

Sunrise Master Association

BOARD of DIRECTORS – BOARD WORKING SESSION

MEETING MINUTES

Sunrise Master Association Clubhouse

January 21, 2009 – 4:00 PM

BOARD OF DIRECTORS: Sloan Clack, Eric Corliss, Sean Martin, Steve Mortensen, Ed Moersch

Association Management: Angie Orr – Site Administrator

1. Call to Order and Consideration of Agenda – Sloan

1618 Sloan called the meeting to order and introduced the agenda.

2. President's Report –Sloan

1620 Sloan noted that she had additional items to report and would detail them after the review of the minutes listed on the agenda.

a) Review & Approval of November 24th, 2008 Board Meeting Minutes

1624 Ed moved to accept the minutes as written, Steve seconded the motion.
Motion carried 5-0.

b) Review & Approval of December 10th, 2008 Budget Ratification Meeting Minutes

1628 Ed moved to accept the minutes as written, Sean seconded the motion. Steve asked for clarity on the issues presented at the meeting, such as the security line items and removal of the 2nd phone line. Angie stated that the 2nd line was important and Sloan noted that Angie would prepare a statement defining why the 2nd line should stay. Steve asked for clarity with regard to seeking an alternate service provider and Sloan noted that at the time of the discussion, Qwest and Comcast did not offer the current bundle packets that are available. Ed wanted the minutes to reflect the meeting was a "ratification" meeting, for clarity to the members. Steve made reference to providing notice that the budget was available for review but that it not be published on the website and a brief discussion ensued on ensuring the budget is available to members that want to review it.

Steve offered an amended motion to include the change in title and the follow-up information from Angie on the 2nd line. Ed seconded the motion.
Motion carried 5-0.

c) Review & Approval of December 10th, 2008 Working Session Meeting Minutes

1635 Steve motioned to accept the minutes as written, Sean seconded the motion. Sloan offered clarification that changing the time of the meeting from 7:30 pm to 7:00 pm was should not be in conflict with the CC&Rs.
Motion carried 5-0.

d) Review & Approval of January 13th, 2009 Executive Session Meeting Minutes

1646 Sean moved to accept the minutes as written, Eric seconded the motion.
Motion carried 5-0.

e) Review & Approval of January 20th, 2009 Executive Session Meeting Minutes

1648 Ed moved to accept the minutes as written, Sean seconded the motion.
Motion carried 5-0.

- 1650 Sloan introduced the documents in the agenda packet related to the mud slide/slough along the Morningview Ridge Estates (MVE) boundary with the Sunrise Master Planned Community (MPC). Pierce County and engineers representing MVE inspected the area, along with the construction management staff from Investco and each concluded the Eagle Ridge pond, which is in close proximity to the slough area, was functioning as expected. The pond is owned in common by the residents of the subdivision and correspondence from the effected lot owners in MVE claimed the pond is the underlying element of the hillside failure. Sloan indicated that she would mail all members of the subdivision to make them aware of the current accusations, findings, and coordinate future communications with MVE.
- 1705 Sloan made the Board aware of a tree that fell from the adjacent Uplands 320 project area into the fence line of a lot in the Southwood Division II area. The owner of the Uplands land was contacted and that owner indicated a tree evaluation would be completed to evaluate the remaining trees within falling distance along the common property line.
- 1707 Sloan made the Board aware of an excavator reported in the Eagle Ridge greenbelt and detailed the information related to the claim of "permission". The operator sought to repair a retaining wall that was not accessible from the subject lot and despite being directed to leave, continued work and is alleged to have installed a drain pipe from the subject lot through the common area. Angie indicated that she would follow up with the subject owners, whom she knew to be out of town.

3. Financial Updates

a) November & December 2008 Financials – Angie

- 1712 Angie introduced the agenda item and offered to review the statements in detail, absent Nancy being present. Steve asked for clarity with the 2008 budget being on target for the year end. Sloan clarified that the SMA would not have that information until the end of January, but that a report of the SMA position at of 12/31/08 would be available. Steve noted that the end of year information correlated to the budget was important information for the budget committee to have and indicated that it should be forwarded to them when they begin their work. Ed asked for clarity on the delinquency rate and values affecting the overall budget. Sloan clarified that the values couldn't be used directly because it included the legal fees and other expenses beyond the dues. Ed requested that the value of the delinquent dues be tallied to ensure the budget moves forward with the correct assumptions. Sean requested clarification of the notation that referenced increased payments in the ULID as additional service lines being added.

b) Update of Expenses to Send 9 Homeowners to Litigation – Angie

- 1728 Angie noted that the expense to send the referenced members forward to litigation was \$643 each, not \$350 each as previously reported. Steve asked that the Board be given monthly updates on the status of the actions.

With regard to CDC's Management Contract, Sloan noted that the Budget Committee assumed a 5% increase in expenses for this item, but that a 3.1% increased was realized, a cost savings to the budget.

c) Update of 2008 Collections & Late Fee Waivers – Angie

- 1731 Angie noted that a table that defines all of the 2008 actions would be forthcoming and noted the way CDC completes the waiver process. Sloan and Steve noted that the Board wanted to review the process because they were concerned the process may not have been what the Board had intended. Sloan noted the item would be added to the February agenda.

4. Unfinished Business

a) ARC Non-Compliant Homeowner Items

- 1739 Steve noted that the work and compilation of the findings were well done and that it should be reviewed with owners to close gaps that might exist. Steve referenced the flow chart provided at the meeting and indicated that the scenario detailing the actions under the "owner does not have approval" should be split to include a separate course of action for those owners that

purchased the home with the subject improvement in place. Steve noted that if an improvement needs repair and does not have approval, the repair should be subject to the current ARC guidelines. Ed requested clarification if the intent of the guidelines includes removing non-compliant improvements, which it is. Sloan noted that additional information was needed to clarify the circumstances regarding the enforcement of "keep it until you leave, and then remove it when you go" scenario. Discussion on the circumstances occurred without specific direction. Steve suggested the ARC add a note to the approval encouraging the owner to keep the approval documents.

The board reviewed and discussed the steps and procedures to the four scenarios; "ARC approval provided", "ARC approval not provided", "Owner doesn't respond", and "Owner claims the improvement existed when the purchased the property". Sloan noted the size of the list and asked, given the volume of paperwork expected, could that be handled by staff and the ARC, which Angie indicated it could.

Angie provided a list created from a visual inspection of the communities. Steve noted that correspondence to the members should reference the date of the ARC guidelines. It was determined that letters to those on the list would be sent out first. However mailing would be postponed until the question of monitoring and enforcement were resolved. Steve asked that verification of the options to record something on the title that could be enforced was provided. He also noted that additional discussion was needed for those owners that assert an improvement existed at the time the home was purchased. Sloan noted that discussion would continue in February.

b) Discuss new assessment payment options (credit cards / phone payments)

- 1818 Angie introduced the information in the packet. Sloan noted that the website is not currently able to support the payment option. Ed noted that he would want feedback from other communities that use the service. Angie indicated that the SMA would have to expend some monies to set-up the program by either creating a merchant account with the vendor, or a sub account, which would cost approximately \$15 per month.

Sloan motioned the Board decline to pursue the proposal at this time. Steve seconded the motion.

Motion carried 5-0.

c) Reserve Fund Laddering Review

- 1832 Sloan noted that although Nancy could not attend, she did offer feedback from the lender that indicated the SMA funds were better off in the current account structure. Ed noted that it is important to ensure that in the future, if alternate structures are sought, the mechanism as well as the institution is FDIC insured.

d) Benum Enterprises

- 1833 Sloan noted that the topic was discussed in executive session and the minutes were provided and accepted earlier in the meeting.

Sloan motioned to pursue the 15 lots in small claims courts. Sean seconded the motion. Motion carried 5-0.

e) Kasper AFH Lawsuit

- 1835 Sloan noted that the topic was discussed in executive session and the minutes were provided and accepted earlier in the meeting.

Steve motioned that the Board direct the attorney's to proceed with court action. Sean seconded the motion.

1837 Sloan motioned to adjourn the meeting and move to executive session to allow for Board discussion, which was seconded and approved. Sloan announced the Board would retire to executive session for approximately 15 minutes.

1853 The Board returned from executive session and Sloan called the meeting to order.
A vote was taken on the motion
Motion failed to carry 1-4.

Sloan moved to authorize the attorney to enter into settlement discussions with the party consistent with the elements discussed during executive session. Sean seconded the motion.
Motion carried 5-0.

5. New Business

1855 Sloan noted an adjustment to the order of the agenda items under new business.

b) North Rim pond pump replacement bids

1856 The Board reviewed the proposal to fix the pump and clarified the parameters and specifications of the proposal.

Sloan moved to authorize the proposal. Eric seconded the motion.

Ed requested clarification of the source of the funding from the budget, which Sloan noted would come from the reserve fund, and that the costs for the fencing were lower than expected so additional funds could be available. Steve requested that the estimate be capped at not more than 10% of the proposed costs. Sloan asked if there was any information available on the warranty of the pump and Angie indicated she would have to follow-up and would provide that information. Steve indicated the Sloan should be authorized to proceed if a reasonable warranty was available. Sloan asked that she and Angie be granted the ability to review the warranty information without bringing the entire proposal back for consideration. Ed asked for clarity on the costs of a new system, which Angie indicated would be approximately \$10,000 to \$12,000.

Sloan amended the motion to include a cap amount not to exceed \$3750, which includes tax, Eric seconded the amendment.
Motion carried 5-0

d) Mailbox Repairs/Replacement – 2009 Reserve Study item

1903 Sloan introduced the agenda item and reviewed the materials. Ed clarified that option "01" referenced asphalt shingles. Sloan clarified that option "02" included only an estimate of how many units would be required to be replaced and that option "01" would not replace the entire kiosk. Sloan noted that the likely proposal for adoption would be a combination of options "02" and "03", as not all boxes would require replacement. The Board reviewed the details of the options.

Sloan moved to pursue option "03" with a cap not to exceed \$35,000 and the flexibility add additional units to be replaced if needed. Steve seconded the motion. Ed indicated that notice should be given to the residents regarding the pending change and Steve indicated the next newsletter could be used for that communication.
Motion carried 5-0.

g) Garage Sale Dates

1926 Steve moved to accept the 2009 garage sales dates as submitted, Sloan seconded the motion.
Motion carried 5-0.

c) Management Contract – Vote to re-bid and when OR vote to renew with CDC and when

1927 Sloan introduced the agenda item and noted that when the last bid process occurred, three other firms responded and each were significantly higher and offered less service than the

selected firm. Sloan clarified that it is the desire of the board that any rebid would take effect beginning January 2010. Steve clarified that he understands the current contract expires in May 2009 and then CDC and the SMA would proceed on a "month to month" contract under the same terms that apply to the contract. Ed requested clarity on the increase from the previous contract, which Sloan noted was approximately 3.4%. Ed noted that in past years, there were more concerns and that he was happy with the current contractor. Steve noted that the rebid concept relates to the competitive market and not that ability or services CDC has provided. Steve noted that he hopes a revised process would include a defined length of the service, plus additional years, at an option. Sloan clarified Steve references a bid on the open market?

Steve motioned to consider an open source selection process for services beginning in January 2010, allowing for negotiation with CDC, seeking a commitment of one year, with an extension of one year, and the right to terminate services with ninety days notice. Sean seconded the motion. Sloan requested the timeframe Steve envisioned in moving the coordination forward, which Steve referenced was one to two months. Ed questions the prioritization of the statements, to which the Board noted an interest in continuing to work with CDC if practical. Steve clarified his intent is to work with CDC, but to ensure the Board obtains the best value for services to the HOA.

Motioned carried 5-0.

a) Board Goals for 2009

1945 Sloan noted her goals for 2009, in no particular order of priority;

- A concern about actively managing an expected increase in delinquency of dues and the impact that will have in the operating budgets,
- Working with the newly adopted ARC Guidelines
- Coordinating with Rain and Shady on creating irrigation as built/inventory of the installed equipment,
- Ensuring liaison and communication with the Committees exists,
- Maintaining the integrity of the budget,
- Work on updating the rules and regulations,
- Explore option for income generation

Ed noted his goals, in no particular order of priority;

- Filling the standing Committees that do not have members because the volunteers are the so effective.
- Ensuring the ARC using the new Guidelines to its fullest potential,
- Ensuring the Crime Task Force continues to operates with effectiveness and efficiency.

Steve noted his goals, in no particular order of priority;

- The expansion of the neighborhood watch concepts,
- Creating subdivision points of contact and communication trees to ensure all members get the information they need,
- Ensuring the Board act with fiscal responsibility,
- Update the CC&Rs to reflect current issues and noted that a March 2010 presentation of the update framework is a realistic goal
- Actively manage legal fees.
- Continue to coordinate with the Declarant

Steve and Ed reviewed the clubhouse rate schedule referenced at previous meetings and requested the item be placed on the February meeting agenda.

Steve noted he will be on assignment for the next two months, but will communicate via email.

6. Next Board Meeting, Wednesday, February 18th, 2009 at 6:00 PM

2011 The date of the next Board meeting was noted


7. Adjournment

2012 The meeting was adjourned.

Approved.

Date: 2.18.09


Sloan Clack, SMA Board President


~~Sean Martin~~, SMA Board Secretary/Treasurer
Lou Loran