Sunrise Bay Property Owners' Association

Special Members' Meeting

September 30, 2023

In Person and Virtual Meeting

10:30 am to 12:30 pm EST

The Special Member's Meeting was called to order at 10:40 am by President Tina Rulli. A quorum of 10% (Article II, Section 4, of the Association's By-Laws) was satisfied with 42 properties in attendance via in-person, virtual (Zoom), and Proxy. A vote of 2/3 (28 properties) would be required to pass the budget and dues increase.

In-person Members (Lots) represented were:

Lot 7 – Fred and Zulma Jones
Lot 8 – Darrell and Wanda Stacy
Lot 15 – Michael Richardson and Jessica Mason
Lot 17 – Johnnie and Anita King
Lot 19 – Charlie and Genie Passut
Lot 29 – Maureen Kenny
Lot 40 – Bob Brenneman
Lot 41 – Caroline and Herb Baker
Lot 42 – Caroline and Herb Baker
Lot 46 – Nick and Tina Rulli
Lot 48 – Daniel Tice
Lot 49 – Tom and Trish Everhart
Lot 56 – Doug and Stashia Van Deusen
Lot 58 – Don and Sharon Radeke
Lot 59 – Michael and Merilee Grubb
Lot 60 – Robert and Barbara Boyer
Lot 63 – Heather Brenneman
Lot 70 – Roger and Cathy Best
Lot 74 – Ingrid Mendez

Zoom Members in attendance:

Lot 1 – Jayson Warren and Erica Sexton
Lot 2 – Gregory and Donna Engel
Lot 3 – Gary and Judy Clawson
Lot 6 – Gary and Judy Clawson
Lot 14 – Renee and Warren Wayland
Lot 24 – Matthew and Terri Allison
Lot 27 – Curtis and Diana Nickels
Lot 44 – Branson and Lorinda Ayling
Lot 50 – Katherine Seaman and Joshua Pitcock
Lot 65 – Kara Schmid and C.J. Gorkos
Lot 67 – Mark and Channin Breeden
Lot 69 – Randy and Julia Dyke
Lot 72 – Aaron and Rachel Spear
Lot 75 – Andrew and Helena Seelinger
Lot 76 – James Sweeney
Lot 77 – Greg and Suzanne Ircink

Members in attendance by Proxy:

Lot 4 – Kristie Downes and Norma Bailey
Lot 30 – Ken and Shirley Donald
Lot 31 – J.D. and Pat Edwards
Lot 52 – Lisa and Brian Hall
Lot 62 – Scot and Juanita McAllister
Lot 79 – Brook and Mary Katherine Barbour
Lot 83 – Zacharia and Patricia Becker

1. Minutes:

The minutes from the 6/10/2023 Annual Members' Meeting were provided to members via the Sunrise Bay website. A motion was made and seconded to approve the minutes as posted. Minutes were approved as presented with no dissenting votes.

2. Amended and Restated Governing Documents' Status:

The By-Laws were approved at the 6/10/2023 meeting and have been posted on the POA Website.

The Articles of Incorporation require a meeting to conclude the vote, with the approval of more than 2/3 of all properties (59) in order to pass, or at least 30 to fail. The vote was inconclusive at the June 10 meeting, and again at this meeting, not having enough votes submitted to call it either way. Since this meeting already carried over from June and must conclude the voting process, voting will need to restart all over again. The recommendation was made to hold a member meeting to walk through the changes (perhaps with our attorney present) before starting the voting over again. This will likely occur in 2024.

The Covenants don't require a meeting but require a document signed by at least 2/3 of the properties in order to pass. The vote was inconclusive at the June 10 meeting, and again at this meeting, still not having enough votes submitted to call it either way. The recommendation was made to hold a meeting to walk through the open questions and concerns (perhaps with our attorney present) currently preventing members from approving them. This will likely occur in 2024.

3. Opportunity to Join the Board

The Members were informed that there is a current vacancy on the Board for Treasurer and the potential for another vacancy on the Board in October. The Treasurer vacancy was announced in an email prior to this meeting and both vacancies were announced during this meeting. To date, no members have stepped forward or been appointed to serve on the Board.

4. Financial Status

The President presented slides (attached) that reviewed the updates to financials and budget vs. actuals since the June 10 meeting. Of the $67,269 spend approved in June, based on actuals as of the end of August and anticipated expenses through the end of the year, we expect to spend approximately $1,514 over that $67,269. The detailed view of the budget vs. actuals was reviewed. The Operating Account and Reserve Account balances and projected end-of-year balances were also reviewed.

The following comments and concerns were raised.

- It was noted that we've spent a substantial amount of money on legal this year. The President confirmed we are well over the budget due to the work required for the amended and restated governing documents. This work is a unique expense, and the bulk landed this year. It was also noted that, even though the Articles and Covenants have not yet passed, the work put into them already paid for is not wasted. The amended versions are still intact until and unless they fail. At that point, additional expense will be needed to continue to iterate and review through legal.

- To save money, Ingrid Mendez, Lot 74, felt that a volunteer Sunrise Bay Legal Committee could facilitate getting items such as updating of the Governing Documents completed and recommended forming such a committee, which she volunteered to then lead. Our President expressed appreciation for the volunteer effort, but reminded the Members that we had one such committee for years; yet, a major source of our current state is due to not keeping up with the processes required under the laws that apply to Sunrise Bay, as well as changes to those laws, etc. Therefore, keeping our relationship with our association attorney is critical. If a volunteer committee is stood up to serve the board, it would not replace our association attorney relationship. This will be discussed at the next Board meeting and followed up with the association and Ms. Mendez.

- During the discussion of the landscaping contract a few members mentioned that some common areas were not being cut. Charlie Passut, Chair of the Common Area Committee, will address this problem. The President noted that we need to do a better job of quality control follow ups on the services rendered by our contractors and requested that if anything is noticed about Sunrise Bay that is of concern, to please send an email outlining the problem to sunrisebaylka@gmail.com or contact the appropriate Committee chair or the President.

5. 2024 Budget and Dues

The President next reviewed slides that walked through the changes since Members were last updated in June and the Pre Read sent in July. This included a reminder of what our dues pay for, an update on the two Board vacancies, and the option of hiring a professional Association Financial Manager.

There were then two 2024 Budget options presented – one without a Financial Manager, and one with a Financial Manager. In addition, the 5-year view of each budget was also reviewed. There were multiple clarifying questions asked as we worked through the details that included:

- Gary Clawson, Lots 3 and 6, asked why we expect to spend $4,000 for legal next year. The President clarified that we only expect to spend $1,800 for the retainer, which gives us discounted rates, free phone calls, and a 2-hour meeting with legal in attendance each year (used for Board training or a member meeting). However, we budget for $4,000, in anticipation of the active work still ongoing for the amending and restating of the Articles of Incorporation and Covenants, and any potential help we need with collections, contract reviews, etc.

- Greg Ircink, Lot 77, voiced concern with the significant amount for dredging being included in the reserve fund results, as it was voted down by the community several years ago. He felt a vote on dredging should be held and if it's not approved, that amount can be removed from the dues. The President pointed out that the severe increase is not only due to dredging, but many other complicating factors, including not having done, or managing to, a professional reserve study before. The results of this professional Reserve Study are not up for debate. It is performed by engineering professionals in the industry, with the sign off of the Board, and does not go to Member vote. It is required by law every 3-5 years, will soon be required by law to abide by its results, and includes the components, condition, and replacement cost and schedule that we are required to maintain. Dredging is the most costly solution for our silt management issues, and we are investigating other less costly ways to manage it, as indicated in the Study. However, planning for now includes dredging so we are prepared for it.

Finally, the President showed how the dues over the next 5 years will increase every year based on the reserve fund contribution amounts (p. A.5 of the Reserve Study) and budget projections. If the membership does not want to experience annual increases, the other option is to average the increases over the next 5 years and pay one larger increase that should last the 5 years, based on current projections.

6. Voting

To get to an approved 2024 Budget and dues, we started with voting on the Budget version that included the Financial Manager, with an annual dues of $786. If that vote failed, we would then vote on the 2024 Budget without the Financial Manager, with an annual dues of $712. If that vote failed, we would iterate through discussion with the Membership until we got to a Budget the members would approve.

Once whichever 2024 Budget was voted in, the 5-year dues option would be voted on if members were interested. Ultimately, only two votes were needed because the first budget voted on passed.

Vote 1: The first vote passed the 2024 Budget with the Financial Manager and annual dues of $786 due January 1, 2024. Of the 28 approvals needed, the results were:

29 YES
11 NO
02 Abstained

Vote 2: The second vote passed that budget's 5-year dues amount of $955 due January 1, 2024. Of the 28 approvals needed, the results were:

28 YES
14 NO

7. Funding the new Reserve Account (in addition to our CDs)

Earlier in the meeting it was noted that the Association will open a second account, so we no longer need to hold reserve funds in the operating account as the reserve CDs open and close. Tax law is very particular about how the monies are used on authorized expenses out of the different accounts, and this will make the tracking very clear. Therefore, the 2023 $10,000 Reserve Fund contribution voted in June will no longer be used to open a CD but will be used to open the new reserve account.

The meeting was adjourned at 12:30 pm.

Maureen Kenny, Secretary
Sunrise Bay Property Owners Association