

DRAFT

(Subject to approval at upcoming meeting.)

Sylvan Shores Property Owners Association
Board of Directors Meeting
July 16, 2016 10:00 a.m.

Open Forum 10:00 a.m.

Call to Order: Joel Linker, President, called the board meeting to order at 10:15 a.m.

Roll call- All Board members in attendance: Joel Linker-President, Polly Brown-V. Pres, Betsy Berglund-Treasurer, Ann Dibb-Secretary, Terry Chacos, Judy Fricke, Joan Morphew

Review the Minutes meetings: May 21, 2016 and June 11, 2016. Ann made a motion to amend the May 21 minutes by striking the personal item from the minutes. Seconded. Motion carried. Decent: Joan, Polly. Judy made a motion to approve the minutes as amended. Seconded. Vote: 6/1. Motion carried. Ann made a motion to approve the June 11, 2016 Special Meeting of the Board-Resolution to By-Laws meeting minutes. Seconded. Motion carried 6/1. Question was raised about visibility to the attorney comments on resolution Section 7. Judy indicated that the attorney comments in full along with resolutions were emailed to the By-Laws Committee on April 24, and the Board and the By-Laws committee on May 7.

Approval of Agenda- It was recommended to add the following items to the agenda: Betsy requesting 'Insurance review' be added to the Financial Committee report, Ann requesting to add 'Election Committee report' to the Committee reports. Joan requesting to add 'Propane contract', 'Campground rates', and 'Voting by email/conference calls' to 'Other topics'. Motion was made by Ann to accept the agenda as amended. Seconded. Motion carried.

Treasurer's Report- Betsy Berglund, Treasurer. In the previous meeting approval of Qtr 1 financials was tabled as the numbers provided by Durand (management company) had not yet been validated. Betsy asked that the approval of 2nd quarter financials be table also to allow the finance committee to incorporate the auditor recommendations. The Auditor recommends operating on an accrual basis. The Finance committee will need to assess the impact of this and also review new accounts being created for closer tracking. The time will also allow the value of assets to be updated based upon a recent inventory as current assets are outdated and inaccurate. Second notices for past due assessments were sent out in July. \$141K has been received thus far this year: Past due outstanding is \$246K. The Treasurer is handling payroll internally, payroll is now set up online. Question was raised in prior meeting as to number of lots owned by Sylvan Shores: Clubhouse entrance:5, Community center:10, Campground:15. Green space:116.

Revenues are for 2nd quarter ending 6/30/2016

Assessments Collected	\$ 91,680
Interest Income	507
Springer Collections	0
Camping income	7,343

Capital Reserve Accounts:

5 year annuity, Athene 12/31/17 (as of 8/27)	13,659
3 x State Farm CD 60 mo -10/19 (as of 5/31)	77,713
State Farm CD 60 month 3/20 (as of 3/31)	<u>25,631</u>
Total Capital Reserve Accounts	117,003

Funds Available:

Petty Cash	154
Checking	14,131

(Land savings \$1461.61. This amount still in checkbook.)

Operating Expense Savings Account	<u>241,860</u>
Total Funds Available (rounding difference)	\$ 256,145

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Reports

Management Report- reported by Ann Dibb, Secretary. The pool was open on June 24th. Robb Brown out of Staples assisted in resolving filtering issues. The pool has been visited 128 times by property owners and 173 guests to date. The campground has had 86 campers resulting in income of \$1320 with July 4th being the busiest time. All full service site campground sites are booked. There are now four partial seasonal campers with two on list and paid deposit for 2017 season. Cross training of resources to support campground is well underway. Sale of 'property for sale' booklets sales has increased and there has been an increase in inquiries about the association governance prior to purchase. As reported in a prior meeting, the office staff Brenda, submitted her resignation with July 15th being her last day. She has offered to support training a new hire. To support the office in the interim, the phones will be answered by a 'live agent' answering service: Image Office Service, and routed appropriately to a Board or staff member. There has been handful of applicants for the office position, some interviews have taken place. One offer was made, however not accepted. Seeking resources via newspapers, temporary agencies and online. SylvanShores.com has been updated with: Draft and approved meeting minutes, revised By-Laws, Campground rates, rules and regulations, Candidate process and forms, Permit and building form guidelines, and cleansed for inaccurate or misleading policy statements related to policy.

Committee Reports

Finance Committee- Betsy Berglund, Treasurer, summarized the audit report performed by Michael Mullin, CPA against 2015 books, concluding that the findings conform with accounting practices. The auditor provided recommendations, some of which include:

- The association should be on an accrual rather than cash basis.
- The BoD should design an internal control and a risk assessment process.
- Dual signatures to be required on all checks.
- Assign numbers to the campground receipts.
- Increasing assessments, at a minimum by a percentage to keep up with inflation.
- Suggested the compilations provided by the accounting firm of the data provided to them was of no value and recommended discontinuation. (Therefore have stopped working with the accounting firm to receive compilations.)
- The association should disclose money owed from a financial health standpoint to potential owners.

Investments update: Dennis Wipperling reporting: \$241K is in savings account. \$117K is tied up in CDs. Dennis has researched investment options such as a Capital One business account that would give better investment rates and allow for better availability of funds. Finance committee will further assess.

Insurance: Dennis Wipperling reported on insurance coverage reviews and recommendations. (See report in the appendix). Competitive bidding has been performed. Sylvan Shores is getting a good value. Recommendation includes the addition of crime prevention and also equipment breakdown insurance. It is important that the Covenants and By-Laws be followed for property insurance coverage. Board determined that Dennis should proceed with research on crime prevention and equipment breakdown insurance and the topic would be turned to the Finance committee for final recommendation.

Betsy Berglund excused herself from the Board meeting. 11:10 a.m.

Architectural Committee- Terry Chacos, Chair reported that five building permits have been received of which one has been approved thus far (Fiscus), and others pending review.

The Association attorney has been engaged to send a letter to a non-compliant member officially revoking membership rights. The attorney is also reviewing the revised permit and fine criteria to ensure all is appropriate and enforceable.

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The Board had approved electrical updates to ten of the fifty partial service sites, however only eight sites will be updated due to material increases to stay within budget. Work is underway and on track for completion by July 23. A bid has been received for updating the campground's full service sites from 30 amp to 50 amp. Will be submitting recommendation to the Finance committee to budget for this in Spring or Fall in 2017.

Entertainment Committee- Polly Brown, Chair reported that in May there was scheduled to be a bake sale and garage sale. The bake sale did not take place due to lack of participation. Two garage sales occurred, which took place on their own. Sundaes on Saturday occurred on June 11 and served 30-40 people. Work is in progress for planning the annual meeting September 3rd, there will be \$3 fee for food plus bring a dish for pot luck.

By-Laws/Covenants Review Committee- Judy Fricke, Chair reported one correction to the Bylaws: Article 9, section 2, with removal of developer information the sections changed and this article should be referring to Section 7 rather than Section 8. The correction will be updated and posted to the web site.

Judy is in the process of updating the Committee recommendations for Covenants changes. The Committee will need to meet again to consider the auditor recommendation to increase the assessments.

Judy is assisting in supporting the Secretary and Election committee. Since the ballots have always been returned to the Sylvan Shores office, to alleviate confusion and prevent mishandling, Judy motioned to authorize up to \$100 to purchase a locked mail box. Seconded. Motion passed. Article 9 Section 3E indicates that ballots need to be returned no later than three days prior to the annual meeting. Therefore the date ballots need to be received by mail is August 31. Judy also suggested that the Board needs to work on rules and regulations based on the By-Laws and Covenants. She recommends, and is in the process of creating one fee schedule for everything the association rents or uses. Judy is also working to create a standard operation procedure (SOP) packet for the Board.

Election Committee- Dennis Whipperling, Chair reporting. There are four volunteer candidates for Board of Directors: Sean O'Conner, Keith Bexell, Melissa Hurd, and Patrick Fiscus. Counting of the ballots will begin the Friday evening prior to the Annual meeting. Ballots will be mailed along with the annual notice. By-Laws indicate that the notice be mailed no later than ten days prior to the annual meetings, however it is expected that the mailing will be in advance of that. Dennis recommended that the schedule for the annual meeting have an open house to meet the candidates from 9:00 to 10:00 a.m., with voting from 10-10:30 a.m.

Unfinished Business - None.

New Business:

- A. Code of Ethics: Joel Linker stepped down from presiding over the meeting. Secretary, Ann Dibb, temporarily presided over the meeting. Joel made a motion to make the *Code of Ethics for the SSPOA Board of Directors*, initiated in September 2015, a policy of the board. Seconded. Discussion: It was noted that during the special meeting held on September 5, 2015, Association members suggested that a code of ethics be adopted by the board. The Associations' attorney had also suggested that a code of ethics standard be reflected in governing documents. During the discussion, Judy made a motion to revise the code of ethics form by deleting the signature acknowledgement. She noted that 'not' providing a signature of acknowledgement did not release the board member from compliance, since the code would be a board policy. Seconded. Motion to amend the main motion passed 5/2. Decent noted: Joan. The main motion to make the *Sylvan Shores Board of Directors Code of Ethics* a board policy carried 5/2. Decent noted: Joan.

Other

- A. Campground rates: Joan raised concern about the rates of the campground needing to be increased. Judy made to motion to send campground rate assessment to the Finance Committee. Seconded. Motion carried.
- B. Other topics were discussion only, no decisions.

Adjourn- Judy motioned to adjourn the meeting. Seconded. Motion carried. Meeting adjourned at 12:16 p.m.

Submitted by
Ann Dibb, Secretary

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Next meeting: Annual meeting September 3.

Appendix:

Finance
Committee
Insurance
Report out

SSPOA Insurance
Report to the Board of Directors by Dennis Wipperling
July 16, 2016

Directors & Officers (D&O) Insurance

- Policy period is November 7, 2015 through November 7, 2016
- \$1 million in coverage with \$5,000 deductible for each claim
- An important requirement stated by a competing insurer is that board of director terms must be staggered
- Betsy Berglund and I have copies of the policy

The Insurance "Package" – Buildings, Contents, Equipment/Machinery and General Liability

Policy period is July 1, 2016 through July 1, 2017

- Buildings and Contents:
 1. Clubhouse at \$517,000 with replacement cost coverage and \$1,000 deductible. The contents are insured for \$26,890
 2. Teen Center at \$358,700 with replacement cost coverage and \$1,000 deductible. The contents are insured for \$6,720
 3. Storm shelter at \$3,400, \$1,000 deductible and no replacement cost coverage or contents covered (annual premium cost is \$25)
 4. Storage barn at \$24,300, \$1,000 deductible and no replacement cost coverage and no content coverage (annual premium is \$163)
 5. Bath house at campground at \$51,800, \$1,000 deductible and no replacement cost or content coverage
 6. Storage building where the tractor and lawnmowers and other equipment are stored at \$13,900, \$1,000 deductible, no replacement cost coverage and contents insured at \$7,740.
- Equipment/Machinery (commercial inland marine coverage)
 1. John Deere mower insured at \$3,000; with \$250 deductible
 2. 1966 International tractor at \$3,000; with \$250 deductible
 3. Dixon riding lawnmower at \$5,650; with \$250 deductible

The insurance agent has been informed that the Dixon riding lawnmower has been sold and replaced with a Husqvarna mower, model M-ZT 52, serial number is 1016148001127; there should be an additional premium invoice, if not already received by SSPOA
- The general liability is \$1 million of coverage; the policy should be read to determine what is required for coverage to be in effect
 1. An insurer bidding on the insurance asked if there are signs by all association docks, swimming beaches and swimming pools that state, "swim at own risk" and "no diving"
 2. Also asked if the water at the clubhouse and other locations (campground and teen center) where the water is available for drinking, is tested on a regular basis and the results documented
 3. Betsy Berglund and I are attempting to locate a copy of the policy

Insurances not In Place but Should be Considered

- Crime prevention insurance
 1. Estimated annual premium is \$100 to \$120 per year
 2. The biggest benefit is the required safeguards that are needed for the coverage to be in effect
- Equipment breakdown insurance
 1. Estimated annual premium is \$150 per year
 2. Covers pool equipment, such as the pumps and heater as well as the furnace, hot water heater

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	and the air conditioner for damage caused by “outside” brownouts and other problems
Code of Ethics	<p style="text-align: center;">CODE OF ETHICS for the SYLVAN SHORES PROPERTY OWNERS ASSOCIATION BOARD OF DIRECTORS</p> <p>Professional values are an important way of living out an ethical commitment. The following are core professional values we want to promote in our Association:</p> <p>BOARD MEMBERS SHOULD:</p> <ol style="list-style-type: none">1. Strive at all times to serve the best interests of the Association as a whole regardless of their personal interests.2. Use sound judgment to make the best possible business decisions for the Association, taking into consideration all available information, circumstances and resources.3. Act within the boundaries of their authority as defined by law and the governing documents of the Association.4. Provide opportunities for residents to comment on decisions facing the Association.5. Perform their duties without bias for or against any individual or group of owners or non-owner residents.6. Disclose personal or professional relationships with any company or individual who has or is seeking to have a business relationship with the Association.7. Conduct open, fair, and well-publicized elections.8. Always speak with one voice, supporting all duly-adopted board decisions—even if the board member was in the minority regarding actions that may not have obtained unanimous consent.9. Remove themselves from the Board if they can no longer abide by the Code. <p>BOARD MEMBERS SHOULD NOT:</p> <ol style="list-style-type: none">1. Reveal confidential information provided by contractors or share information with those bidding for Association contracts unless specifically authorized by the board.2. Make unauthorized promises to a contractor or bidder.3. Advocate or support any action or activity that violates a law or regulatory requirement.4. Use their positions or decision-making authority for personal gain or to seek advantage over another owner or non-owner resident.5. Spend unauthorized Association funds for their own personal use or benefit.6. Accept any gifts—directly or indirectly—from owners, residents, contractors or suppliers.

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7. Misrepresent known facts in any issue involving Association business.
8. Divulge personal information about any Association owner, resident, or employee that was obtained in the performance of board duties.
9. Make personal attacks on board members, staff, or residents.
10. Harass, threaten, or attempt through any means to control or instill fear in any board member, owner, resident, employee, or contractor.
11. Reveal to any owner, resident or other third party the discussions, decisions, and comments made during any conference call or at any meeting of the board properly closed or held in executive session.

I acknowledge receipt of the Sylvan Shores Property Owners Association Code of Ethics (“Code”). ~~I further acknowledge that I have read and agree to comply with terms of this Code.~~

(Signature)

(Name)

(Date)

(Note: Refusal to sign this Code of Ethics means that you do not acknowledge receiving them. It does not release you from complying with them as a standard of conduct we want to promote.)

SSPOA Code of Ethics/9.10.15/JLL