

**SOUTH BAY COMMUNITY ASSOCIATION
FINANCE COMMITTEE MINUTES
May 11, 2021
FINAL MINUTES**

1. Call to Order at 1:01pm
2. Determination of Quorum: We had a quorum: attendees were Committee members Dan Darrow, Bill Dennis, Dave Jurca, Ed Knodle, Dan Quail, and Christine Spagle. Also attending were President Clark (ex-officio) and GM Mark Torres.
3. Approve Agenda: one item added to the agenda: OWSI rate increase and impact on SBCA. Motion to approve by Jurca, 2nd by Knodle, carried 6/0.
4. Approve Meeting Minutes of April 6, 2021: No changes were made to the minutes.
Motion to approve by Knodle, 2nd by Jurca, carried 5/0/1 (Dennis abstained as he was not at the meeting).
5. New/Recurring Business
 - a. April Treasurer's Report
Dennis asked about the negative \$2K in business checking and was told it's a timing issue. GM Torres remarked SBCA has never, since he's been the GM, bounced a check. Spagle noted Dennis' concern. Quail asked about the large dollar amount in business checking, and it was explained it is the surplus from current year as well as the prior years and would ultimately be distributed to other accounts prior to the close of this fiscal year.
The Treasurer's Report was accepted by a vote of 6/0.
 - b. Financials: Current Month and YTD:
Income:
No change from number of PLA sales from prior month, total YTD = 3.
Interest and fees of \$19,560 are a result of the Lewis resolution.
Assessments are down about \$37,600 but \$24,000 is from the dues rebate, 3rd quarter and another \$10,000 is longstanding delinquent accounts the GM continues to work to resolve and has had some success on one of the accounts.
Facility Rental maintained at zero due to Club closure.
Expense:
Bad Debt of \$1,243.85 is the delinquent Associate Member who did not respond to requests from the GM to contact him to work out some sort of payment plan. That Associate Membership has been terminated.
Payroll, Utilities and Supplies continue to drive the savings in operational expense.
Net income over expense at \$101,400.

A question come up regarding the balances in the P&L, for year-to-date Reserves and Capital Improvement funds – these are timing issues relating to when the financials were printed off QuickBooks, and Spagle indicated she would wait to pull financials until all postings to QuickBooks had been completed.

- c. April GM Budget Report
Lighting project completed.
HVAC on track for late May completion.
- d. Reviews: Bill Dennis & Ed Knodle
Reviews conducted for January and February, with no discrepancies found, but noted (1) there had been transfers among Reserves/Capital Improvement fund for payment of lighting until the loan with Kitsap was funded, then that amount was repaid to the Capital Improvement Fund. As part of the February review it was noted that an IT maintenance contract was expiring in May.
- e. Tennis Courts
Lengthy discussion re: ADA issues, amending the Tennis Court lease with PLA to limit access to SBCA members only/allowing pickleball, and securing an estimate for cost to bring certain items up to code and ADA specs.
Motion by Jurca recommending the Board approve:
1) negotiate amendment to tennis court eliminating use by PLA hotel and marina guests allowing additional recreational uses of the tennis courts,
2) if and when the tennis court lease is amended as in item(1) the tennis courts be opened for use only by SBCA members and their personal guests when accompanied by the members, and
3) the GM be authorized to seek one or more proposals from architects/contractors describing what work would need to be done to the tennis courts and parking area to make them ADA compliant, and the estimated cost of such work.
- f. OWSI rate increase: estimate by GM the rate increase would result in \$600 - \$800 annually in water costs. The committee agreed a recommendation to the Board to take a position on this issue, wither on behalf of SBCA or our members, with the state utility commission was not warranted. No further discussion.

6. Old Business

- a. Draft Budget:
Since it looks unlikely the Club will be fully open by July 1 the Committee recommend to the Board a “scaled” reopening that would more accurately represent the estimated costs of operating the Club. GM Torres has prepared a draft scaled budget for next year and that was shared with the Committee members prior to the meeting. The scaled budget would result in a net surplus at year end, rather than the net

deficit as shown on the original draft budget, and that surplus would likely cover expenses if we opened more quickly than anticipated on the scaled budget. There was much discussion on the issue.

Motion by Spagle to recommend the Board approve the scaled draft budget, and that budget would be presented to the members for approval at the July Annual Meeting, 2nd by Quail, carried 5/1.

Outcome: when the Board decides how to proceed, i.e. when and how the Club will open, the Board may direct the Finance Committee to consider an alternative methodology in developing the draft budget.

b. HVAC/Lighting Project update

Over budget on HVAC due to unanticipated expense for engineering and electrical. Supply chain issues resulted in some cost increases from our initial estimate request and execution of the contract resulting, thus there was zero left for contingencies from the \$180,000 recommended by Finance and approved by the Board. The GM has secured one estimate and is seeking another for the electrical work needed and expects costs will not exceed \$25,000 overall and will likely be lower. He also reminded the Committee that time was critical and if the project is to be completed near the end of May then the Board would need to vote on the additional funds needed at the 5/13/21 Board meeting.

Spagle moved to recommend to the Board they approve an amount not to exceed \$25,000 to cover additional costs for the HVAX project. 2nd by Dennis, carried 6/0.

7. Reserves

GM Torres shared with the Committee a graphic regarding the 5/11/21 Facilities reordering of Reserve priorities. Reserve expenditures to date shared (attached).

8. Finance Issues from Facilities Committee Meeting

Main topics: Tennis Courts, HVAC, Reserves, all covered above.

9. Comments

None

10. Adjourn

Motion to adjourn by Darrow, 2nd by Dennis, carried 6/0.

Adjourn at 2:50.

Next SBCA Finance Meeting: June 8, 2021