

**SOUTH BAY COMMUNITY ASSOCIATION
BOARD OF DIRECTORS MEETING
March 15, 2021
10:30 am
MINUTES**

1. Call to Order at 10:32 a.m.

2. Determination of Quorum

7 of 7 Directors present by remote video or phone conference.

DIRECTOR	PRESENT	ABSENT	JOINED LATE
Bruce Birch – Sec.	X		
Bart Clark – Pres.	X		
Dick Grieves		X	
Dave Jurca	X		
Chris Spagle – Treas.	X		
Tom Sprandel – VP			at 11:45
Bill Wight	X		

3. Approval of Agenda

Agenda was amended to mention the receipt of the Svendsen and Loomis letters in Old Business.

Motion: Move to approve agenda as amended.

Moved: Dir. Jurca

Second: Treas. Spagle

Carried w/o Objection

4. Approval of Meeting Minutes from March 1, 2021 Special Board Meeting

Minutes were amended to reflect a change to item 6, sentence 2 to “The Board heard from both parties and several neighbors regarding the alleged violations.”

Moved: Dir. Jurca

Second: Treas. Spagle

Carried w/o Objection

5. President Bart Clark’s Remarks

President Clark remarks included references to the Washington State Governors’ Office plan to move all counties to Phase III on March 22, 2021. It was noted that although Jefferson County has one of the lowest infection rates, we currently only have 1 in 5 residents inoculated. It is understood that there is immense pressure on the government to reopen, but the numbers are currently less than favorable for protection of the community at this time and that this situation is further complicated by the recent emergence of new, more contagious variants that are somewhat resistant to current vaccines and are capable of causing more serious cases of Covid.

6. General Manager’s Report

General News & Announcements:

I have arranged a group call/meeting with all the area HOA GMs to review status of "reopening" for each Club facility and to review general assumptions about reopening dates and preparation. I will report back to the Board once I have consolidated the data. The meeting is Tuesday March 16th.

Completed Projects:

- a. A leak in the spa sand filter was resolved.
- b. Touch less faucets & soap dispenser installation project for the bathrooms & locker rooms has been completed.
- c. Roof flashing repairs have been completed..

Other Active Projects:

- a. The fixed pane within the slider door assembly that failed will be replaced prior to reopening.
- b. Engineering plans are still being finalized for HVAC efficiency/safety upgrade. Project start-date expected to start in late-April.
- c. Lighting conversion project (to LED) is expected to begin sometime mid-April.
- d. The Project funding arrangements for the lighting & HVAC projects through Kitsap Bank has been completed.
- e. The SBCA budget process is ongoing. A draft budget for our next fiscal year has been submitted and reviewed by Finance Committee and will be presented as part of the March SBCA Member Town Hall meeting.

Admin:

Savings

1. Commercial liability insurance renewal packet has been filled out and sent back to CAU.
2. The employee health plan renewal documents were sent back, and plan renewed with same carrier, Regence.
3. Overall Expense savings YTD (mid-year) while closed compared to budget has increased a bit YTD due to lawsuit settlement proceeds. Saving YTD is now at approx. 35%. Savings of significance come from — Payroll, Utilities, and combination of R&M and Supplies expense due to Club closure.

7. Treasurer's Report

Treas. Spagle gave the Treasurer's Report. A copy is available upon request and will be posted on the SBCA website for period ending Feb 28, 2021.

8. Board Communications

- a. Announcement of "Town Hall Meeting" proposed by Finance Committee
- b. Discussion of need for an eblast reminding members' dues obligations
- c. Svendsen and Loomis letters to be addressed under the Old Business agenda item

9. Committee Reports

- a. Activities and Amenities – No report
- b. Architectural Review (ARC) –
 - The SBCA-ARC Meeting was held on February 19, 2021 via a web-based conference call.
 - A Quorum was established and the meeting agenda approved.
 - The minutes were approved for both the December 18, 2020 regular meeting and the January 20, 2021 special meeting.

- The Committee received and considered 4 new homeowner SBCA-ARC applications, 3 of which were unconditionally approved and 1 conditionally approved.
- The Committee tabled further discussion of DS 5.1.21 (signs) and DS 5.1.27 (flagpoles) until such time that all Committee members can be present for the discussion (one Committee member was absent from this meeting).
- The Committee briefly discussed correspondence received from Inner Harbor Village regarding the village planning to replace roofs, but tabled the discussion subject to further discussion and drafting a response to Inner Harbor Village, which occurred on March 11, 2021. The committee has not yet heard back from the village.

c. Communications –

- In order to complete the website project we need to account for five villages who have dependent websites. One has already established an independent site. Two more have webmasters and independent hosting. That leaves us with two villages that need to move off our hosting package, I anticipate that will happen soon/
- Document storage at sbca.io is already live. Anyone needing access to posting should contact VP Tom Sprandel. The general website, sbca.club, is ready but should be kept private until the final two villages have been resolved.

d. Facilities –

- Dir Grieves and Dir Wight reported on their visit to the Washington Athletic Club (WAC) for observation of safe opening practices.
- The Committee presented their “SBCA Gift and Loan of Real or Tangible Personal Property Policy” as a draft dated 2-25-21 for the Board’s consideration. The Board elected to table the discussion until the April 9 BOD Meeting.
- The Committee reported on the discussion from the Feb 18, 2021 Tennis Court Subgroup meeting regarding budgeting, usage, maintenance and reopening of the tennis courts including the following topics:
 1. *“Communication from the Governor’s administration, in writing, last October.”* the response from the “Governor administration” in context, was applicable only to non-businesses; we are in fact a business as recognized and governed by all agencies that oversee business operations at all levels (local, state and federal).
 2. The SBCA courts are not used exclusively by only SBCA members or their guests. The SBCA tennis court lease has written into the agreement protections for use/access by non-SBCA member organizations and their guests; specifically members of the Port Ludlow Racquet Club and all Guests of the Lessor (PLA) that include any member of the public that wishes to use the court that are a customers of the Inn or Marina.
 3. Budgeted tennis court related expenses are found in the SBCA operations and reserve budgets. There have been no operational expenses for tennis courts to-date, but there will be soon. Pressure washing takes place every year in March/April. The expense is approximately \$1,600. Since acquiring the courts back in 2007, the SBCA has already spent approximately \$60,000 towards maintaining/repairing the courts. If the SBCA is to continue to maintain the courts to the standard and schedule (reserves & operations expense) that they have been (to-date), then the projected total expense over the term of the 50 year (\$1 per year) lease will total approx. \$380K.

Motion: To contact Counsel to review ADA compliance and liability for tennis courts.

Moved: Treas. Spagle

Second: Pres. Clark

Carried w/o Objection

Motion: To discuss the topic of the tennis courts in executive Session.

Moved: Pres. Clark

Second: Dir. Jurca

Carried w/o Objection

- Discussion on reopening with emphasis on access to pool and fitness area. An issue was raised regarding the cleanliness and control of distancing in the locker rooms and restrooms. Dir. Grieves volunteered to review the techniques used by the Washington Athletic Club (WAC) in Seattle which is currently open, then report back to the Board with his findings.

e. Finance –

February Treasurer's Report

- Cash balances of Operating, "Special" and Reserve accounts relayed, normal monthly deposit to the Reserves and Capital Improvement Funds made. Footnoted added for February only regarding temporary transfer of funds from the matured Reserves DC account to business checking pending establishing the CD at Kitsap Bank that will guarantee our HVAC loan at that bank.

Financials: Current Month and YTD

- Entry to income: fees and interest as a result of Lewis resolution. Also Legal fees expense adjusted for collection of those fees relating to the Lewis resolution
 - See further discussion under GM report.

February GM Budget Report

- 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.
- The Special Assessments should be paid up July 1 (ie, those who elected to pay their Special Assessment at \$50 per quarter).
- 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: Two delinquent Associate Members
 - One is a hardship, who has not responded to the GM request to contact him to resolve.

Motion: To terminate Associate Membership of _____ if they do not respond to a certified letter to be sent by the GM informing them their membership will be terminated if there is no response by 14 days after issuance of the letter.

Moved: Treas. Spagle

Second: Dir. Jurca

Carried w/o Objection

The Finance Committee recommended an additional motion for non-payment of dues by SBCA members.

Motion: To suspend any member from use of Association facilities, including use of the Bay Club, for non-payment of any assessment more than 30 days in arrears.

Moved: Treas. Spagle

Second: Dir. Jurca

Carried w/o Objection

- The other 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. He will follow up in an attempt to resolve prior to send a last chance letter.

- One member account continues to be seriously in arrears, about \$8,000, lien filed. Prior to recommending legal action to the Board the GM will research in an attempt to determine financial status/income sources.

- Another member account with a balance of \$2,000 has been sent a certified letter outlining consequences of not responding. The committee recommends the Board approve filing a lien on the property.

Motion: To file a lien on this property.

Moved: Treas. Spagle

Second: Dir. Jurca

Carried w/o Objection

- 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. No further action to be taken at this time.

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.
- Net income over expense YTD improved due to collection of legal fees on the Lewis litigation.
- As a result of the Club closure we have savings from payroll, energy, and some savings from repairs and maintenance.
- Overall FTD net income over expense of \$140,000 for the first eight months of the fiscal year.

Reviews: Bill Dennis & Ed Knodle

- No reviews were conducted this month.

Dues reduction: 4th quarter (Apr 1 – Jun 30)

- Lengthy discussion on the merits of a dues reduction for 4th quarter.
- A chart was shown depicting the impacts of dues reductions on the current and projected future budgets was shared with the Board allowing for comparison and consideration of a dues reduction in excess of \$40, \$60 and \$80 respectively.

Motion: To approve a dues reduction of \$40 per lot for the 4th quarter of this fiscal year (covering the period April 1 – June 30, 2021).

Moved: Treas. Spagle

Second: Dir. Jurca

Motion Failed 5 to 1

- Insurance – Commercial Package
- GM Torres and Treas. Spagle would review the package, which is substantially the same as the prior year, seek clarity when needed from the carrier and approve the renewal.

Old Business

- **Finance Town Hall**
 - Committee members asked to send comments to Treas. Spagle if there were particular items he wanted addressed at the Town Hall.
 - Darrow reiterated he 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.
- 6/30/22 Draft Budget
 - Committee members address their assigned budget line items with the only suggested change for an increase to Professional Fees. Mark will update the draft.

f. Health & Fitness – No report

g. Human Resources – No Report

10. Old Business

- a. Richard Shattuck, attorney at law, has announced his retirement for the end of May. Rick has served the SBCA HOA and several Villages over his career. The Board wishes him the best in retirement.
- b. Lewis lawsuit was resolved and the lien was removed from the property
- c. Svendsen and Loomis letters were acknowledged by the Board
- d. HVAC Project – The Board discussed the benefits of the Bay Club HVAC project for the membership and agreed that a letter will be drafted and sent to the membership once the final engineering design and costs are known.

11. New Business

- a. Reopening plans
 - The Board is continuing to evaluate on a monthly basis the reopening of the Bay Club and its amenities in part or in whole.
 - It was noted that we should wait to reopen until after the HVAC project is complete.

- The Board reviewed the listened to the observations from the WAC visit by the two Board Directors. The notes will be forwarded to the Facilities Committee for consideration
- The Board agreed to convene a Special Board Meeting on March 24, 2021 to discuss reopening plans

12. Member Comments

- A member thanked the Board for their efforts over the year to address the safety of the community by keeping the Bay Club closed.
- A member expressed their dissatisfaction with the Board not approving the motion to reduce membership dues by \$40 for the 4th quarter of our fiscal year.
- A motion was put forth to develop appropriate procedures and guidelines for reopening the tennis courts and allow access no later than April 14th. The motioned fail due to a lack of a second on the motion.
- Director Wight stated that (i) security of the courts (locks) could be covered, (ii) the golf professional is receptive to supervising a key sign-out from the golf shop, (iii) other alternatives with little added costs are possible, (iv) an individual is willing to volunteer to conduct a reservation system and maintain a sign-in/registration roster, (v) there might be a potential workaround to ADA concerns which could determine any disabilities and/or needs at the time of making reservations and having a volunteer team to assist with access should it be needed or desired, (vi) the request to the Governor's Administration for clarification on opening tennis courts last October was made in the context of a "non-tennis business," not a business in general, and (vii) a straight line analysis on future tennis court maintenance costs show a total of \$140K vs \$380K over the remaining 35 years of the existing lease.

Motion: Move the SBCA board direct that the SBCA tennis courts be opened for use by members, their guests, and designated Port Ludlow Associates guests & invitees NLT 14 April, 2021 and that appropriate guidelines and procedures for their use be provided to the board for their approval prior to that time.

Motion: Dir. Wight

Failed for lack of a second

13. Convene Executive Session for the purpose of discussing and reviewing communications with legal counsel and considering personnel matters at 1:49 PM

Motion: Move to convene Executive Session

Motion: Dir. Jurca

Second: VP Sprandel

Carried without objection

14. Resume Open Session at 2:02 PM

Motion: Move to resume Open Session

Motion: Dir. Jurca

Second: Dir. Wight

Carried without objection

15. Adjourn. Meeting was adjourned at 2:03 PM

Motion: Move to adjourn.

Motion: Dir. Jurca
Second: VP Sprandel
Carried without objection

Next SBCA Board Meeting: Monday, April 9, 2021 at 9:30 a.m.

Via remote access at <https://www.freeconferencecall.com/wall/bayclubgm> (preferred)
or by calling the dial-in number: (339) 209-6193

Submitted by Bruce Birch, Board Secretary