

Saratoga

commercial real estate

Memorandum

To: Cordata Business Park Association
From: Ken Reinschmidt, Manager
Date: February 27, 2019
Re: Annual Owners Meeting

The annual meeting for the Cordata Business Park Association will be held on **Thursday March 14, 2019 at 3:00 p.m.** in the brick building (across from the new bus depot), located at 333 Calluna Court, Suite 201.

The following is enclosed for your review:

- Meeting Agenda
- 2018 - Latest Members Meeting Minutes
- 2019 - Annual Budget Meeting Minutes
- 2018 - Financials
- 2019 - Budget and Budget Notes

Please call if you have any questions or would like an item added to the agenda. Thank you and we look forward to seeing you there.

Luke Reardon, and Ken Reinschmidt
Saratoga Commercial Real Estate

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CORDATA BUSINESS PARK ASSOCIATION

2019 ANNUAL MEETING OF THE **MEMBERS OF CBP**
At 3:00 March 14, 2019. WCC FOUNDATION BLDG Suite 201

AGENDA

1. Call to Order - Verify Quorum
2. Approve latest Members Minutes 2018, Board Meeting 2019
3. ReCap Financial and Budget review presented during last Member's Meeting
 - Review of 2018 Financials**
 - Profit & Loss, Balance Sheet, A/R report
 - Budget for 2019**
 - Budget Notes
 - 2019 Budget
 - 2019 Dues do not significantly change from 2018 Dues
4. ReCap review of Resolution to deed open space parcel to City of Bellingham
 - Members passed resolution to deed open space parcel to City Association deeds open space wetland parcel to City
 - Parcel transferred conditioned on use as City Park
 - Deed transferring ownership was executed in January-February 2019.
5. Report Board's discussion regarding reserve Policy
 - Saratoga to provide report on estimated cost to replace storm water structures
 - Discuss irrigation system and preventative maintenance
9. Open Discussion
 - New development and impacts
 - New Business
10. Board of Directors
 - Nomination and election of **Odd** numbered positions because 2019 is odd # Yr.

2017 Directors

Director 1: Brian Keeley

Director 2: Steven Crooks,

Director 3: John Getchell, President

Director 4: Nancy Taylor, Secretary

Director 5: Julie Guy, Treasurer

Director 6: Carrie Veldman – Vice President

Director 7: Darcy Jones

11. Board Meeting to Follow.

Adjourn

Minutes of Annual Board of Directors Meeting 2019
CORDATA BUSINESS PARK ASSOCIATION

The annual meeting of the Board of Directors was held on **Thursday, February 21 2019** at 333 Calluna Court, Suite 201C Bellingham, WA 98226

Members

Present:

Name

Entity

John Getchell

Cordata Park Place Condo Assoc.

Carrie Veldman

The RJ Group

Brian Keeley

Whatcom Community College

Steve Crooks

Reserve at Cordata

Ken Reinschmidt

Saratoga Commercial Real Estate, Manager

Luke Reardon

Saratoga Commercial Real Estate, Asset Manager

1. Call to order

The meeting was called to order at 3:38 p.m. by Association President, John Getchell. And a Quorum was verified.

2. Approve Minutes John Getchell motioned to waive the review and reading of the 2018 Members Meeting Minutes and accept them as presented. This motion was voted upon and passed unanimously.

3. Review 2018 Financials

Ken and Luke reviewed 2018 financials. The highlights were:

- The total expenses came out right on track with the budget for the year despite significant overages in repairs and maintenance for the grounds as well as legal fees.
- Repairs and maintenance for the grounds was over budget due to major repairs to three of the associations backflow devices. There was also a valve replacement done for one of the irrigation areas.
- Water use was very far under budget due to the irrigation being turned off for a majority of the year. This is because the backflows needed to be repaired before turning the main line back on.
- Legal expenses were over budget due to the transfer of the open space parcels to the City of Bellingham for the new community park that will be developed. It was requested that the invoice from Belcher Swanson, the Associations attorney, be sent to the City of Bellingham for payment. Ken will follow up with the City regarding this.
- We reviewed the small amount of owners that still owe for past year assessments. These owners have been contacted and we will do what we can to collect the remaining balance.
- We reviewed the 2018 balance sheet and commented on the fact that we have already begun receiving 2019 assessments.

4. 2019 Budget

The 2019 Budget has already been approved and the assessments have been sent out to owners for the year. The board did not need to discuss the 2019 budget in great detail as this had already been reviewed and approved upon at the previous meeting. Overall, the assessment rate per acre slightly decreased compared to last year although the budget for 2019 very closely mirrors the 2018 budget.

5. Tax Discussion

Ken explained why there were taxes paid in 2018. Typically, the unused income could be transferred into the following year's budget to avoid taxes on the income. We had done this for 2018, but apparently this can only be done every other year. Because of this, we did not have to pay taxes in 2017 but were required to for 2018. This explains why there was an overage in the taxes line item. John Getchell made a motion to continue to engage Newman and Associates for future tax services. The motion was unanimously approved.

6. Parcel Transfer to City of Bellingham

Carrie Veldman verified that all documents are signed and recorded concerning the parcel transfer to the City of Bellingham. Carrie will send the documents to Ken to be kept in a file for the Cordata Business Park Association.

7. Irrigation and General Maintenance

Ken and Luke discussed the current condition of the irrigation lines. In short, the system is very old and is showing serious signs of needed repairs. Saratoga has begun the conversation with Proscapes, the landscaping company that oversees the irrigation system and operations. Luke will work with the landscaping company to get hard bids for this work so we can begin discussion to implement an irrigation improvement plan going forward. We believe it could cost close to \$10,000 to replace each line of irrigation and there would need to be 3 lines replaced. Luke will also obtain a letter from Proscapes that will identify the condition of the trees along the road as well as confirm with the City which trees will be impacted by the new park. On a separate note, Ken will connect with Darcy regarding the replacement of the reserve structures.

8. Parcel Audit

Ken discussed the parcel audit that Saratoga did in 2018. The audit verified owner contact information, parcel numbers, and acreage. Overall the acreage did not change too significantly, but there was some owner contact information that was corrected. The acreage only slightly increased as a whole, which will bring the assessment rate per acre down.

9. THE MEETING WAS ADJOURNED AT 4:34 PM

Minutes of Board of Directors Meeting 2018
November 1, 2018
CORDATA BUSINESS PARK ASSOCIATION

The annual meeting of the Board of Directors was held on **Thursday, November 1, 2018** at 333 Calluna Court, Suite 201B Bellingham, WA 98226

Members

Present:

<u>Name</u>	<u>Entity</u>
John Getchell	Cordata Park Place Condo Assoc.
Julie Guy	El Dorado
Nancy Taylor	Parkway Professional Building
Carrie Veldman	The RJ Group
Steve Crooks	Reserve at Cordata
Ken Reinschmidt	Saratoga Commercial Real Estate, Manager
Luke Reardon	Saratoga Commercial Real Estate, Asset Manager

1. Call to order

The meeting was called to order at 3:05 p.m. by Association President, John Getchell. And a Quorum was verified.

2. Approve Minutes

The board reviewed the previous 2018 Annual Member Meeting Minutes as well as the Minutes from the board meeting that followed. John Getchell motioned to approve of the Minutes and move on to the next agenda item. This was voted upon and passed unanimously.

3. Review 2018 Financials

Luke reviewed 2018 financials. The highlights were:

- Saratoga has been successful in collecting all the 2018 member dues with the exception of a couple members. The members who still owe annual dues have been notified and a lien will be put on their property should they not pay before the end of the year.
- The association is currently under budget concerning consulting expenses as a whole. This line item will come in close to budget by the end of the year as we anticipate at least one more bill for DRC consulting. Saratoga also plans to perform another parcel audit before the end of the year to ensure we have accurate/up-do-date information for all owners. This amount would be billed upon completion before the end of the year.
- Legal fees were significantly over budget due to attorney fees related to the transfer of the open space parcels to the City of Bellingham for the new park that will be developed.
- The association had to repair 3 of the backflow devices for the irrigation system this last summer. Because of these unexpected significant repairs, the repairs and maintenance line item for the grounds was over budget.
- Landscaping was under budget for the year, so Saratoga coordinated to have the dead trees cut down and replaced along the Parkway.
- The biggest factor affecting the budget for 2018 was the irrigation expenses. Due to the significant repairs to the irrigation system (the backflow devices) the water

was not turned on for a long period of time. Because of this, the association was under budget in utilities.

- Overall, the budget will be coming in on track with the total cost that was anticipated for the year. Although certain line items were over budget, there were many areas that came in under. Saratoga has analyzed where we are currently at and coordinated so that we will come in as anticipated.

4. Review 2019 Budget

After the board finished the review of the year to date actuals, Saratoga explained how they used these numbers to formulate the budget for 2019. Some important changes include:

- Reducing the DRC expense due to less anticipated cost in 2019
- Removing the Parcel Audit lint item as this will be completed in 2018
- Reducing Legal fees as we do not anticipate as much need for legal counsel
- Landscaping will remain the same and the association will plan to include an extra amount each month for tree maintenance

The board was in agreement with the proposed budget, with the exception of two changes. They wanted DRC income to be increased by \$1,500 (still less than 2018 amount). The board also requested that Saratoga add an extra \$100/mo for tree maintenance. John Getchell motioned for the approval of the proposed budget as amended. Motion to approve – Steve Crooks, 2nd Julie G, passed.

5. Transfer of open space parcels to City

The board discussed and reviewed the deed transfer documents prepared by Scot Swanson-attorney. The board felt that they have done their due diligence in ensuring that member's rights are protected. John Getchell requested an official legal opinion regarding the voting rights on homeowners associations. Scot will be following up with this the second week of November. Saratoga was tasked with putting together the Member Meeting Announcement and sending this out to all members in the association. The board voted to approve of the documents prepared by Scot Swanson. Motion to approve- Nancy Taylor, 2nd Carrie Veldman, passed. These packets include an announcement cover letter, the quitclaim deed, proxy for voting (for those that cannot attend), as well as a map of the 2 parcels that this is regarding. These packets were sent out to members on Friday, November 9, 2018. The meeting will be held on Tuesday, December 11, 2018 at 3pm.

6. Maintenance of Irrigation System

The board briefly discussed the status of the association's irrigation system. Saratoga was told by ProScapes, the contracted landscaping company, that the irrigation system is very old. Many of the pipes are corroded and will need to be replaced. Rather than waiting for the system to potentially begin having issues all at once, the board believes it would be wise to begin budgeting to replace sections of the irrigation piping each year. This will be an item for discussion in the future and will most likely be added to the 2020 budget. The anticipated budgeted amount would be \$10,000/year. The board also discussed the potential of reducing or eliminating the irrigation system along the

parkway. This would clearly save money on utilities and maintenance, but there would need to be further discussion and input from members.

7. Reserve Balance Target

Local civil projects contractor has been slow to provide estimates for estimated replacement cost for the Associations storm water control structures in the park. Saratoga has now started conversation with one of the Members in the Park who has replaced several very similar structures. We will work with this member, represented by Darcy Jones, to review their project costs and will use this data as benchmark for projected cost for future replacement of the Associations control structures. We will then compare these projected costs with our reserve fund balance to set reserve fund balance target.

8. Meeting Adjourned

At 4:28 pm, John Getchell motioned to adjourn the meeting. It was seconded by Julianna G. and unanimously approved by vote of the board members.

9:24 AM

02/21/19

Cash Basis

Cordata Business Park Association

Profit & Loss Budget vs. Actual

January through December 2018

	Jan - Dec 18	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Assessments	90,457.67	94,443.00	-3,985.33	95.8%
DRC Fees - Income	5,225.00	6,500.00	-1,275.00	80.4%
Total Income	95,682.67	100,943.00	-5,260.33	94.8%
Expense				
Bank Charges	4.74			
Consulting				
Consulting-DRC	2,155.00	6,500.00	-4,345.00	33.2%
Accounting	890.00	770.00	120.00	115.6%
Parcel Identification and audit	2,000.00	2,000.00	0.00	100.0%
Website build and maintenance	0.00	400.00	-400.00	0.0%
Total Consulting	5,045.00	9,670.00	-4,625.00	52.2%
Insurance	2,724.00	2,950.00	-226.00	92.3%
Legal Fees	7,125.00	400.00	6,725.00	1,781.3%
Licenses & Permits	10.00	100.00	-90.00	10.0%
Management Fees	13,980.00	13,980.00	0.00	100.0%
Office Supplies	137.79	425.00	-287.21	32.4%
Power	4,311.71	4,200.00	111.71	102.7%
R&M				
R&M Electrical	0.00	1,600.00	-1,600.00	0.0%
R&M Grounds	18,808.37	3,300.00	15,508.37	570.0%
R&M Landscaping	40,202.70	41,768.00	-1,565.30	96.3%
Wetland Maint	0.00	1,200.00	-1,200.00	0.0%
Total R&M	59,011.07	47,868.00	11,143.07	123.3%
Taxes	2,517.99	350.00	2,167.99	719.4%
Water - Irrigation	5,878.89	21,000.00	-15,121.11	28.0%
Total Expense	100,746.19	100,943.00	-196.81	99.8%
Net Ordinary Income	-5,063.52	0.00	-5,063.52	100.0%
Other Income/Expense				
Other Income				
Interest Income	167.44	110.00	57.44	152.2%
Total Other Income	167.44	110.00	57.44	152.2%
Net Other Income	167.44	110.00	57.44	152.2%
Net Income	-4,896.08	110.00	-5,006.08	-4,451.0%

- Belcher Swims
Parcel transfer

- irrigation valve,
backflows

- water
shut off

Cordata Business Park Association
A/R Aging Summary
 As of December 31, 2018

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
A-1 Cordata Storage	0.00	-975.23	0.00	0.00	0.00	-975.23
Bedford Homes Condo	0.00	-659.84	0.00	0.00	0.00	-659.84
Cordata Cottages, Inc	0.00	-1,398.53	0.00	0.00	0.00	-1,398.53
Cruisin Coffee Cordata	0.00	-64.32	0.00	0.00	0.00	-64.32
Heronwood Condo Association	0.00	0.00	-610.04	0.00	0.00	-610.04
Maples at the Reserve at Cordata	0.00	-1,491.90	0.00	0.00	0.00	-1,491.90
Meadowbrook Condo Association	0.00	-780.19	0.00	0.00	0.00	-780.19
Micro-Radian-Thurston Family Trust	0.00	-342.37	0.00	0.00	0.00	-342.37
Multop Financial	0.00	-348.59	0.00	0.00	0.00	-348.59
R&H Farm Inc	0.00	0.00	-2,147.59	0.00	0.00	-2,147.59
Reserve at Cordata - Div 1	0.00	-3,857.37	0.00	0.00	0.00	-3,857.37
Ryanna LLC	0.00	0.00	-1,197.26	0.00	0.00	-1,197.26
Silverado Care	0.00	0.00	0.00	0.00	604.88	604.88
Stonybrook Homeowners Association	0.00	-2,170.42	0.00	0.00	0.00	-2,170.42
Sunny Oak LLC	0.00	0.00	0.00	0.00	382.58	382.58
Susan Thor Trust	0.00	0.00	-211.65	0.00	0.00	-211.65
Tay-Ku LLC / Cordata Venture LLC	0.00	0.00	0.00	0.00	-0.01	-0.01
Tom & Zora McMaster	0.00	0.00	-331.99	0.00	0.00	-331.99
Western Mortgage Development Corp (T-Mobi	0.00	0.00	0.00	0.00	2,257.67	2,257.67
Whatcom Plaza LLC	0.00	-381.79	0.00	0.00	0.00	-381.79
TOTAL	0.00	-12,470.55	-4,498.53	0.00	3,245.12	-13,723.96

10:05 AM

02/21/19

Cordata Business Park Association
A/R Aging QuickZoom
As of December 31, 2018

Type	Date	Num	Name	Terms	Due Date	Open Balance
Silverado Care						
Payment	05/19/2016	1598146462	Silverado Care			-953.05
Invoice	02/01/2018	1739	Silverado Care	Due on receipt	02/01/2018	1,557.93
Total Silverado Care						604.88
TOTAL						604.88

10:09 AM

02/21/19

Cordata Business Park Association
A/R Aging QuickZoom
As of December 31, 2018

Type	Date	Name	Due Date	Aging	Open Balance
Sunny Oak LLC Invoice	02/01/2018	Sunny Oak LLC	02/01/2018	333	382.58
Total Sunny Oak LLC					382.58
TOTAL					382.58

10:06 AM

02/21/19

Cordata Business Park Association
A/R Aging QuickZoom
As of December 31, 2018

Type	Date	Num	Name	Due Date	Open Balance
Western Mortgage Development Corp (T-Mobi					
Invoice	01/01/2017	1697	Western Mortgage Development Corp (T-Mobi	01/01/2017	1,167.33
Invoice	02/01/2018	1761	Western Mortgage Development Corp (T-Mobi	02/01/2018	1,090.34
					<hr/> 2,257.67
Total Western Mortgage Development Corp (T-Mobi					<hr/> 2,257.67
TOTAL					<hr/> <hr/>

9:44 AM

02/21/19

Accrual Basis

Cordata Business Park Association
Balance Sheet
As of December 31, 2018

	Dec 31, 18
ASSETS	
Current Assets	
Checking/Savings	
Peoples Checking	17,713.48
Peoples MM	10,180.98
CD - Peoples Bank	9,447.02
Liquid CD	64,991.60
Total Checking/Savings	102,333.08
Accounts Receivable	
Accounts Receivable	-13,723.96
Total Accounts Receivable	-13,723.96
Total Current Assets	88,609.12
Fixed Assets	
Land Improvements	13,561.24
Total Fixed Assets	13,561.24
Other Assets	
Accum Depreciation	-9,378.07
Total Other Assets	-9,378.07
TOTAL ASSETS	92,792.29
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	3,215.71
Total Accounts Payable	3,215.71
Total Current Liabilities	3,215.71
Total Liabilities	3,215.71
Equity	
Opening Bal Equity	0.01
Retained Earnings	97,965.75
Net Income	-8,389.18
Total Equity	89,576.58
TOTAL LIABILITIES & EQUITY	92,792.29

Cordata Business Park Association
NOTES TO BUDGET REPORT
January through December 2019

Expense:

Consulting-DRC: \$4,500

Accounting: \$12.50 per month for reconciliations. \$500 (Aug) for tax returns. \$60 for 1099's

Wetlands Consulting: \$0

Insurance: \$1,450 (May) for Directors and Officers, \$1,500 for liability insurance (May).

Legal: \$1,000 misc review

Licenses & Permits: \$100 per year non-profit corp

Management fees: \$1,199 per month (3% increase)

Miscellaneous: none.

Office Supplies: \$125 per year for annual assessment packets (April), \$300/yr. (Dec) for postage, check orders and storage.

Power: \$4,200/year or \$350/mo. (based on 2017 averages).

R&M (Repairs and Maintenance):

Electrical: \$1,600/year for misc. repairs and one control box replacement (May) per year until all are up-to-date

Grounds: \$1,000/yr. (April) for irrigation backflow testing & repairs (based on 2017 actuals); Tree & bush replacements - \$1,100/yr., \$100/ mo litter

Landscaping: \$2989.25/mo (\$35,871/yr.) per ProScapes contract; \$3,500 for bark mulch application (Apr-May) \$300/mo Tree maint

Wetland Maintenance: \$2200/year

Water - Irrigation: \$21,000 annually based on 2017 actuals plus variance

Other Income/Expense:

Interest Income: \$110

	<u>Jan - Dec 18</u>	<u>Jan - Dec 19</u>
Ordinary Income/Expense		
Income		
Assessments	94,443.00	92,334.00
DRC Fees - Income	<u>6,500.00</u>	<u>4,500.00</u>
Total Income	<u>100,943.00</u>	<u>96,834.00</u>
Expense		
Consulting		
Consulting-DRC	6,500.00	4,500.00
Accounting	770.00	700.00
Parcel Identification and audit	2,000.00	0.00
Website build and maintenance	<u>400.00</u>	<u>0.00</u>
Total Consulting	<u>9,670.00</u>	<u>5,200.00</u>
Insurance	2,950.00	2,950.00
Legal Fees	400.00	1,000.00
Licenses & Permits	100.00	100.00
Management Fees	13,980.00	14,388.00
Office Supplies	425.00	425.00
Power	4,200.00	4,200.00
R&M		
R&M Electrical	1,600.00	1,600.00
R&M Grounds	3,300.00	3,300.00
R&M Landscaping	41,768.00	40,471.00
Wetland Maint	<u>1,200.00</u>	<u>2,200.00</u>
Total R&M	<u>47,868.00</u>	<u>47,571.00</u>
Taxes	350.00	0.00
Water - Irrigation	<u>21,000.00</u>	<u>21,000.00</u>
Total Expense	<u>100,943.00</u>	<u>96,834.00</u>
Net Ordinary Income	<u>0.00</u>	<u>0.00</u>
Other Income/Expense		
Other Income		
Interest Income	<u>110.00</u>	<u>110.00</u>
Total Other Income	<u>110.00</u>	<u>110.00</u>
Net Other Income	<u>110.00</u>	<u>110.00</u>
Net Income	<u>110.00</u>	<u>110.00</u>
Assessment/acre	212.24	<u>207.50</u>

2:33 PM

11/05/18

Accrual Basis

Cordata Business Park Association

Profit & Loss Budget Overview

January through December 2019

	Jan - Dec 19
Ordinary Income/Expense	
Income	
Assessments	92,334.00
DRC Fees - Income	4,500.00
Total Income	96,834.00
Expense	
Consulting	
Consulting-DRC	4,500.00
Accounting	700.00
Total Consulting	5,200.00
Insurance	2,950.00
Legal Fees	1,000.00
Licenses & Permits	100.00
Management Fees	14,388.00
Office Supplies	425.00
Power	4,200.00
R&M	
R&M Electrical	1,600.00
R&M Grounds	3,300.00
R&M Landscaping	40,471.00
Wetland Maint	2,200.00
Total R&M	47,571.00
Water - Irrigation	21,000.00
Total Expense	96,834.00
Net Ordinary Income	0.00
Other Income/Expense	
Other Income	
Interest Income	110.00
Total Other Income	110.00
Net Other Income	110.00
Net Income	110.00