

BOARD MEETING MINUTES

SUNSHINE ACRES PROPERTY OWNERS ASSOCIATION

Saturday, April 24, 2021

The Zoom meeting was called to order at 10:03am. Board members Bob Salisbury, Christine Stallard, Loren Erpelding, Diana Grunow, and Kathleen Keehn were present. Members in attendance: Bruce Ellis, David Linton, Jeff Hughes, Marilyn Hryciw, Joan Catalano, Jim Novelli, Kim Salisbury, Darrel McKinley.

ACKNOWLEDGE WRITTEN QUESTIONS/COMMENTS:

Christine reported that we had two questions to address: 1) Zoom recordings and 2) mailing lists. She reminded the board that SAPOA is not a public or government entity and therefore did not fall under the Public Records Act, but did have to comply with RCW 64.38.045 which states: "(2) All records of the association, including the names and addresses of owners and other occupants of the lots, shall be available for examination by all owners, holders of mortgages on the lots, and their respective authorized agents on reasonable advance notice during normal working hours at the offices of the association or its managing agent." The SAPOA Rules and Regulations has similar language, with "reasonable advanced notice in writing to the SAPOA Secretary," and "records will be made available at the record storage locker or at a jointly agreed upon site." Christine is spending considerable time writing detailed minutes, and she raised concerns about the large file size for the Zoom recordings, the fact that we are already out of Cloud storage space, and also raised a concern about the time commitment it would take to allow members to examine/watch the recording. The January 2021 BOD recording that was on her personal Cloud account has been deleted to allow space for her personal files, and other Zoom recordings were automatically deleted from the Cloud after 30 days. The discussion turned to how to handle the recordings moving forward. The board agreed a link to the recording would be posted on the website and recordings will be available for 30 days after the meeting.

Christine then gave the history regarding mailing lists citing two separate issues. One request came from the recall committee who requested the names and mailing addresses for all SAPOA members so they could communicate directly with the membership. Christine explained that SAPOA has a recall process in the Bylaws which states that SAPOA mails the recall ballot with a list of instructions and a one-page summary from the recall petitioners and a one-page statement from the board member being recalled. That had been done, and this request went beyond that process and Christine said she would take it to the board for discussion. There needs to be a mechanism for SAPOA business, including variances and plat issues. Kathleen said mailings are all messed up. Members are offended because both names aren't on the address label. Christine mentioned that we would be paying a local print/ mailing business in Sequim to do future mailings and we'd ask them to ensure both names were on the label. Kathleen then brought up that some members got duplicate ballots and some ballots went to the wrong address. Diana and Christine talked about the lag at the county's website and some specifics they had been dealing with to ensure each member had accurate ballots (without mentioning names). Everyone agreed that there are always delays at the county and we'd always have address changes we'd have to deal with. Joan Catalano explained how lists had been handled in the past for Plat 3, and said we needed to have a mechanism for getting names and addresses for SAPOA business. Christine clarified that the request from the recall committee went beyond what was in the Bylaws for recalling a board member.

Motion was made by Bob and seconded by Diana to produce a mailing list for SAPOA business only, as labels not an electronic database because we don't want it sold to telemarketers. Joan asked about phone numbers, and Christine said it was in the Rules and Regulations that we don't release phone numbers. The motion passed unanimously.

OLD BUSINESS:

FreshBooks. Christine asked to table this for a couple of months as she was maxed out on SAPOA volunteer work. We moved our website to a WordPress platform because 1) the Google platform was not secure and going away, and 2) we wanted a secure platform moving forward so we could invoice for dues, have an easy process for collections, and offer online payments. This would also set up a Members Only section on the website.

APPROVAL OF MINUTES:

Bruce Ellis asked for an explanation of why the reserve studies were done, stating that he understood we have an existing study and given the language in the RCWs that say it's encouraged, but not a requirement unless the budget outweighs some expenditures. Bob said we would address at the next meeting because he didn't have the information in front of him. He went on to explain that when he was appointed to the board in January 2020, this was totally new to him. He asked the attorney reviewing the Bylaws about the reserve study requirements under state law and gave him the financial parameters. The attorney sent Bob the most recent law, stating that the studies had to be done by a professional company that specializes in reserve studies, was mandatory every 3 years, and was intended to protect the HOA and its members from large, unexpected assessments. Kathleen also raised a concern, stating that the SAPOA board in the past prepared a study in 2014, it had been reviewed with the annual budget every year, and we did not have to have the study done by a professional company if it would create a hardship and exceeded 5% of our annual expenditures. Kathleen felt members were being deceived and asserted that SAPOA was in compliance with state law. Bob disagreed reiterating that we hired an attorney who specialized in HOA and property laws and got the opinion from him. David Linton asked the board to address the trigger point for making the expenditures, and Bob said he would go back through files and bring it back to the next meeting stating that there's a particular methodology for doing the reserve studies and establishing the reserve fund accounts. Bob also stated that we used the same company to perform the work that had been used before because we didn't want volunteers to take limbs from 30' height. The last time this maintenance was performed, the board paid for it out of the reserve fund but we paid out of the general fund because the reserve fund is underfunded. Bottom line is we need to do due diligence in doing work properly and setting aside the required reserve funds. Joan Catalano asked if this went beyond 5% of the budget; and Bob said he would have that for the next meeting. Joan said she appreciated all the work everyone has done on this.

The board approved the March 20, 2021 minutes with no changes. Bob moved and Diana seconded. Unanimously approved. Christine will post the final minutes to the website.

Update: Christine researched this and, after it was verified at no cost by the attorney, provided the following information to the board of directors and members in attendance by email. In summary, RCW 64.38.090 **Reserve study—Exemptions** says: Except as provided in RCW 64.90.080 and 64.90.545, an association is not required to follow the reserve study requirements under RCW 64.38.025 and RCW 64.38.065 through 64.38.085 if the cost of the reserve study exceeds five percent of the association's annual budget, the association does not have significant assets, or there are ten or fewer homes in the association. But when you go to 64.90.545, you find another exemption. (2) Unless the governing documents require otherwise, subsection (1) of this section does not apply (a) to common interest communities containing units that are restricted in the declaration to nonresidential use, (b) to common interest communities that have only nominal reserve costs, or (c) when the cost of the reserve study or update exceeds ten percent of the association's annual budget. We were required to do the studies because the cost of the reserve study did NOT exceed ten percent of the association's annual budget as in (2)(c). Our annual budget is \$19,950, so 10% would be \$1,995 and we paid less than \$1,700 total for 2 studies.

TREASURER'S REPORT

Bob reported on the IRS Tax Returns. We went to a CPA to have them done because the last one we could find that had been filed was 2015. The CPA went to the IRS for that information and confirmed the last one that had been filed was for 2015. After discussing with the CPA, we decided to file last year's return (due 10/2020) and wait for the IRS to respond. That has just been filed. We compiled bank statements and information for the CPA. One thing the CPA pointed out is that SAPOA is required to spend 90% of the money it brings in each year and that had not been done in the past. If we do not spend 90%, it becomes taxable. The CPA invoiced us \$975, and Bob stated it was the prudent, fiscally responsible thing to do. Bob was thanked for providing the background. Kathleen thanked Annemarie Montera for her contribution in the past.

Diana gave her first report as Treasurer. She thanked Bob for his service as Treasurer. We had not been getting bank statements and therefore weren't able to reconcile, but once we had the post office change the lock on our box, we started receiving the statements and could reconcile. Diana reported that as of the end of March, we have a beginning balance of \$64,860.89, and ending balance of \$68,866.75 for Mussel Beach. In the General Fund, we have a beginning balance of \$61,600.64, and ending \$61,725.59. We are operating under a 2014 budget, which is problematic because there's no inflation cost built in even though costs have increased significantly since 2014. For example, the member communication line item is \$3,480. The November ballot initiative cost \$1,990.35, and the recall estimate is roughly \$1,600. Diana told the board we would not be sending any more newsletters because we are over budget. We need to address this moving forward.

Diane read a personal statement. [Attached as page 6]

NEW BUSINESS:

1. 2021-2022 Budget Process

Christine referenced Section 8.1 and 8.2 of the Bylaws which are basically the same thing, but different language stating that what she thinks we need to do is have the budget prepared by the Budget and Finance Committee and presented to the Board at the May meeting. The board shall mail a ballot no later than July 15, according to Section 4.4. There was discussion about establishing the Budget and

Finance Committee. The board agreed to put it on the Bulletin Board on the website. The May board meeting was set for May 22.

2. Bylaws Process/Board Nominating Committee Timeline

Christine explained that because of circumstances last year and in an effort to save the membership money, the Budget, Proposed Bylaws and BOD election ballot were sent out in one mailing. The budget ballot will go out by July 15th, but we still need to manage BOD elections and changes to the Bylaws. Christine suggested a timeline based on the Bylaws. Even though Christine could find no evidence in the BOD minutes for the past several years of the board establishing a Nominating Committee, she suggested we put one together this year given the apparent interest in serving on the board. According to the Bylaws, the committee has to be established by June, the committee presents the results to the BOD in August and then at the annual meeting. She proposed establishing a Nominating Committee to present slate of candidates at the BOD's August meeting and the annual meeting, seek nominations from the floor and then be ready to send the BOD ballot and proposed Bylaws right after the annual meeting. Christine reviewed Article IV of the Bylaws which refers to elections of the board of directors and establishing the Nominating Committee and also offered to chair the Bylaws Committee. The request for volunteers for the Nominating Committee will also be posted on the SAPOA website's Bulletin Board. Bob made the motion to approve the timeline, Diana seconded it and it passed unanimously.

3. Annual membership meeting

The tentative date was set for September 25, 2021.

4. Variance/Covenant Ballot Process

Christine explained that the covenants do not have a ballot process, and practice has been to turn to the SAPOA Bylaws for the process. The problem has been the way in which the plats have interpreted the process and Christine was seeking direction so we could apply a standard method of handling plat variance and covenant issues in the future. Joan Catalano explained how Plat 3 had run variances in the past using the SAPOA process and processes managed entirely by the plat (without SAPOA involvement), which used one vote per lot or homeowner. Plat 3 paid for everything, and that is what she recommended. Bob reiterated we were trying to come up with a uniform methodology for the balloting process. SAPOA does not have the legal authority to make recommendations for plat covenant changes or the authority to dictate what the plats do, how property owners can build in a particular plat and maintain their property. That's the job of the plat. Absent a change, then the neighbors turn to legal channels, which is what happened here. We were asked to help with the voting process; we are not superimposing authority on anybody; we are simply responding to a request for assistance. David Linton asked clarifying questions. Moving forward, it depends on who is running the election. If SAPOA is running the process, we will follow the process in our Bylaws and get agreement from the plat to do so. Kathleen asked if the plats could get labels to run a variance, and the board agreed to do that at cost. The request must be in writing, assurance it is for SAPOA business, and the plat must pay any cost. Bob moved that if SAPOA agrees to assist with any plat variance or covenant that requires voting, we will follow SAPOA Bylaws. Absent from that if the plat comes to SAPOA for labels to run their own variance, SAPOA will produce labels at cost. SAPOA's mailbox is not to be used in this case and SAPOA is not involved other than to produce labels at cost. Kathleen seconded and it passed unanimously.

5. Recall Ballot Count

Diana secured the Gardiner Community Center, which is open for business as of May 1. Depending on the Governor's Covid restrictions at the time, the count will be at 2pm on May 22. There are Covid protocol we must follow: 50% occupancy, wear proper face covering, maintain 6 feet of physical distance between groups and tables, assign a Covid Program Supervisor to ensure protocol is met throughout the meeting we comply with eating and drinking requirements. Diana will get the 50% occupancy number and final contract before we post to the website.

BOD WORKSHOP

Christine mentioned that this was the last educational workshop planned for the board. She mentioned her intent was to present a document that compared the existing Bylaws to what was prepared last year and why. From here, she suggested a smaller group meet to work our way through each section and prepare things we need to do to bring us into compliance with state law versus philosophical differences. She indicated it might make more sense if we separate out the philosophical differences and allow members to vote and decide the outcome separately. The Bylaws Committee, chaired by Christine, will include Joan Catalano, Jeff Hughes, Bruce Ellis, Kaye Gagnon, and Kathleen Keehn. Kathleen asked to add Shirley Leckman. The first meeting will be May 8 on Zoom at 10am.

The meeting was adjourned at 12:03pm. Bob called for adjournment and Diana seconded. Bob reiterated that membership participation right now is great and much appreciated. Last year, during Covid for whatever reason, we didn't have this kind of input when we were drafting these things. It's crucial having a group of people work with the BOD. Our goal is to have as much input as possible from the membership and that what is presented will benefit the membership as a whole. Ultimately, it's up to the membership to decide; and their vote is the deciding factor. He thanked everyone's willingness to participate.

Respectfully Submitted: _____ Minutes Approved By: _____

Christine Stallard, Secretary Date

Bob Salisbury, President Date

Diana Grunow Statement to SAPOA Board 4/24/2021

I would like to add this as a board member.

Within the last two months, I received a call from a community member asking for a document that contained community member financial information.

I declined and directed the individual to the corresponding secretary. I was then told that I had the power to just turn over this document as treasurer. I still declined.

I was then told by this caller that I needed to choose sides between the board and community at large or a special interest group.

The caller stated these options in an attempt to belittle and bully me into their perception of compliance.

I declined stating that as a board member I needed to stay neutral and that I represented the entire community versus a select few.

At that time that individual made the statement "things might not go well for me" if I did not choose but then moments later made the statement "you don't need to be afraid".

This caller knew I was a 100% disabled vet with PTSD. Whether they understood what PTSD is or is not was not the point. They knew I was disabled and made the threat irregardless.

In listening I was shocked the someone in the community would go to this length and also sad. I had heard over and

over about how folks wanted things to stay the way they were because of all the good people here.

My tolerance for rude and bullying behavior is pretty high due to working with the department of Corrections for 28 years.

It is my understanding, after talking to a few of my neighbors, that as long as you have "redeeming values" and contribute to the community, the behavior is acceptable. I disagree and feel as a community that it should not be tolerated.

A line was crossed when the comment was made that "things might not go well for me" but I was safe.

And that it was knowingly said to someone with a disability is unacceptable for me and any other community member that is disabled.

No member of this board (we are all volunteers) should have to go through anything like I did. Or any other future board member. Thank you.