

APPROVED
Board of Directors Meeting
Sky Bryce Association, Inc. (SBA)
July 21, 2021

The meeting of the Board of Directors of SBA was called to order at 9:05 AM by President Jeff Manning via Zoom internet. Also in attendance via Zoom were Vice President Tom Wright, Secretary Deborah Goddard, as well as Directors John Lavelle and Kathy Politis. Office Manager Laura McDaniel and Property Relations Manager Virginia Martin were present. Member John Tauber participated in a portion of the meeting.

Approval of the Agenda for the Meeting: Motion made by Tom Wright to approve the agenda. Kathy Politis seconded. Unanimously approved.

Approval of Minutes of BOD meeting held on June 18, 2021: Motion made by Deborah Goddard to approve the minutes of the meeting held on June 18, 2021. Tom Wright seconded. Unanimously approved.

Ms. Goddard noted that the board had adopted the following two actions by electronic mail earlier in the month: (1) Following the July 14 resignation of Director Debbie Turley, John Lavelle agreed to act as Treasurer and as Chair of the Budget and Personnel Committees until the fall election. (2) Noting that employees did not receive pay raises in 2020 due to the uncertainty of the effects of the Coronavirus Pandemic, the Board approved an immediate pay raise of 5.4% for SBA employees based on CPI indices for 2019 and 2020. Raises will be prorated as of the start date of employees hired since 2020 or as of the promotion dates for employees hired before 2020 who received promotions during the year. Long-term employees who did not receive promotions since 2020 will receive the full 5.4% increase.

President's Report: No separate President's Report. See individual sections for comments and information provided by Mr. Manning.

Treasurer's Report: No separate Treasurer's Report. See other sections.

Office Manager's Report: Ms. McDaniel's report was inadvertently skipped until the end of the meeting. She reported that SBA will be making its usual annual \$600 donation to Orkney Springs Fire & Rescue Department.

Committee Reports:

Architectural & Environmental: Mr. Wright reported that the Architectural Committee continued considering and approving routine architectural requests since the last meeting. He noted that actual construction has slowed due to a backlog of work by local contractors.

Budget and Personnel: None

Legal: Mr. Lavelle reported that we have received a draft of the audit report, noting an overall loss of \$16,000 in FY 2020. Assets increased by \$190,000 with the completion of the garage building. Mr. Lavelle signed the engagement letter with Kevin Humphries of PBMares, who has offered to meet with and brief the board. Mr. Wright asked how we allocate income from selling wood chips. Ms. McDaniel

noted that the cost is \$45 per truck load, delivered. Of that amount, \$25 goes into the operating account and \$20 goes directly to the person delivering. The charge is cut in half for persons using their own vehicles. Laura bills the customer \$45 for services and invoices the driver the \$20 and pays to him. Mr. Manning believes this service should be part of the crew's salary. Deliveries are made after hours but with SBA vehicles.

Mr. Lavelle noted that there is no profit in the \$45 charge which just offsets expenses. Mr. Manning mentioned taxes on fees paid to drivers outside their regular employment. Ms. McDaniel said the \$45 goes into the 901.1 account. She said there are 40-50 deliveries each year, and Mr. Wright noted that we almost sold out last year.

Mr. Lavelle noted that while we must have capital reserve funds, the Virginia Property Owners Act does not require a contingency fund of 3-4 months of operating expenses. He said that for capital replacement expenses, he recommended \$200,000 of the \$300,000 in the Contingency Fund could be distributed to reserve accounts. Our accountant recommended we should have in Reserve \$200,000 for Roads; \$60,000 for Patrol; and \$50,000 for Administration. Mr. Lavelle recommended we should transfer the funds using the same distribution (65%/20%/15% Roads, Patrol, Administration). Mr. Wright asked Mr. Lavelle to draft the proposal.

JOHN TAUBER JOINED THE MEETING AT 9:30 AM.

Mr. Lavelle noted that advance payments for current fiscal year assessments were deposited in the prior fiscal year and should be recognized as current year income.

Mr. Tauber said the state law mandates 4 months in a reserve account (3-4 months of the operating budget). Mr. Lavelle said that it does not. Mr. Tauber said the resort had a \$400,000 forgivable loan; could SBA do the same? Mr. Wright replied that we cannot because we are a 501(c)4 corporation, and thus ineligible.

Mr. Tauber said that when potential buyers see in the budget that we borrowed from reserves to meet financial goals, it could be a deterrent to future sales. Mr. Lavelle noted that we have been doing that the last four years to cover vehicle purchases and the buildings. Mr. Tauber suggested assessment increases rather than-withdrawing from reserve accounts to maintain the budget. Mr. Lavelle pointed out that the withdrawal from reserve accounts for replacement of capital equipment is what they are for.

Mr. Manning noted that we have not been consistent on timing and percentages of past assessment increases. And Mr. Tauber commented that it is easier to assess small increases each year. Mr. Lavelle noted that we should fund the Road Services reserve more than \$12,500 in FY 2022, looking towards vehicle and equipment replacement. Last year, we withdrew from a capital reserve earmarked for roads for a capital expenditure. Mr. Tauber said that this was done differently prior to 2016. Mr. Lavelle said that in addition to the Roads reserve account, we are establishing capital reserve accounts for the Patrol and Admin Departments. This will assist Department Heads and Chairs with budgeting for capital replacement for vehicles and equipment in upcoming years.

Mr. Tauber left the meeting at 9:50AM.

Reporting on Covenant violations, Mr. Lavelle noted that 69 homeowners were informed to clean their culverts. Four homeowners will be notified that we are preparing to file liens on their properties for other noncompliance matters. We notify the owner and give them an opportunity for a hearing. If they do not comply, we can assess a charge, and file a lien to collect like an assessment.

Ms. McDaniel noted a partial payment from one of the owners who was assessed a charge for covenant violations. She will draft a letter acknowledging receipt of their check and notifying them that if the remaining balance is not paid within 14 days, we will proceed with filing a lien. A similar letter will be sent to two other owners. Mr. Lavelle also gave an update on lien filings and collections on delinquent assessments.

Mr. Lavelle noted that Ms. McDaniel filed 229 liens this fiscal year. Our law firm filed 182 and charged \$32,000 for this and other related matters. The legal budget for this year was \$70,000. Mr. Lavelle will research the outsourcing of Accounts Receivables including lien filings to local firms and Mr. Manning suggested asking Matchbox if they are interested in handling this function on a stand-alone basis. Mr. Lavelle noted that our law firm has recommended that we not use a debt collection agency for several reasons including legal issues concerning the level of liability still incumbent upon SBA when utilizing a collection agency.

The directors discussed a payment plan that had been offered by a debtor, considering a counter proposal of 20% of the balance due followed by regular monthly payments for a set period of time. Mr. Lavelle will draft a standard payment plan agreement.

Long-Range Planning, Publications and Liaison: Deborah Goddard has submitted initial information to the newsletter designer and has received a preliminary proof. A few articles have already been submitted, and we still need a president's and finance report, as well as writeups from the Chairs of the Legal and Road Services Committee. All but two advertisers from last year have renewed their ads, and half a dozen or so new ones have been received.

Patrol Committee Report: A Patrol Report was previously provided to the directors. Ms. Politis commended the patrol staff for smooth operations during the Brycefest celebration.

Roads Committee Report: Mr. Manning reported that we are incurring expenses and that Chris Jordan is researching outsourcing asphalt repairs. He also reported that we are obtaining quotes for another trash trailer, noting that we handled eight tons of trash after Brycefest.

Liaison with Government Agencies: Mr. Wright said that a representative from Shenandoah County Department of Fire and Rescue has agreed to speak at our annual meeting. Among other things, he will address fire safety in a wooded community and 911 addresses because numerous houses do not have the address visible for first responders to identify.

Unfinished Business:

Employee Policy/Handbook Update: Ms. Goddard will be assisting Mr. Lavelle with updates to the employee handbook. The board will amend the handbook in its existing format, rather than work with the draft submitted last month. Policy in the current handbook allows employees to accrue and be paid up to 480 hours of accrued vacation and sick leave upon their resignation. Among other updates, the carryover and payout hours will be reduced upon resignation. The directors also briefly discussed the

current timekeeping process and accounting for leave earned and used per employee in each pay period. The accountant should be maintaining such a record, and it should be provided to each employee during each pay period.

Capital Reserve Accounts: See comments in Legal Committee Reports.

New Business:

Comments from Non Board Members on Agenda Items: Member John Tauber participated in the meeting between 9:30 and 9:50 AM. See discussion in Legal Committee Report.

Nominations Committee: Deborah Goddard, Tom Wright, Joe Griffin, Lynne Nouvel and Gary McDermott will serve on the nominations committee to recruit candidates for the next election to the board of directors. An initial meeting is scheduled for July 19, 2021. The committee will utilize the Basye Facebook page, the Sky Bryce web site and the Bryce Resort Newsletter to recruit candidates.

Open BOD Seats: Four positions will be filled this year. There will be two three-year terms to fill the seats of outgoing directors Jeff Manning and Tom Wright. There will also be two one-year terms to fill the remaining terms of directors John Barnes and Debbie Turley, who resigned this year.

Next Board Meeting: The next meeting will be Wednesday, August 18, 2021 at 9:00 AM.

Adjournment: Tom Wight moved to adjourn and John Lavelle seconded. Unanimously approved. The meeting was adjourned at 10:15 AM.

Respectfully submitted by:
Deborah Goddard, Secretary
Board of Directors
Sky Bryce Association, Inc.