Maintenance category to better reflect the operating spending for the year, due to the expense of the project to properly repair building #121.
- There remains \$15,656 in the budget to spend the remainder of 2020 and \$37,184 remains in Landscape categories. There is almost \$10,000 in budget dollars in Administrative costs—the rest of the year will be tight on Maintenance projects to stay within our approved budget. The Maintenance director is carefully prioritizing projects to stay on budget--- otherwise, we are in great shape.
- The goal of the 2021 budget was to have it balance! We are trying to be prudent with the proposed 2021 budget we will discuss later in this meeting due to the higher expenses this year due to Building #121 repairs. We had 3 roof replacements due to severe roof failures, we approached each category trying to be realistic given the schedule and current costs so we could afford to spend in those categories.

Landscape Committee: Richard Streeter

Bees, bees, bees! Richard has removed 7 bee nests recently and found another today, without getting stung this time! We are investigating 3 types of animals that are digging at the newly done deck on 116A (our favorite black cat that is a good mouser, a raccoon or two and some rats!).

The French drain is done at Building #121, so that is good! The work on the pipes to remove surface water from gutters and rain continues, replacing the terrible perforated pipes from decades ago that contributed to the drainage issues. He can replace those 6" pipes with 4" ones for roughly \$300 and has a crew that can assist.

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Sprinklers are a continuous headache, there is always one or two acting up--- current issue is with someone adjusting the control box to have extended run times. Richard is getting the box back to normal and will put a lock on the box to prevent any more issues. Jason Ambro, our Landscape Contractor is back to working solo again, His staff member just took off and with Covid-19 unemployment and the lack of work ethic with many today, he has been unable to find a willing body to fill the 2-3 empty spots at his company, In the future, it may be necessary to write a minimum staff clause to make sure there is sufficient labor to fulfill all of the duties. Those duties are now the burden of Richard (volunteers, please apply!). He is getting wary of the pruning task, but at Richard's direction, Jason is doing the priority projects and trying to get things done. Edging is on the back burner, pruning is the top priority now. Richard noted an issue with a resident's bushes and will take a look. Again, fill out a landscape form if there are any specific needs and Richard will get to them as fast as he and Jason can due to the heavy work load. May need to hire an additional crew to assist.

Insurance Report: Nancy Baer: No new news to report. The anticipation of a 3% inflation rate due to the higher actuarial risk of an Earthquake and higher replacement costs will continue. The Covid-19 virus caused the on site meeting with our Insurance rep to be postponed. Our budgeted insurance rate is \$43,000 given the assumptions mentioned. Our insurance renews each March, stay tuned for more news after the first of the year.

Northside Drainage Report: Nancy Baer:

Again, Steve Paulson of Olympic Sewer and Drain cleaning came on July 3rd and with the assistance of Richard, Joel, Rob, Nancy and Dawn did an excellent job of mapping and cleaning the storm drains from the second island to Building #108, that encompasses the wettest backyards. As per usual, the drains, like the irrigation system, had quirks and interesting angles which have now been marked on a schematic obtained from NTI, through the Sunland Water District. Their discharge ends usually were some feet over the edge of the North Slope.

Richard, as mentioned is working on a permanent fix for this issue and in summary, no excessive slope movement has been detected.

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Architecture & Maintenance Committee: Joel Ogden

Again, we are reminding us all that our first priorities with our spending is protecting everyone's home and safety.

2020 Summary:

- 2 Buildings painted (117 with 4 units; 121 with 4 units)
- 2 Roof failures (134 with 3 units; 119 with 3 units)
- 1 Roof Replacement to go (leaks) for building #121 this month
- 1 Gutter Replacement (121)
- Extensive Dry Rot repaired (121)
- French Drain (121) to prevent further dry rot
- Rear Deck replacement due to dry rot (121)

2021 Budget:

- Replace Roof & Gutters (108)
- Repair Dry Rot (125,126)
- Replace Gutters (117)

Hire a building inspector (to just inspect, not repair) to assess all of our buildings, no painting projects planned.

Data and Records Committee: Rob Baer

Rob showed us the 3-4" thick stack of invoices from 2017 he has digitally scanned and input into our database---yay!

Rob is now getting copies of 2020 requests, so they can go into our system immediately. He is working on 2018 and 2019 and then he will have 2017 – 2020 complete. Appreciate all the helping hands that made that long term project possible!

Newsletter Committee: Carol Stults:

Please submit news to Carol for the Newsletter; next issue expected in second week of October. She will continue as chair of this committee in 2021, but welcomes any and all help on the project!

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Welcoming Committee: Patty Lavelly (Patty not present; Newsletter Message)

Social Committee Year End Report

Last years' Christmas party was very well attended (standing room only). I'm estimating we had 55-60 in attendance. Thank you to Debby McGehee and Nancy Baer for all of their help. Because of Covid-19 we were unable to have the summer picnic this year as well as cancelling the upcoming Christmas gathering. Hopefully next year we will be able to resume our annual activities.

Emergency Preparedness Committee: Joel Ogden:

Nothing new! Be prepared! Be sure to use sales to stock up and don't forget to stock up for your pets as well!

Nominating Committee Update: Brenda Owens

No report, absent.

Old Business:

Dawn had 9 memorial bricks engraved for residents' memorials including their names, Date of Birth and Date of Death. Let her know if there are any others you would like to have engraved (cost is \$25 each for engraving). We have roughly 20 more bricks available. The wheel bench and table were painted and look GREAT--- thanks to Debby and Bob for their help!

New Business:

The voting results are as follows: Sherry Barnhart has been approved for a board member position--- WELCOME!
The 2021 Operating Budget has been approved. The 2021 Reserve Budget has been approved.

Owners' Questions and Comments:

Q. If there is a surplus, why can't we spend it? (Ray Christiansen)

A. (Carol/Dawn) With our bylaws, any operating cash left over \$25,000 (Checking / Savings) MUST be put into reserves, as described earlier in the portions outlined. Our operational spending is prioritized for building preservation / safety first. We understand you have requested for 3 years to have your driveway replaced. Thank you for submitting your forms. Our director of Maintenance must prioritize projects--- the only reason we have a big surplus from 2019 is due to a lack of qualified contractors and a back log of projects related to building safety and preservation. We do not have sufficient funds to consider a driveway project as this time.

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Q. With all of the roof replacements and projects, why aren't we increasing dues or roof assessments. Have you looked at the CPI data? (Ray Christiansen)

A. (Carol) We felt with the Covid-19, it would be difficult to increase dues (roof assessment dues were adjusted for Tile Roof unit residents to better reflect current costs) given the fixed incomes of our residents and the budget we set catching up with the backlog of projects. We are being prudent with our 2021 budget to reflect the large expenditures and use of many reserves in 2020 due to emergency repairs. We have looked at the CPI and other benchmarks to gauge future dues and that topic is on the table to discuss with the 2021 Board. We are looking at our schedule of roof and painting repairs over the next five years relative to our reserves and the topic of higher dues may need to be discussed further. Higher material costs due to Covid-19 supply issues have greatly impacted expenses in 2020.

Comments: (Steve Lavelly) Many thanks Carol Stults for all of the hours of work and devotion to the Treasurer position---m outstanding job, & applause! Thanks to Teresa Lotzgesell for her work as Secretary! (Note: we both thank you!) **(Ray Christiansen)** The hours Richard does on landscaping is great, but too much--- we need to pay more for help or get a discount from Ambro for the reduced crew.

NEXT MEETING: 10/15/20 Location TBD or ZOOM; announcement will be in Newsletter in October

ADJOURNMENT at approximately 5:44 pm

[Executive Board meeting followed to determine the officers / positions for the newly installed board.](#)

Dawn Kerns —President, Brenda Owens —Vice-President, Nancy Baer —Secretary, Sherry Barnhart —Treasurer, Richard Streeter ---Landscape Committee Chair, Joel Ogden ---Architecture & Maintenance Committee Chair. Terms and positions are as follows:

- Position 1 Bren Owens -- Term expires September 2021
- Position 2 Joel Ogden—Term expires September 2021
- Position 3 Nancy Baer-- Term expires September 2021
- Position 4 Dawn Kerns—Term expires September 2022
- Position 5 Richard Streeter-- Term expires September 2022
- Position 6 Sherry Barnhart-- Term expires September 2023
- Position 7 Vacant-- Term expires September 2023

TYL: 09/22/2020