

SOTS MEETING MINUTES – 02/12/15

- A. Call to order** – Meeting called to order at 7:11 PM
- B. Welcome to Guests** – In attendance – Steve and Lori Buchsbaum, Dana Wheelock, Chestine and Bob Edgar, Gary Harris, Rick Goroski, Patty and Barrett Knudsen, Camille and Randy Churchill, Beth Kleparek and Kyle Lonzak.
- C. Communications of the President** – Barrett welcomed all, thanked Camille and Randy Churchill for hosting the meeting and introduced Kyle Lonzak our new neighbor.
- D. Minutes and Report of the Secretary and disposition of book** - Copies of the January 8, 2015 meeting minutes were distributed. The minutes were summarized by the Secretary, motioned and approved by the members. There was also a short discussion regarding the Secretary's book – Barrett has it and will get it to the Secretary.
- E. Report of the Treasurer – Gary Harris – as of 01/16/15**
- a. Savings = \$14,448.92; Checking = \$2,351.72; Total = \$16,800.64**
- Gary reported that the balances as of 2/11/15 were Savings = \$14,443.92 and Checking = \$2,321.71; Total = \$16,765.63
 - Gary presented a printout of the last five year's budget that had originally been prepared by Barrett as well as the projected 2015 budget with edits by Gary shown in bold. **MUCH** discussion followed.
 - Chestine pointed out that there were no starting and ending balances. Gary recalled that there was approximately \$14,150 at the start of 2014 and around mid-2013 when the accounts were transferred from Bank of America to the Boeing Employee Credit Union that the balance was a little over \$23,000 and that over the last five years the yearend balance had been hovering around \$14,000 to \$16,000.
 - Line items were discussed and some adjustments made – Gary reiterated that the items in the 2015 column that were in bold print were his edits to Barrett's original.
 - **Donations** – Rick asked why SOTS, a non-profit organization, was providing donations to another non-profit organization. Specifically, the Three Tree Point Fireworks fund. Barrett pointed out that Joe Cail thought that it was fair to provide \$500 to the Three Tree Point Fireworks Fund as their show benefitted many in the Shorewood community. Dana pointed out that his family donates \$100 each year and wasn't aware that the SOTS club was also contributing. Some discussion followed.
 - **Ecology** – Gary pointed out that the Ecology fund had been raised to \$600 for 2015 to help with expenses associated with the Salmon Creek Improvement Project.

- **Locked Gate** – Chestine pointed out that an agreement to pay the 30th Ave SW group for maintaining the locked gate near the beach entrance had been made in 2013. She also indicated that since 30th Ave SW was a private drive in the area of the Beach entrance that SOTS may be asked to have some responsibility for maintaining some of the road. Gary reported that he had included \$465 annual expense for the gate in his edited budget since we paid \$1396.10 for our share of the gate maintenance in 2013, which was for a three year period.
- **Directory** – The 2015 budget as presented had no dollar value for updating the Directory. Gary thought that the Directory was a 2016 item. Chestine pointed out that the new Directory was to come out in 2016, but that most of the cost for preparing it would be incurred in 2015. She also pointed out that it would be mailed separately and that there was a mailing cost involved. Gary reminded that the Directory is only distributed to dues paying members. Chestine also recalled that there was extra cost involved in the 2013 revision of the Directory as a colored insert of the Shorewood area map was included as part of the Covenant, Conditions and Restrictions (CC&R) project. She pointed out that black and white printing costs about nine to eleven cents per page and that color printing costs around thirty cents per page. Gary pointed out that there is an estimated net balance of \$1,362 and that there should be adequate funds to include the Directory expenses in 2015.
- **Legal Fees** – Gary indicated that the budget for legal fees was reduced from \$1,000 to \$250 as there was extra costs to cover legal fees related to the CC&Rs in the 2014 budget.
- **Insurance** – Steve inquired about the cost of insurance. It was pointed out that there are liability insurance costs associated with the Beach as well as for the SOTS Directors.
- The discussion turned from yearend balances to emergency funds. Some considered the \$14,000 to \$16,000 balance adequate to cover contingencies – others considered the club underprepared financially to cover an emergency and that the reserve balance should be increased.
- This re-opened the topic of raising the dues and that the club had not raised the \$50 (\$40 for seniors) dues amount for many years. Most agreed that the dues were very reasonable and that an increase shouldn't be a deal breaker for most in the community. Kyle stated that regardless of the increase in dues, whether it be \$60 or \$75, the increase must be explained to the membership. The strategy of how to present a dues increase prompted a lengthy discussion.

- Chestine inquired about a running total balance and reserve funds. Gary replied that the financial statement reflected the totals and that there were no other accounts. Barrett reminded that the SOTS Community Club was a cash organization.
- Barrett deferred to Randy (who had missed some of the earlier discussion) regarding to how much balance a non-profit organization can carry. Randy reminded that no funds can benefit any members of the Board, that it is okay to have a reserve for unexpected costs. He indicated that a \$13,000 to \$16,000 reserve was consistent over the past five years – if an increase in the reserve were to be sought, then it should be disclosed to the members. He also indicated that posting on the web site would not be adequate for disclosing to the membership. An increase of the reserve funds would be best presented to the membership as specific line items on a proposed budget. He continued by stating that a \$1,300~ excess/surplus for 2015 seemed about right – if it exceeded the budget that would be good. If the budget was underestimated then the \$1,300~ would be okay. Rick inquired if it would be acceptable to accrue a larger balance. Randy replied that projects requiring additional funding should be defined. Gary agreed by stating that any certain project be defined along with a proposed increase. Randy asked if there was a proposal to increase the dues, or to leave them the same or have the contributions drop off and would it be enough to handle an emergency(s). Chestine reiterated that the current reserve balance would not be enough. Randy asked how much would be needed. Rick suggested at least 125% of what is currently in reserve. Randy asked for confirmation on the opinion that 25% above the current reserve was what the Board was suggesting. There was an overwhelming response of “YES” from those present. Gary reminded that there had been an event involving the Beach in the past that caused the funds to run short. Gary also reminded the group that the Beach is one of the main reasons for the Club and that maintaining it, considering contingencies, should be considered in increasing the reserve balance. Randy confirmed that an increase of \$2,000 to \$3,000 per year seemed reasonable as long as the reason for the increase was disclosed to the membership. Lori indicated that she did not know the particulars of the past emergency regarding the seawall at the beach, but that an increase in dues for an emergency fund needed to be technically defensible and disclosed as part of a request of the membership to raise the dues. Chestine reminded that one of the projects at the Beach Park that had been deferred in the past was an upgrade of the stairs. She indicated that the stairs were in tenuous shape and one of the reasons that the stairs had not been addressed was lack of funding. Voices were raising and an adverse verbal intercourse was escalating – Barrett made a call for order. Rick reiterated that there was a need for a larger reserve fund. Gary reminded that currently the dues were

exceeding the expenditures. Steve concluded that a yearend balance of around \$16,000 indicated that there was a reserve fund. Gary confirmed that SOTS was currently maintaining an even keel balance – However, a problem with the seawall could reach as much as \$100,000. Chestine added that \$16,000 would not even cover the cost of replacing the steps. Beth suggested that if additional funds were requested that the funds be spent as requested. There was some confusion as to whether the topic of stairs was referring to the steps in the seawall or the stairs that connected the street level entrance to the trail. Gary confirmed that the current discussion was regarding the stairs that connected the street level entrance to the trail leading to the Beach Park. Chestine reiterated that the current dues were very affordable. Lori added that raising the dues from \$50 to \$60 would be very reasonable and that the Newsletter should be used to disclose the increase to the community – it is certain that it will be needed eventually. Barrett reiterated that any budget items, including reserves, should be included in the budget as line items. Steve suggested that the budget should target the current \$16,000 reserve and carry insurance for any seawall contingency. Barrett suggested that insurance for the seawall should be budgeted separately. Chestine (and others) reminded that the seawall was not coverable by insurance. Gary indicated that the reserve fund conversation had stalled and that the meeting should move on. Randy asked that any assumptions regarding insuring the seawall and stairs should be challenged. The Club should get estimates for improvements and check on insurance rates as well as define future costs. Barrett replied that research had been performed in the past. Chestine reminded that the stairs that connected the street level to the trail had been looked into in the past and that alternative routes had been explored. With the current standards for work adjacent to ‘shorelines’, there would be significant costs. Barrett inquired as to who had looked into it in the past. Chestine replied that the Beach Committee had looked into it – Joe Cail, Kevin Deleschmutt, Tim Wilhelmi and Ray Hetrick. Barrett indicated that that information must have been lost. Chestine reminded that she had adamantly urged that repairs to the stairs be implemented before the new shoreline rule went into effect, however there were not adequate funds to even do an assessment. Barrett asked Chestine for a ‘best guess’ regarding the cost. Chestine did not recall an estimate for the cost to repair/upgrade the stairs and reminded that assessments/estimates for that kind of work are not generally done for free. Gary, putting on his architect hat, pointed out that the current location of the stairs that connected the street level entrance to the trail was the best possible route – there is a considerable loss in elevation between the street and the trail to the beach and that the stairs started at the lowest point on the street adjacent to the Beach Park property – any change in the location of the

stairs would only cause more erosion. Bob suggested that anything to do with an increased cost regarding the Beach Park be explained in a line item to the budget. Rick stated that any work in that area would require an engineered solution that included the results of a Geo-Tech engineer – that in itself would “bust the budget”.

- Randy thanked Gary and Barrett for putting together a printout of the budget, it is very helpful.
- Gary indicated that he would shift the budget a little, incorporating the suggestions of the Board members present, and would come closer to zero net cash flow for 2015.
- Barrett asked of Randy if building a surplus/reserve would be a problem with regulators. Randy replied that it should be no problem as long as the reason for the excess funds was defined.
- Lori requested that the budget printout include a line item that defines the excess/reserve funds. Barrett requested that the budget printout include the yearend balances [for the last five years] and requested that Gary update it in preparation of the next meeting.
- Gary suggested an increase of \$600 to include expenses for the Newsletter and to increase the line item amount for the Beach to \$2,000. These changes were moved, seconded and approved.
- Gary indicated that he would not be present for the next two meetings (March and April). Anything that he had would be provided via Barrett.

F. Committee Reports

a. Communications – Bob, Chestine, Barrett

1. **Two more needed to replace Joe and Kevin for approving newsletter –** Kyle volunteered and Dana volunteered Betsy to replace Joe and Kevin for proof reading and approving the newsletter.

b. Beach – Tim, Jean, Guy – No one present to report.

c. Welcoming Committee – Patty, Beth (?) – Patty said that there were no new neighbors to report. She mentioned that she may need a new resource for finding out when people were moving in – Kevin had access to the information as he was a real estate agent that was familiar with the neighborhood.

d. Ecology/Path Maintenance – Jean, Guy – No one present to report.

G. Discussion of Board positions:

a. President is Barrett Knudsen

- b. Vice-President is Tim Wilhelmi**
- c. Secretary is Dana Wheelock**
- d. Treasurer is Gary Harris**
- e. Newsletter Editor is Chestine Edgar**
- f. Board Members are Jean Spohn, Randy Churchill, Bob Edgar, Rand Fullington, Rick Goroski, Beth Kleparek, Patty Knudsen**
- g. Board Position #8 is currently vacant** – Kyle indicated that he would volunteer to be on the board. Gary moved to have Kyle on the board, Rick seconded, a vote was taken and Kyle is now on the Board.
- h. Board Position #9, is currently vacant** – Lori and Steve Buchsbaum indicated that they would volunteer to be on the board as a team. It was motioned, seconded and they were voted in to Board Position #9. As discussed regarding other Board member teams, one of the team members would need to be designated as the official Board member for voting. Lori was designated as the official voting member for the Buchsbaum team.
- H. Discussion of Web Page maintenance** – Last meeting Chestine indicated that she would have someone approach the Crocketts regarding maintaining the Web Page as they were computer savvy and were currently facilitating the SOTS Blog. She reported that the Crocketts were not interested in maintaining the SOTS Web Page. Kyle agreed to approach his neighbors who might be interested in working on the website.
- I. Discussion of 2015 Events** – The dates for the upcoming events were discussed and agreed that they seemed adequate. Some discussion regarding the Christmas decoration contest ensued. Someone would need to take that on if it were to be included as a community event this year. Kyle indicated that he might be interested in taking it on – to be discussed later as there is some time to figure it out.
 - a. Easter Egg Hunt, Betsy and Lori, 4/4/15**
 - b. Streets of Garage Sales, Heather, 6/13/15**
 - c. SummerFest, Barrett, 7/18/15**
 - d. SalmonBake, Tim and John, 8/22/15**
- J. Any Further New Business**

- K. City Items (Bob)** – Bob reminded about the event at Page Two books on Saturday 2/14 from 11:00 to 3:00. He also reminded that the City of Burien was still looking for people to be on the Arts, Parks and Economic Development advisory boards. Applications can be found on the City’s web site.
- L. Next Meeting – March 12, 2015** – The location of the next meeting was discussed, but not confirmed. Some folks needed to do some checking before volunteering to host.
- M. Adjournment** – Barrett moved to close the meeting at 8:50.
- N. Folding and Stuffing of Newsletters** – Newsletters, Dues Notices and return envelopes were stuffed.