

# Conference Call Protocol



- ❧ **All attendees are muted on initial connect to call.**
- ❧ To unmute your phone press \*6, then state your name.
- ❧ After speaking, press \*6 again to re-mute your phone.
- ❧ To mute or unmute your computer use the microphone icon on the lower left of your screen.
- ❧ There will be opportunity to ask questions at the end of each Agenda item presentation. Please keep phones & computers muted until the speaker prompts listeners for questions.
- ❧ For those connecting by computer, please use the Chat interface to ask the moderator a question.

# Conference Call Protocol



- ⌘ Each member question or comment will be limited to a maximum of 2 minutes.
- ⌘ If a question has been asked already in the series of recent Board emails known as the “Q&A” ; it will not be addressed again, but moderator will reference the email where the answer can be found.
- ⌘ Be concise, courteous, and respectful of all members.
- ⌘ The moderator reserves the right to interrupt or terminate questions or comments which the moderator feels are inappropriate, and/or do not abide by the maximum time limit allowed.

Annual General Meeting of Members  
Wednesday, July 28<sup>th</sup>, 2021

WELCOME!



South Bay Community Association



# Agenda



- ❧ Call to Order
- ❧ Determination of Quorum
- ❧ President's Remarks
- ❧ Annual Report of the Board
- ❧ Financial Reports
  - ❧ Fiscal Year ending 6/30/2021
  - ❧ Reserve and Operating Budgets 2021-2022
  - ❧ Updated Reserve Funding review

# Agenda



- ❧ Membership Voting
  - ❧ Approval of Minutes
  - ❧ Budget Ratification
  - ❧ Waiver of Audit
  - ❧ Election of Directors
  - ❧ Proposed Amendment to the SBCA Master Declaration
- ❧ Committee & Staff recognition
- ❧ Member Comments
- ❧ Closing Comments
- ❧ Adjourn

# President's Remarks



Welcome message.

Year in review.

# Annual Review



- ❧ A challenging year. Pandemic
  - ❧ New SBCA Member Website
  - ❧ Continued fund-raising support of Tri-Area Food Bank and other local charities. Over \$10,000 donated last year.
  - ❧ Most of SBCA staff retained during pandemic closure.

# Annual Review



## ❧ Bay Club Repairs & Improvements

- ❧ HVAC system replaced & LED (lighting) conversion.
  - ❧ Energy efficiency; ROI is expected to be approx. 7 yrs.
  - ❧ Expectations for HVAC and lighting energy savings is expected to be 30% per year, or more.
  - ❧ HVAC; Safer air through upgrade to filter media, Co2 sensors, and “air scrubbers”.
- ❧ Touchless faucets & soap dispensers installed in all bathrooms.
- ❧ Pool resurfaced
- ❧ Parking lot and entry road and parking lots re-sealed and restriped.
- ❧ New flooring in offices, Cardroom & Classroom.



# Potential Board Issues 2021-22



- ❧ Keeping the Bay Club fully open without restrictions.
- ❧ Resourcing new sustainable non-member revenue streams.
- ❧ Enhancing Social Activities
- ❧ Establish an Elections Committee
- ❧ SBCA Policy review/update (existing).
- ❧ Create SBCA Document Management Policy (new).
- ❧ Digitizing remaining SBCA (paper) archived records.
- ❧ Expand capabilities of Property Management Software.

# Member Comments



# 2020/2021 Year End Reports



- ❧ Year End Bank Balances
- ❧ Operating Budgets Review
- ❧ Reserve Budgets Review

# Accountant Review Report



## BALANCE SHEET & RELATED STATEMENTS OF REVENUE & EXPENSE

*“Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the accounting principles generally accepted in the United States of America.”*

Duane E. Anderson, CPA

July 21, 2021



# SBCA Financial Review



- ❧ FY 2020/21 Year End Report – Balance Sheet review.
- ❧ FY 2020/21 Operating and Reserve Budget; Performance Summary (variance report).
- ❧ 2021-2022 Operating Budget review.
- ❧ 2021-2022 Reserve Funding/Study review.
- ❧ Closing Remarks; State of the HOA Financial Position.

# SBCA Operations Accounts



## BANK BALANCES ON 6/30/2021

☞ Checking Account (Sound Bank)	\$10,875
☞ Money Market Acct (Sound Bank)	\$58,636
☞ Petty cash (debit card)	\$ 1,436
☞ <u>Petty cash</u>	<u>\$ 500</u>
☞ Total Operating Funds	\$ 71,447

# SBCA Operations Accounts



## FY 2020/21 Operating Surplus

Surplus Operating Funds - \$125,302

Less prepaid dues (est.)- \$ 12,323

Net (adj.) Surplus Funds - \$112,979

Total (approx., carry-over) Surplus Funds - \$88,315

Unallocated Special Assessment payments - \$60,745

Unallocated IRS Payroll Tax Credit - \$23,403

Grand Total - \$285,442 less \$175K to reserves: \$110,442 remaining.

# SBCA Operations Accounts



BANK BALANCES ON 6/30/2021

 <u>Capital Improvement Fund</u>	<u>\$19,191</u>
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# SBCA Reserve Accounts



## BANK BALANCES ON 6/30/2021

❧ 1 <sup>st</sup> Security Bank Reserve Fund	\$ 13,062
❧ Sound Bank Reserve CD	\$150,000
❧ Kitsap Bank	\$180,182
❧ Special Assessment Fund	\$ 9,375
❧ <u>Kitsap Bank Reserve Fund</u>	<u>\$123,940</u>
Total Reserves	\$476,559

# Budget FY 2020/21

## Variance Report



### INCOME

	Actual	Budget	Variance <sup>^</sup>
Interest Income	\$ 356	\$ 360	\$ -4
Member Dues *	\$ 550,302	\$ 588,720	\$-38,418
Facility Rentals **	\$ 0	\$ 23,600	\$-23,600
Other Income ***	\$ 37,214	\$ 11,720	\$ 25,494
<b>Total Income</b>	<b>\$ 587,872</b>	<b>\$ 624,400</b>	<b>\$-36,528 (-5.8%)</b>

\* Includes: approx. \$12.3K in prepaid assessments and reflects Jan. \$40 discount to members quarterly assessment rate (approx. -\$24K).

\*\* No activity due to Covid closure.

\*\*\* Includes: PLA Capital Contributions, Club Services, Fines & Finance Charges (rules enforcement lawsuit settlement).

^ Rounded

# Budget FY 2020/21

## Variance Report



### EXPENSES\*

	Actual	Budget	Variance <sup>^</sup>
Payroll	\$170,102	\$ 265,129	\$ 95,027
Utilities	\$ 32,110	\$ 82,480	\$ 50,370
Supplies	\$ 6,131	\$ 34,457	\$ 28,326
Prof. Fees	\$ 32,666	\$ 20,586	\$ 12,080
<u>Other Savings**</u>			\$ 11,527
Total Expenses	\$462,570	\$ 635,740	\$ 173,170 (27.2%)

### NET INCOME\*

\$ 136,643

\*Summary of largest expense lines, and prior to YE GJE's/ close.

<sup>^</sup>Rounded

# Reserve Expense 2020/21 Variance Report



<u>Budget</u>	<u>Planned</u>	<u>Variance</u>
➤ Parking Lot Seal & Stripe	\$25,000	-\$500^
➤ Pool Resurface	\$24,000	-\$800^
➤ Pool Slider Door	\$ 0*	\$811
❖ HVAC & LED Conversion	\$180,000	\$8,664
❧ Total	\$229,000	\$ 8,163

➤ Approved / Planned / \*Unplanned

❖ Approved / Financed

^ Rounded



# Budget FY 2021 / 2022 Variance Report



## TOTAL INCOME

	<u>2020-21</u>	<u>2021-22</u>	<u>Variance</u>
Member Dues*	\$ 588,720 (94.3%)	\$ 585,000 (94.3%)	-\$ 3,720
Other Income**	\$ 35,680 (5.7%)	\$ 35,860 (5.7%)	-\$ 180
Total Income	\$ 624,400	\$ 620,860	-\$3,540***

\* Includes: Assoc. Members

\*\* Includes: PLA Capital Contributions, Facility Rental/Services, Interest

\*\*\* Shrinking revenue; for two consecutive years.

# Budget FY 2021/2022 Variance Report



## EXPENSE \*

	2020-21	2021-22	Variance
All Other Expense	\$ 521,356	\$ 537,988	\$ 16,632
Capital Imp. Savings	\$ 12,000	\$ 12,000	-\$ 0
Reserves Savings	\$ 102,384	\$ 70,872	-\$ 31,512**
<b>Total Expenses*</b>	<b>\$635,740</b>	<b>\$ 620,860</b>	<b>-\$14,880</b>

% TTL Growth in Expenses vs. LY

-2.34%\*\*\*

\* Rounded

\*\*Decrease due to lump sum reserve supplement from surplus (+175K).

\*\*\* Adj. YoY increase (decrease in monthly contrib. due to lump sum supplement) +3.2%

# Reserve Projects 2021/2022



## RESERVE PROJECT EXPENSE

	<u>2020/21</u>	<u>2021/22</u>
Budget Reserve Project Exp.	\$76,450	\$13,200
Budget Reg. Reserve Income*	\$102,384 (16.4%)	\$97,508 (39.6%)*

## RESERVE ITEM DETAIL

 *Bay Club bathroom tile refurbish, Bay Club roof preventative maintenance, pool chemical feed system.*

**TOTAL RESERVE PROJECT EXPENSE                      \$13,200**

\*% of total budgeted revenue, includes \$175K lump sum supplement to mo. contribution.

# Member Comments





# HOA RESOURCES



**IMPROVEMENTS   RESERVES   OPERATIONS**

# What are Reserves?



# What are Components?



## *☞ Reserve Component examples:*

*☞ Flooring replacement*

*☞ Roof replacement*

*☞ Pool & Spa resurfacing*

*☞ Asphalt*

*☞ Siding replacement*

*☞ Window replacement*

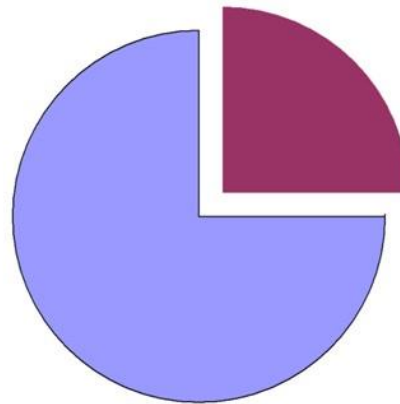
*☞ Hot water heaters, furnaces, heat pumps, etc.*

# Funding Strategies



## Reserve Contributions

Operating



Reserves: 15-40% typ (Avg 25%)

SBCA 2021/22, 39.6%



# Reserves; how much is enough?

As a general rule...

0 - 30% →

Reserve Fund is considered "weak". High risk of special assessments and deferred maintenance

40 - 60% →

Reserve Fund is considered "fair". Some risk of special assessments and deferred maintenance

70 - 100% →

Reserve Fund is considered "strong". Low risk of special assessments and deferred maintenance

# SBCA Reserve Funding Model



## ☞ Fully Funded (SBCA)

- ☞ *The SBCA is following the recommendations for full funding as outlined in the most recent Reserve Study update conducted by Association Reserves.*
- ☞ *Historically, the SBCA funded by a Threshold (plan); to keep the reserve account balance at a minimum of \$100K above \$0, without any reliance on any special assessments, and still fund all planned reserve expenses each year, over the 30-year time frame in the Professional Reserve Study.*

# SBCA Reserve Funding Model



SBCA Reserve Funding Cash Flows										
	INCREASE				3%	3%	3%	3%	3%	3%
Fiscal Year Ending	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Beginning Balance	219282	476559	497600	529169	574287	549228	576624	684273	741583	655744
<b>Income</b>										
Regular Contribution	102384	70872	95400	120300	123909	127626	131455	135399	139461	143644
Interest	2544	2621	2737	3969	5743	5492	5766	6843	7416	6557
HVAC Loan - Surplus	381349	-39252	-39252	-39252	-39252	-39252				
<b>Total Income</b>	<b>486277</b>	<b>34241</b>	<b>58885</b>	<b>85017</b>	<b>90400</b>	<b>93867</b>	<b>137221</b>	<b>142241</b>	<b>146877</b>	<b>150202</b>
<b>Expenses</b>										
Scheduled Projects	398250	142750	27316	39899	115459	66470	29572	84932	232715	176152
Variance /Defer	-169250	-129550								
<b>Total Expenses</b>	<b>229000</b>	<b>13200</b>	<b>27316</b>	<b>39899</b>	<b>115459</b>	<b>66470</b>	<b>29572</b>	<b>84932</b>	<b>232715</b>	<b>176152</b>
<b>Ending Balance</b>	<b>476559</b>	<b>497600</b>	<b>529169</b>	<b>574287</b>	<b>549228</b>	<b>576624</b>	<b>684273</b>	<b>741583</b>	<b>655744</b>	<b>629794</b>
<b>Deter. Value</b>	<b>685179</b>	<b>767895</b>	<b>850612</b>	<b>933328</b>	<b>1016045</b>	<b>1098761</b>	<b>1181478</b>	<b>1264194</b>	<b>1346911</b>	<b>1429627</b>

# SBCA Reserve Fund



YEAR	FUND BAL.	% FUNDED
2021	\$ 476,559.00	70%
2022	\$ 497,600.07	65%
2023	\$ 529,168.62	62%
2024	\$ 574,286.59	62%
2025	\$ 549,227.63	54%
2026	\$ 576,623.94	52%
2027	\$ 684,273.06	62%
2028	\$ 741,582.90	54%
2029	\$ 655,744.45	52%
2030	\$ 629,794.26	58%
2031	\$ 753,490.39	59%
2032	\$ 705,302.00	49%
2033	\$ 836,115.38	44%
2034	\$ 481,993.37	50%
2035	\$ 601,272.51	44%



# Reserves Study – who does this?



- ❧ Every 3 years – Paid Professional
- ❧ Interim years – Board, Finance & Facilities Committees, GM

SBCA Professional Reviews: 2014, 2017, 2020 by Assoc. Reserves.

Next Professional Review, August or Sept. of 2023.

Most recent SBCA Reserve Update: Dec. 2020 by Assoc. Reserves., GM, Finance & Facilities, and SBCA Board.

# Member Comments



# SBCA Financials Closing Summary



❧ Christine Spagle, SBCA Treasurer

❧ State of the HOA

- ❧ Asset Management & Capital Improvements.
- ❧ Operations Income (require new revenue streams).
- ❧ Reserves Fund (on plan).
- ❧ Capital Improvement & Additional (Surplus) Contingency Fund.
- ❧ Membership Growth (challenges ahead).

# Member Comments





# Voting Ballot Items



- ❧ Ballot Item 1 – 2020 AGM Minutes Approval
- ❧ Ballot Item 2 – 2021-2022 Budget Ratification
- ❧ Ballot Item 3 – Waive Independent Audit
- ❧ Ballot Item 4 – Amend SBCA Master Declaration

# Voting, Board of Directors



## Current Directors – 1 YR remaining

Dave Jurca

Christine Spagle

Bill Wight

Dick Grieves\*

*(\*resigned, Dir. Grieves replacement will be appointed by the new Board).*

## Directors whose terms are expiring/ended.

Bart Clark– Thank You !!

Tom Sprandel – Thank You !!

Bruce Birch (*resigned prior to end of term*) – Thank You!!

# Voting, Board of Directors



## Candidates for the Board:

Janet DeDonato, Ludlow Cove II

Joe Guillien, Teal Lake Village

Bert Loomis, Edgewood Village

Gil Skinner, Teal Lake Village

# Member Comments









# Committees

## Recognition



<p><b><u>ARC</u></b> Bruce Birch Mike Bainter Bill Wight Dave Jurca Joe Vozarik Bill Dennis*</p>	<p><b><u>FACILITIES</u></b> Dick Grieves* Bob Kent Mike Porter Bill Dennis Christine Spagle Dean Rosenthal</p>	<p><b><u>FINANCE</u></b> Dan Quail Ed Knodle Bill Dennis Dan Darrow Christine Spagle* Dave Jurca</p>
<p><b><u>HR</u></b> Bart Clark* Mike Boock Dave Jurca Susan Shadrick</p>	<p><b><u>COMMUNICATIONS</u></b> Bart Clark Tom Sprandel*</p>	<p><b><u>AMENITIES &amp; ACTIVITIES</u></b> N/A</p>
<p>*Committee Chair</p>		

# Committees

## Recognition



<b><u>Woodshop Committee*</u></b>	<b><u>Health &amp; Fitness - New Committee*</u></b>
Mike Porter*	Dean Rosenthal*
Joe Gullien	Mac McCulloch
Rob Hamilton	John Robertson
Tom Britton	Dave Jurca
	Barb Sweet
	John Sweet
	David Schwartz

# Special Recognition



Dick Meryhew - supervised proxy counting/processing.

Dean Rosenthal - significant support for the Bay Club reopening plans.

# SBCA Staff Members

## Recognition



<u>Member Services</u>	<u>Facility Care</u>	<u>Maintenance</u>
Melinie Perry* Heather Ullmann  Bonnie Anderson Laura Kocker Julie Forville Ross Axiotis	Marie Brown*	Ed Mathers Don Baker  <u>Manager</u> Mark Torres*
*Worked through closure		

Melinie Perry\*  
Heather Ullmann

Bonnie Anderson  
Laura Kocker  
Julie Forville  
Ross Axiotis

\*Worked through closure

Marie Brown\*

Ed Mathers  
Don Baker

Mark Torres\*

# Member Comments





# Election Results



## ELECTION RESULTS:

61% of the voting members participated. 364 Proxies received; 20 Proxies invalidated.  
Total Members present by Proxy: 344. Quorum requirement; 204.

BALLOT ITEM #1: Should the minutes of the 2020 Annual Meeting be approved?  
APPROVED, YES 311 / NO 27

BALLOT ITEM #2: Should the 2021/22 Operating and Reserve Budget adopted by  
the SBCA Board be rejected? - BUDGET RATIFIED, YES 62 / NO 268

BALLOT ITEM #3: Should an audit of the financial statements of SBCA 2020/21 fiscal  
year by an independent CPA be waived? - AUDIT WAIVED, YES 251 / NO 87

BALLOT ITEM #4: Should section 7.2. of the SBCA Master Declaration regarding  
Annual Assessments (dues) be amended? - FAILED, YES 278 / NO 59  
(450 YES votes required to pass).

# Election Results



## ELECTION RESULTS:

Board of Directors

Janet DeDonato, 287 votes, Elected

Joe Guillien, 286 votes, Elected

Bert Loomis, 92 votes

Gil Skinner, 223 votes, Elected

Write In: Karen Johnson, 1 vote

Write In: Bart Clark, 1 vote

2021/2022 Board of Directors / Officers

Gil Skinner - President

Bill Wight - Vice President

Christine Spagle - Treasurer

Janet DeDonato - Secretary

Joe Gullien - Director

Dave Jurca - Director

Bert Loomis - Director\*

\*Appointed by the new Board (by vote, 5/0/1) to fill the remaining term of Dick Grieves.

# Adjourn



**Thank you for your time and support!!**