

**Woodburn Estates & Golf
Board of Directors Meeting
Tuesday, September 26, 2023 – 6:00 pm
Auditorium – Listen In (425) 666-4290
Approved September 26, 2023**

Call to Order 6:00 pm

Establish a quorum – Ken Bourne, Sharyn Cornett, Kim Farquharson, Phil Balogh, Connie Johnson, Marilyn Sbardellati, Sherman Lackey, Steve Garner. Absent with notification: Marilyn Plowman.

Attendance: 116, Conference line: 26

Pledge of Allegiance

Changes to the Published Agenda:

Secretary Kim Farquharson

Executive session – Thursday, August 22, 2023, 2:30 pm BOD President Ken Bourne opened a meeting of the BOD, and a motion was made to go into Executive session. This motion was approved, and the Executive session was called to order. All the BOD members were present. The meeting was held in the conference room. Topic of discussion: Member Complaint – Open Investigation

Executive session – Thursday, September 14, 2023, 2:30 pm BOD President Ken Bourne opened a meeting of the BOD, and a motion was made to go into Executive session. This motion was approved, and the Executive session was called to order. All the BOD members were present. The meeting was held in the conference room. Topic of discussion: Legal Issues – Communication with Attorney regarding Recall Meeting. Investigation Report

Executive session – Thursday September 21 – 2:00 pm BOD President Ken Bourne opened a meeting of the BOD, and a motion was made to go into Executive session. This motion was approved, and the Executive session was called to order. All the BOD members were present. The meeting was held in the conference room. Topic of discussion: Result of an Investigation The meeting was adjourned at 2:50 pm.

Special BOD Meeting - Thursday, September 14, 2023, 3:00 There was a quorum of all BOD members and the only item on the agenda was the date of the Annual Meeting.

Director Marilyn Sbardellati made a motion to schedule the Annual Meeting on Sunday, November 12, 2023, at 2:00 pm. It would be for this year only. This motion was seconded and approved.

Secretary Kim Farquharson - I would like to make a motion to approve the minutes of these meetings.

Seconded and approved.

President's Address:

President Report

This is what is on my mind at this time. First, I'm at a loss for words after finding out that Ron Nelson has just passed away. He worked for several years under the direction of Vincent. Now we have to say "Good-Bye" to a valuable worker & to me he was a good friend.

I have some things that I need to say that come from my heart. These last 9 months of this year have been the most challenging, disheartening & at times disturbing of my life since being the President of the Board of Directors. To be in a constant state of defending the very values you've always leaned on & depended upon can be tiring to say the least.

Being a Board member, we base our answers, judgement, & values that will benefit this whole community of 1508 homes. We put aside our personal opinions & agendas. We cannot allow a small minority of homeowners to dictate and interfere with the wellbeing of our entire community.

We, the Board, have been dealing with a small, very vocal group of dissatisfied homeowners for the last 9 months. The issues that they are presenting have been dealt with & discussed at length each & every meeting at “open mic” but they refuse to believe anything we said. With that said, we have been accused of lying, mismanagement of funds, corruption, & deliberately not listening or responding to their needs. That is so unfounded.

Due to this movement aimed to discredit us, it has led us to this place & time.

One of their accusations leading up to this Recall is regarding supposed misappropriation of funds in 2020 & 2021. All of their actions taken against us have taken place on social media, New & Views, Woodburn Independent, Face Book & door to door campaigning.

Our records show that none of the present Board Members that are being recalled were on the BOD in 2020 & only 2 of the present board members were on in 2021. Phil replaced the former Treasurer in March 2021. I replaced the Golf chair in June 2021. You can see that this issue is totally false as none of us were involved in the budget process in those years.

Another example of an untrue statement by this group is dealing with the PPP/Loan Grant given to us in 2020 as part of the Covid relief program. This issue has been discussed at length many times over at the board mtgs during open mic with this group. And they continue to insist that we will need to pay this back at the expense of all of our homeowners.

Linda Hepburn, Treasurer at the time, cleared this matter up on the March 2, 2021, Board Mtg. by saying “We received notice that the PPP/Loan Grant has been totally forgiven by our bank & now is reclassified on our books as income. And it was reported to the IRS that we had no liability of any portion of the monies received.”

Another example is the slanderous remarks & emails sent by a member of this group to our Financial Manager, stating remarks against the Board Members & Debbie. Brown. These remarks were so offensive that we submitted them to our lawyer. Our lawyer agreed that these remarks were very slanderous & therefore wrote a legal “Cease & Desist” letter to the Offender, who was part of this group.

The constant harassment by this group on social media has led to this possible Recall.

We are now at a crossroads in our community. It is now your decision as to which road we take. If you truly believe what this group is accusing the Board of, then the stroke of your pen will decide which way we go in our future.

I firmly stand by the decisions made by myself & the Board. Whatever the outcome, it has been an honor & privilege to serve you.

End of Report

Treasurer/Budget Committee Report - Treasurer Phil Balogh

SEPTEMBER 26, 2023

Submitted by Phil Balogh, Treasurer

Fund Balances -

Operating- \$653,031

Reserve- \$589,530

Working Captial- \$831,530

Budget Committee met September 19. We reviewed August Financial Results and the 2024 budget to be presented at this meeting.

August Net Operating Income was \$15,594 better than budget.

Year to date we are \$101,992 under or better than budget.

We are tracking to remain at that result by year end.

After several years of Net Ordinary Income losses, we will have a positive margin this year.

Motion to approve Treasurer Report. Seconded and approved.

Presentation of 2024 Budgets

By September 30th of every year, it is the Treasurers responsibility to present to the BOD the next years budgets. This is just a presentation to the Board of Directors at this time. There will not be any comments on it. The next part of the process, it will be presented to the membership in November at the Annual Homeowners Meeting and then gets approved by the BOD at the November BOD meeting. So, there will be ample opportunity to comment on it as it goes through the process.

Today, my job, as defined by the Bylaws, is to present to the BOD the budgets.

2024 Budget submission summary

Submitted by Phil Balogh, Treasurer

First, I would like to thank staff Debbie Brown and Vince Cantwell, and the Budget Committee members, Connie Watt, Mike Hepburn, Allan Lindberg, and Stan Maiar for their council and assistance in assembling the 2024 proposed budget.

The budget I am submitting represents a bottom-line margin of \$34,413 - about 1.5%.

Reserve Fund: This represents catching up on all Reserve Study projects that were deferred since 2021 and all of scheduled 2024 projects. This may need modification when the Reserve Study review is completed. \$500,000 is still budgeted for Pool repairs.

Working Capital Fund: \$525,000 will be transferred to Reserve Fund.

Our goals of this Operating budget:

- To maintain a positive operating margin.
- To increase the maintenance staff and office staff to begin to keep up with work demand.
- To continue to build back our operating fund savings. We should end each year with at least 3 months' operating expense in our bank accounts and 6 months would be better.

The key elements of this budget:

Revenues:

- 5% increase in all dues and fees. Inflation this year is at 6.1 %. Next year the governments' goal is 2%, but that is looking unlikely.
- Cart storage is actually going up 50% as it was reported that our storage fees did not cover the cost of electricity for charging carts, let alone building maintenance.
- We have added enhanced RV lot revenues to add storage units and open a few RV spaces to member families for rental. This is to fund additional staffing. If this portion is not approved and implemented, additional staffing cannot be added.

Total Revenues budgeted- \$1,861,306. This year we are projecting \$1,573,267. We were budgeted for \$1,655,747. This budget accounts to bring staffing to budget and add 1.7 FTE.

Expenses: this Budget is an increase of:

- Labor staffing is 12 full time employees, and 15 part-time and seasonal staff totaling 6.1 FTEs for a total of 18.1 full-time equivalent staff.
- 1.7 of this is additional staff for maintenance and office and should not be added until RV lot/ storage plans are implemented.
- There are significant increases in fertilizer costs which are expected next year.

- Most other expenses were budgeted at a 3% increase.

Total Budgeted Expenses; \$1,826,893
Net Operations Income \$ 34,413
HOA dues: Plan 1: \$870
 Plan 2: \$1,368

This budget represents keeping our operations at status quo. It keeps us with 2 managers, a supervisor for groundskeeping, and a supervisor for the Pro Shop. This latter position is needed as the current staff has indicated that they want to cut back and do not want to deal with the supervisory responsibilities.

By adding the 1 staff to maintenance and one part-time for the office, will allow management and staff to keep up with Reserve Study projects and programs like HOA compliance. Even with these additions, programs for preventative maintenance will be lacking. If we maintain staffing at current levels, maintenance and members' services will continue to deteriorate and we will fall farther out of compliance with the Reserve Study requirements. Vince Cantwell and Debbie Brown spend many hours here as management and then, doing more hourly staff duties than should be required. They need this assistance to better manage WEG.

Here is some background that led up to how current budget needs:

The last 10 years of budget performance are attached in a spread sheet. You can see we are still recovering from the years of 2017 through 2021 due to expenses exceeding revenues and the effects of Covid 19. You will also notice that there were no dues increases from in the years 2015 through 2018; there was a \$50 increase in 2019, another \$20 increase in 2020, no increase in 2021. This adds up to a 12% increase over the 8 years and yet, the annual expenses grew as much as 41%. Most was increased labor cost.

In 2020 and 2021, Dawn Cole, the GM at the time. began to get labor costs and other costs within budget limits. While this labor plan fits the budget, it does not meet the maintenance and operating needs of WEG HOA. We essentially do repairs when they are mandatory and preventive maintenance is non-existent. This is a more expensive way to operate over time.

How do we compare to similar HOAs in 2023

Salemtowne: \$1215, golf \$425 annual golf. (They are the most similar to us in that the HOA wholly owns the golf course)

Summerfield: \$625 per person (assume an average of \$1,000 per unit, \$600 annual golf.

King City- \$1400 per person (assume \$2240 per unit), \$625 annual golf.

While you can feel good that we are lower cost than our similar counter parts, you have to ask at what cost it is for our membership service and facilities. This board and future boards will have to decide how Woodburn Estates and Golf is going to address these aging facilities, get ahead and update them, or just continue to deal with it when it breaks.

End of Presentation of Budget.

Reports of Officers, Boards and Standing Committees

Request to Speak – Treasurer Phil Balogh

When I took over as treasurer in March of 2021, we were faced with several financial issues: Out of cash in the operating budget by September, the presence of Covid 19 and further loss of other anchillary incomes, over budget expenses and not enough revenue to cover them, and an unstable budget process with little oversight. There was no embezzlement nor falsifying of books like the gossip mongers claim. We are now showing positive operation margins.

I want to thank the budget committee members, staffers, and board members with whom I have worked to solve budget issues and to develop a financial base that will allow Woodburn Estates & Golf to move forward in the future. It was rewarding to have completed this work with you.

Bonnie and I are moving next week. We decided we wanted a bigger house, with a studio and to be back in our old community. We look forward to the next chapter in our life. Consequently, I am resigning my position on the board, effective immediately, and I wish you all well.

Good of the Order

Discussion of the BOD of topics

Activities Director – Sharyn Cornet – we have lots of falling fruit in our yard. It was suggested that we start a gleaner's group here so when your fruit is red to pick you call the office and volunteers go get the fruit and give it to the food bank or give it away here at WEG. Make two lists – those who want to 'glean' and those who have fruit trees ready to be picked.

Rules Director – Steve Garner – the Rules committee would like to address the issue of the petition for a refund of the Working Capital fee. It is the feeling of the committee that we do away with this except for the situations that are listed in our Bylaws. I wanted feedback from the Board. Basically, it is saying that if you sell one house and then buy another, you are going to pay the full amount. Once you sell your house, before you buy your next home, you technically become a 'non-member' for a day and that would preclude you from taking advantage of the discount. That is the way it is written right now. The rules committee would like to leave it that way, but I wanted to get feedback from the BOD. How many per year? 6 people in three years with an average of \$2500 refund. Suggestion to consult with members who are Realtors.

Marketing Director – Sherman Lackey – over 100 members have signed up for the website. A lot of issues of people not able to sign in. The biggest problem is the use of 'special characters' in the username. Bugle Blast must be opened at least 1 time a month for 3 months. If not, it unsubscribes you. We have 826 contacts in Bugle Blast which sends out 769 emails. The last News & Views notice was opened by 460 people. At this point, not recommending that we increase the capacity of Bugle Blast.

MOTIONS PRESENTED

Motion #1

President Ken Bourne: I move to approve the following people to be part of the 2023 Election Committee:

Diana Lindberg
Kathy Zimmerman
Loretta Wolf
Connie Watt
Larry Stewart
Linda Haney
Sharon Schaub
Dave Bolton
Jill Jackson

Seconded and approved.

Motion #2

Director Connie Johnson, Architectural/RV: I move to approve spending up to \$70,000 from the Working Capital fund for the preparation, purchase, and installation of 36 individual storage units to be placed in the RV storage lot.

Discussion: I propose all rental income generated from and for the use of each storage unit be deposited into the Woodburn Estates & Golf Operating Fund. The estimated annual income generated from the storage units at full capacity is \$35,280.00 up to \$70,000. The cost should be closer to \$62,000.00. The units themselves cost \$61,000. We then must rent a forklift and rent a truck. We will be taking up some of the spaces. Where we would locate them, it would be a sound barrier for the homes that back up to them, also a dust barrier. If anyone wants to check out the units that we are proposing, you can go to Northwest Self-Storage on Hwy 99 and check them out. Questions of the BOD/answers: Money or commitments upfront to reserve a unit would reduce risks; No permits required as it is not within city limites; Water flooding issue addressed as these are spaces have very little or no water buildup and the preparation would build them up even higher; The numbers arrived at by result of extensive research; No electricity in the units; The estimates are all from qualified contractors; Fiduciary responsibility is doing what is best for the entire community. The thought of this proposal is a suggestion to create income; It becomes 36 units in this way – Minimal purchase is 12 large units that are 8x8x20. To get the 5x8 size, we would divide the unit with 3 walls and four doors. To get the 8x10 unit, you put one wall in and 2 doors. We went with the minimum purchase. The 12 units would then be divided into 36 rentable units. There would be a deposit, the same as the RV space. RV park is not filled out. There will still be remaining 45 spaces that are not rented. They are delivered and the company helps with setup. The placement was chosen for the smaller spaces as there is greater demand for the large RV spaces. There is high demand for storage. Per Treasurer's email: 5.9-3 only applies to the operating funds, not the working capital funds. All maintenance and reserve study costs have been budgeted. We have ample working capital funds to cover the maintenance and to build a new storage unit. Motion 8 and 9 were posted to give information about how this would work, how it would be administered.

Seconded and approved.

Motion #3

Director Marilyn Sbardellati, House: I move to make the Pool Sub Committee a permanent committee.

Discussion: The Pool Sub Committee is currently authorized as a temporary subcommittee. WEG has traditionally had a Pool Committee to oversee the utilization of the pool, health center, and locker rooms. A separate pool committee, made up mostly of pool enthusiasts and users, can better serve the WEG community and make recommendations regarding pool hours, equipment use, and regulations. As the committee discusses the pool, certain things come up.... like someone bringing a baby in with diapers, the rules, etc. This should not interfere with the committee's work and it would add consistency, continuity going forward Questions of the BOD/answers: Utilization of the pool falls under Activities pervue. A permanent committee is needed. SOP 2.2 – The Activities Chairperson is key advisor to the Board of Directors in matters concerning usage of recreational facilities and equipment. The current committee is responsible for the renovation of the pool. When the project is over, this could be a separate committee. There needs to be a group of people who oversees space and cares about it. It shouldn't be the same committee. Motion will be withdrawn for now.

Motion withdrawn.

Motion #4

Director Marilyn Sbardellati, House: I move to transfer money from the Reserve account to purchase a new refrigerator for the restaurant. Estimate cost to be \$6k. This is a qualified Reserve expense.

Discussion: The broken refrigerator has been repaired 3 times in the past. The current estimate for repair is \$3k with only a 30-day warranty. A new replacement unit is estimated to cost between \$5k-\$6k. Recently there was another refrigerator that broke; tried to negotiate that we would not replace it but was instructed to follow the old contract; therefore, I put forward this proposal. I prefer losing half or more of the refrigerators through attrition and put in a walk-in that would operate more efficiently power-wise, not break down, not get overstuffed. Location – there are a few spots where it could go. Research would need to be done. In the opinion of the House Director, this is not needed. Working refrigerators could be sold; One walk-in could replace 13 smaller ones. They are expensive but do last longer.

Motion tabled. This was tabled to give time to investigate additional details of current need, asset tag, and alternative resolution.

Motion #5

Director Marilyn Sbardellati, House: I move to accept the following bids for gutter and roof repairs to the Clubhouse. This is a qualified Reserve expense, estimated cost \$32k.

Discussion: These 3 projects, gutter repair by pro shop, roof replacement/repair over office, auditorium's flat roof repair, were sidelined last year. Pfeifer roofing is our preferred roofing contractor and replaced the roof over chair room in 2022 as well as the recent repair of the shed roof over the restaurant.

Seconded and approved.

Motion #6

Director Steve Garner, Rules & Regulations: I move to approve Andrew Norby to the rules committee.

Seconded and approved.

MOTIONS TO POST

Motion #7

Director Steve Garner, Rules & Regs (with Golf Co-Chair Phil Balogh): I move to post 2023-0926 Rules & Regs #14.36-2.

~~14.36-2 Hours are set by the Board.~~

14.36-2 Walking on the golf cart paths is permitted with caution, walker(s) do so at their own risk. It is suggested that walkers use the paths early in the morning, later in the afternoon, or in the early evenings, which are times when there are fewer golfers. It is further suggested that walkers travel in the opposite direction as the golfers (i.e., walk from the higher numbered holes toward the lower numbered holes) so that approaching golfers can be seen and walkers may avoid being hit by a golf ball. Walkers should follow common golf course courtesy; pausing quietly when near a golfer preparing to swing, so as not to cause a distraction.

Seconded and approved.

Motion #8

Director Steve Garner, Rules & Regs (with Arch/RV Director Connie Johnson): I move to post 2023-0926 Rules & Regs #13.1-1 (addition)

13.1-1 The board, with recommendation from the Architecture and RV Storage Director, can approve opening un-rented RV space to WEG member family members. The rental rates are in the Rates and Fees Schedule. Renters are expected to follow Rules and Regulations for RV spaces and the sponsoring member is responsible for compliance. Renewal is annual and the

board shall set the number of available sights annually, maintaining enough open sites for new member rentals.

Seconded and approved.

Motion #9

Director Steve Garner, Rules & Regs (with Arch/RV Director Connie Johnson): I move to post 2023-0926 Rules & Regs #13.1-2 (**addition**)

13.1-2 Individual Storage units may be rented by members on a first come first serve basis and renewed annually. Renter is responsible for all contents and WEG does not have any responsibility for damaged or lost contents due to weather, vandalism, or theft. Sized and rates are listed in the fee schedule. Storage of dangerous chemicals and other combustible and corrosive items is not permitted. Renter will be responsible for any damage caused by neglect or improper storage of chemicals.

Seconded and approved.

Secretary Kim Farquharson – I move to approve these minutes as amended.

Seconded and approved.

Announcement for Next Meetings –

Recall Meeting - Tuesday, October 10, 2023, at 1:30 pm

BOD Meeting - Tuesday, October 24, 2023, at 1:30 pm

Annual Homeowners Meeting – Sunday, November 12, 2023, at 2:00 pm

Adjourn meeting.

Meeting adjourned at 8:32 pm