

**SECTOR 2A AT SNOHOMISH CASCADE ASSOCIATION
MINUTES OF THE BOARD OF DIRECTORS' MEETING**

Tuesday, November 7, 2023

Meeting held at the Yandl's (6921 158th St. SE).

CALL TO ORDER / ROLL CALL

1. Board President, Chris Bartsch called the meeting to order at 7:02 PM.
2. Board members present were Chris Bartsch, Matt Hale, John Alleman, Gary Hebert, Steve Potts, and Steve Yandl. This was a quorum for the board. Bill Steenis was also in attendance

AWARD PRESENTATION - Bill Steenis

REVIEW OF MINUTES FROM PREVIOUS MEETING

1. The minutes of the October 2023 meeting were reviewed and unanimously approved.

GENERAL BUSINESS

1. Review of the proposed 2024 budget board

TREASURER'S REPORT – Presented by John Alleman

1. Account Status (as of closing on 10/31/2023) for August (all #'s rounded up to nearest 1\$).
 - a. Operations (Checking):
 - 1). Beginning Balance: \$126,918.
 - 2). Ending Balance: \$90,404.
 - b. Operational Reserve (Money Market):
 - 1). Beginning Balance: \$42,724.
 - 2). Ending Balance: \$42,725.
 - c. Long Term Reserve Fund CD1 (6 8 Flex Term CD):
 - 1). Beginning Balance: \$16,956 (as of 9/30)
 - 2). Current Balance: \$16,966 (as of 11/01 from bank website)
 - d. Long Term Reserve Fund CD2 (Celebration):
 - 1). No statement attached, cuts quarterly.
 - 2). Beginning Balance: \$30,875 (initial deposit made 10/04)
 - 3). Current Balance: \$30,875 (as of 11/01 from bank website)
2. The draft 2024 budget is attached. Highlights include:
 - a. There are comparisons of the proposed 2024 values to the 2023 budgeted and actual values.
 - b. There is a new category Financial & Association Management (2024) which replaces Property Management Service (2023).

- c. There is a new category Reserve Analysis Project(s). Based on Steve Potts' email, \$32,000 is plugged in here.
 - d. There is another new category Planned Project: Baseball Field Upgrade, again based on Steve Potts' email, \$8,000 is plugged in here.
 - e. The combination of the two project lines for a total of \$40,000, leaves \$12,054 to contribute to the reserve fund (\$9,643 goes to the long term and \$2,411 goes to the operational reserve).
 - f. The board unanimously approved sending the proposed 2024 budget to the membership for ratification.
3. 2023 Expenditures:
- a. We are on track to spend another \$11,000 to the end of 2023 and this should leave us about \$78,400 in checking.
 - b. We can move another \$30,000 to the Operational Reserve (Money Market) in December. This will leave us at about \$48,400 in Operations (Business Checking) at the beginning of 2024, and will put us just over \$120,500 in reserve. The board unanimously approved moving the \$30,000 from Operations (Business Checking) to the Operational Reserve (Money Market) in December.
4. Electronic Payments for the Assessment:
- a. We have a proposal from our bank to setup a third-party electronic payments service for us which we could use as an alternative for members to pay their assessments. This would be through Converge and this allows us to put a link on emails, our website, or a list a web URL on our mailed invoices. The member then can access their invoice with their name, or other information we choose (address, lot ID, etc.).
 - b. If the member wants to pay from their checking (ACH), the is \$0.33 per transaction or \$15/month total whichever is greater, thus we'd need to charge at least 46 transactions ($\$0.33 \times 46 = \15.18) in a month to avoid the minimum \$15/month fee.
 - c. If the member wants to pay via credit card, the transaction fees are: 2.6% of the invoice + \$0.10 per transaction. Thus, the \$600 annual assessment transaction cost would be: $\$600 \times 0.026 + 0.10 = \15.70 .
 - d. If we go this route, we do not have to setup a separate sweeper account (all payments are firewalled through Converge) nor do we have to setup an ecommerce portal on our website (something I was really dreading).
 - e. For the transaction costs, we'll cover the ACH fees (\$15/month in all likelihood) and then charge the member \$16 as a convenience fee if they choose to use a credit card.
 - f. We'll still send out snail mail invoices as we have to include the budget ratification and proxy award.
 - g. The board unanimously approved moving forward with Converge through our bank to handle electronic payments for the 2024 assessment.

MAINTENANCE COMMITTEE REPORT – Presented by Stephen Potts

1. Steve Potts had a walkthrough with Skinner and discussed estimates, results and service levels. Brian Skinner responded after the walkthrough with a 2024 proposal.
2. TruGreen applied fertilizer on October 26th. The Board had expected that application to have taken place in September.

ARCHITECTURAL CONTROL COMMITTEE REPORT – Presented by John Alleman

1. ACC Requests, approvals, and issue for October 2023:
 - a. Edwards (15127 72nd Dr. SE). Move fence to even with house, + new gate, +RV behind fence. This request required a variance to CC&R 6.2.7 “All driveways and parking areas shall be paved with concrete or exposed aggregate.” A variance was granted by the ACC to allow a gravel parking pad behind the gate. Additionally, the Edwards were informed that the ACC is concerned that driving an RV across the lawn has risks to the sightliness of landscaping. If the front yard shows excessive damage from transit back and forth, it will need to be remediated immediately.
 - b. Kim (15111 69th Ave SE) inquired about a building addition and a new fence, but no formal request was made. We did respond that an addition to the home would in all likelihood require a building permit from the county. FAQ #32 on the [HOA FAQ webpage](#) would have the ACC items of concern for a new structure, and FAQ #35 would have considerations for new fencing.
2. ACC Violations, for October 2023:
 - a. Seaward (15029 68th Ave. SE) was warned about a structure in violation of CC&R 6.2 (appears to be a tent-like structure for storing RVs) along the east side of the house. They have until Nov. 17 to resolve or respond to the noncompliance issue.
 - b. Barrett (15104 68th Ave. SE) was warned about a structure in violation of CC&R 6.2 (appears to be a tent-like structure for storing RVs) along the south side of the house. They have until Nov. 17 to resolve or respond to the noncompliance issue.
 - c. Laem (15417 67th Dr. SE) was warned about the garage doors being in an extreme state of disrepair in violation of CC&R 6.12. They have until Nov. 20 to resolve or respond to the noncompliance issue. Because of the significant monetary cost involved, the ACC has granted a 12-month temporary variance to remediate the issue.
 - d. Lanphear (6820 152nd St. SE) was warned about the roof and exterior paint being in an extreme state of disrepair in violation of CC&R 6.12. They have until Nov. 20 to resolve or respond to the noncompliance issue. Because of the significant

monetary cost involved, the ACC has granted a 12-month temporary variance to remediate the issue.

- e. Erickson (15712 67th Dr. SE) was warned about the roof and exterior paint being in an extreme state of disrepair in violation of CC&R 6.12. They have until Nov. 20 to resolve or respond to the noncompliance issue. Because of the significant monetary cost involved, the ACC has granted a 12-month temporary variance to remediate the issue.
- f. Jameson (6816 154th ST. SE) was warned about the roof and exterior paint being in an extreme state of disrepair in violation of CC&R 6.12. They have until Nov. 20 to resolve or respond to the noncompliance issue. Because of the significant monetary cost involved, the ACC has granted a 12-month temporary variance to remediate the issue.

OLD BUSINESS

- 1. Houses in disrepair issue briefly discussed at the last meeting. 12-month variances have been allowed to the property owners (Laem, Lanphear, Erickson, and Jameson). Responses must be received from the owners by the Board by November 20th, 2023.

NEW BUSINESS

- 1. Maintenance project priorities for 2024
 - a. Steve Potts proposed the Board open the bid process for irrigation system improvements/replacements.
 - b. John Alleman proposed that prioritization of projects be guided by the Reserve Analysis projects.
 - c. Steve Potts asked the Board whether we should consider volunteer labor
 - d. Priorities:
 - 1) Boat Parks
 - 2) Irrigation
 - 3) Add play bark to play areas
 - 4) Add gravel to walkways
 - 5) Replace curbs
 - 6) Clean-up parking lot

MEETING ADJOURNED AT 8:53 PM



John Alleman, Treasurer, on behalf of the Secretary

2024 Proposed Budget for Sector 2A at Snohomish Cascade Association

Budget Item	2023		2024		Change	Notes
	2023 Budget	Projected Actual	Proposed Budget			
Gross Income	\$149,150	\$155,107	\$148,775		Lower	
Annual Assessment	\$148,200	\$154,597	\$148,200		Same	
Assessment	\$148,200	\$154,597	\$148,200		Same	2023 projected was more because of the clearance of a large lien for non-payment of assessments. No change planned for 2024 based on what was budgeted for 2023.
Other Income	\$950	\$510	\$575		Lower	
Interest Income	\$150	\$60	\$125		Lower	Adjusted this to be closer to what was realized in 2023.
Fees and Fines	\$200	\$0	\$100		Lower	There is one outstanding fine, but this adjusted towards what was actually collected on in 2023.
Escrow Requests, HOA Statements	\$600	\$450	\$350		Lower	In 2022 and 2023 we average 7 transfer fee receipts (i.e., home sales) per year. Thus, projecting that for 2024.
Operating Expenses	\$149,150	\$195,060	\$148,775		Lower	
Contributions	\$36,875	\$97,875	\$12,053		Lower	
Contribution to Long Term Reserve (CD)	\$30,875	\$30,875	\$9,643		Lower	These two lines (both MM and CD) are what remain after all other expenses have been paid.
Contribution to Operating Reserve (MM)	\$6,000	\$67,000	\$2,411		Lower	We've been able to commit some significant quantity to the reserve in 22/23. This would put us at \$120,555.30 total in reserve which is 36.8% (= \$120,555.31/\$327,384) of reserve full funding. The largest line item in the reserve we need to plan for is the fence along Sno-Cascade which is about \$179,243 and we'd like to accommodate this in the late 2020s without a special assessment.
Administration	\$43,595	\$21,723	\$21,498		Lower	
Property Management Service	\$25,000	\$4,587	\$0		Lower	We will eliminate this category for 2024 with assumption that John stays on as treasurer for 2024.
Financial & Association Management	-	-	\$3,875		Higher	This is a new category for 2024 which accounts for Jenderuss as our accounting service at \$202.50 per month, and Smartsheets about \$105 per month, + allowance for a 5% increase which should cover the Converge fees for electronic assessment payments.
Insurance	\$10,000	\$10,961	\$11,509		Higher	Accounts for 5% over what was paid in 2023 for all policy renewals.
Directors and Officers Policy	-	\$3,338	\$3,505		Higher	Accounts for 5% over what was paid in 2023 for all policy renewals.
Business Auto	-	\$242	\$254		Higher	Accounts for 5% over what was paid in 2023 for all policy renewals.
Liability Policy	-	\$5,916	\$6,212		Higher	Accounts for 5% over what was paid in 2023 for all policy renewals.
Umbrella Policy	-	\$1,465	\$1,538		Higher	Accounts for 5% over what was paid in 2023 for all policy renewals.
Audit of Financial Records	\$4,400	\$3,600	\$3,960		Lower	Includes a 10% increase in what was paid in 2023.
Reserve Analysis	\$1,055	\$1,450	\$450		Lower	This is a lower rate for this year due to no on site visit required.
Post Office	\$1,540	\$380	\$500		Lower	Assume a full \$500 once the postage for the assessment and election has been purchased.

Budget Item	2023		2024		Change	Notes
	2023 Budget	Projected Actual	Proposed Budget			
Meeting Costs (Rooms or Zoom)	\$200	\$200	\$204	Higher		Assume this is \$17 per month for a dedicated zoom account.
Office	\$1,400	\$545	\$1,000	Lower		We've spent \$545 for 2023 and assume this will be \$700 for 2023. We also need allowance for a membership mailing in case of a notification is required (state law requires first class mail). Thus, another \$300 brings this up to \$1,000 total for 2024.
Grounds	\$56,780	\$66,555	\$105,276	Higher		
Landscaping Contract	\$43,160	\$44,793	\$50,534	Higher		Assume the \$3,796 month contracted rate for 2024 + an average \$15 fuel surcharge with 10.5% sales tax for all 12 months
Reserve Analysis Project(s)	-	-	\$32,000	Higher		This is a new category to account for which reserve analysis projects we want to do in 2024.
Planned Project: Baseball Field Upgrade	-	-	\$8,000	Higher		This is a proposed upgrade to bring the baseball field back up to prime playing condition. This is not on the reserve analysis project list, thus it has it's own place on the budget.
Common Area Repairs	\$7,000	\$16,070	\$10,000	Higher		The 2023 projected actual includes the NW detention pond fence which was about \$11,500. For 2024, this is set at \$10,000 mostly for emergent irrigation system repairs.
Treatments, Weeds, Pests, Moss Control, etc.	\$5,000	\$1,211	\$2,500	Lower		Trugreen contract for 2023 was \$1,136.00. This allows for any additional done through Skinner + allowance for increased costs.
Backflow Preventer Certification on Irrigation System	\$220	\$220	\$242	Higher		This assumes the same as 2023 + allowance for 10% price increase.
Discretionary Improvements, Common Areas	\$1,400	\$4,262	\$2,000	Higher		This has been increased for more DIY/community projects (e.g., benches at Boat Park, etc.)
Hospitality	\$2,250	\$650	\$850	Lower		
Newsletter	\$1,500	\$100	\$250	Lower		We didn't do a physical newsletter in 2023. This assumes one done online + one physical (mailed)
Yard of Merit, Holiday Decoration Awards, Welcome Gifts, etc.	\$500	\$300	\$350	Lower		We'll adjust 2024 to match 2023 projected value + allowance for signs replacement.
Discretionary (Donations, Tips, etc.)	\$250	\$250	\$250	Same		No change for 2024.
Utilities	\$9,650	\$8,257	\$9,098	Lower		
Water	\$8,200	\$7,108	\$8,200	Same		We'll stay at what was budgeted. 2023 was a mild year for summer weather.
Electricity	\$350	\$307	\$350	Same		No change.
Garbage	\$1,100	\$842	\$548	Lower		With service reduction finalized, this should be \$41.53 per month for 12 months + allowance for 10% price increase.