

**SOUTH BAY COMMUNITY ASSOCIATION
FINAL FINANCE COMMITTEE MINUTES
March 9, 2021**

1. Call to Order at 1:02 pm
2. Determination of Quorum: A quorum was achieved. Attendees were Committee members Dan Darrow, Bill Dennis, Ed Knodle, Dave Jurca, Christine Spagle. Also attending were President Clark (ex-officio) and GM Mark Torres.
3. Approve Agenda: No changes were made to the agenda. Motion to approve by Knodle, 2nd by Dennis, carried unopposed 6-0.
4. Approve Meeting Minutes of February 9, 2021: No changes were made to the minutes of February 9, motion to approve by President Clark, 2nd by Knodle, carried unopposed 6-0.
5. New/Recurring Business
 - a. February Treasurer's Report

A question arose regarding decrease in Reserves line item and substantial increase in Business checking account line item. Explanation that funds were transferred temporarily from Reserves to the Business Checking account in anticipation of funding the guarantee account relating to the HVAC loan at Kitsap Bank, and those Reserve funds were deposited in the Kitsap CD account March 5 and remain a part of total "Reserve" funds.. It was suggested a footnote be made on the Treasurer's Report to that effect.

A motion was made by Knodle to approve the Treasurer's Report with the above footnote and 2nd by Darrow, carried unopposed 6-0.
 - b. Financials: Current Month and YTD:

Discussion regarding legal expenses and "interest and fees" income item relating to Lewis litigation. It was noted that there was no utility expense posted for February and a caution to ensure this was addressed, at the Finance Town Hall.
 - c. February GM Budget Report

*A recommendation to look to the budget forecasts/cash flow analyses when discussing dues reductions.

*Balance Sheet Special Assessment fund balance is low due to moving some of those funds to the business checking account (see Reserves above) in anticipation of finalizing the Kitsap Bank loan for the HVAC project.

*There are about 50 lot owners continuing to pay the \$50 per quarter on the 2016 Special Assessment - these should be paid off by July 1 of this year.

*The Capital Improvement Fund was tapped to make the down payment of the LED upgrade project and should be repaid now that the Kitsap Loan has been funded.

*Delinquencies:

SBCA will likely lose 2 Associate members.

One is deceased and Mark is dealing with a family member who has indicated an intent to bring dues current and simultaneously terminate the contract. Mark's last contact was two weeks ago, and he has not heard back since.

A second Associate Member who has indicated a hardship has been asked by Mark to call and arrange a payment plan or some other resolution. No response has been forthcoming.

The Committee agreed a motion to the SBCA Board should be made at the March 15 Board meeting recommending termination of the Associate Membership if, after a certified letter is sent by the GM, a response is not received by March 30.

The Committee also agreed an additional motion should be made at the March 15 SBCA Board meeting that when the Club is re-opened any member will not be permitted entry if dues/assessments are more than 30 days in arrears.

With the anticipated loss of the two Associate Members noted above the total number of Associate Members is 32.

Archibald continues to be seriously in arrears, with a current balance due of almost \$8,000. The GM has tried to call, send letters etc. to no avail. We already have a lien on the property. Next step would be legal action. Prior to that recommendation to the Board, the GM will do further research to try and determine income sources/financial status.

Imai balance due of about \$2,000. They were sent a certified letter asking to contact Mark to work out a payment resolution. Mark has not received a response.

The Committee agreed a motion be made at the March 15 SBCA Board meeting recommending the filing of a lien on the property.

One other delinquent account is current but has liabilities from prior quarters. This account has been fully satisfied as of March 10. No additional action warranted.

There is an unimproved lot owner who is current on dues but has never paid anything on the 2016 Special Assessment, with a current balance due of about \$1,800. A lien has been filed.

There are 17 members with 2 quarters unpaid, but some are expected to pay by the end of this month.

GM Financial Comments:

Year to date income is down \$55,000 due to closure but the Lewis payment has alleviated some of that loss and there are three PLA home sales this FY, when zero was budgeted. Additionally our net is improved due to collection of legal fees on the Lewis litigation. As a result of the Club closure we have savings from payroll (48% of accrued savings), energy (30% of accrued savings) and some savings from repairs and maintenance. Overall expenses are down \$140,000 for the first eight months of the fiscal year.

- d. Reviews: Bill Dennis & Ed Knodle
No reviews were conducted this month.
- e. Dues reduction: 4th quarter (Apr 1 - Jun 30)
Lengthy discussion on the merits of a dues reduction for 4th quarter. The outcome was a motion as follows:
Motion by Jurca to recommend to the SBCA Board at the March 15 Board meeting a reduction to 4th quarter dues in the amount of \$40, the same amount the Board approved for a 3rd quarter dues reduction. The motion was carried by a vote of 5 yea, 1 nay.

Additionally a suggestion was made that Mark and Chris prepare a report showing the financial impact of a \$60 dues reduction and a \$80 dues reduction and have it available by the March 15 Board meeting

- f. Insurance - Commercial Package
There were a couple of questions from committee members, but agreement that Mark and Chris would review the package, which is substantially the same as the prior year, seek clarity when needed from the carrier and sign the renewal.

6. Old Business

- a. Finance Town Hall
If any committee member has particular items he feels should be covered in the Town Hall send them to Spagle by March 20.
Darrow - is not in favor of assessing dues on unimproved lots held by PLA, as it may result in PLA platting fewer lots resulting in long term reduced dues income for the Association.
- b. 6/30/22 Draft Budget
The only changes noted are from Jurca regarding professional fees, suggesting an increase from the draft \$10,000 to between \$20,000 and \$30,000 - potential upcoming legal fees relating to covid issues (e.g. requiring vaccine certificates) and PLA annexation agreement issues. Mark and Chris will go over suggestions and Mark will update the draft budget.

7. Reserves

No change from prior month status.

8. Finance Issues from Facilities Committee Meeting

There was nothing discussed requiring immediate action but the two main items discussed were:

- a. Re-opening the Club and financial impacts
- b. Tennis courts – consideration should be given to building courts on SBCA owned property, as, for instance, it's preferable to invest funds in property SBCA owns rather than property SBCA leases, and there are potential issues relating to compliance with the Americans with Disabilities Act.

9. Comments

None

10. Adjourn

Motion to adjourn by Jurca, 2nd by Knodle, carried unopposed. The meeting adjourned at 3:49 pm

Next SBCA Finance Meeting: April 6, 2021