



Shelley Lake Homeowner's Association

P.O. Box 1872, Veradale, WA 99037

Approved Minutes – Board of Directors' Meeting

Thursday, July 6, 2006, 7:00 PM
Mirabeau Park Hotel, Spokane, WA

Officer's Present: Scotty Smith, President (Also representing 4th Addition)
Mike Syrcle, Vice President (Also representing Reflections PUD)
Norene Green, Treasurer
Claudia Hersey, Secretary

Director's Present: Bob Harris (Representing 3rd Addition)
Bill Martin (Representing 2nd Addition & Architectural/Landscape Committee)
Mike Girtz (Representing 1st Addition & Architectural/Landscape Committee)

Committee Members Present: Joe Palleria, Architectural/Landscaping Committee

Guests: None

President Scotty Smith called the meeting to order at 7:00 p.m. He established a quorum was present and confirmed the planned agenda items.

Scotty Smith asked members to re-introduce themselves and share information about their background, how long they lived in the Shelley Lake community, and the reason they wished to serve as an officer/director of the Shelley Lake Estates Homeowner's Association. There was mutual agreement they wished to make positive changes that would create a more functional community and preserve the natural serenity of the lake while increasing the safety and security of homeowners, children, and property.

Scotty Smith reminded all officers, directors, and committee members of the Board they would be expected to lead by example or would be asked to remove themselves from the Board.

Minutes Approval

Scotty Smith reported the draft minutes from the June 22, 2006 Shelley Lake Estates Homeowner's Association (SLHA) developer turnover meeting, were currently under legal review and that he expected to receive an approved copy from the attorney's for Board approval by the end of the week. Scotty Smith also reported the voting rights of those homeowners who participated in the June 22nd meeting were being verified (i.e. determine whose dues were paid for the current fiscal year), so the motion to accept the nominations of the new board members could be confirmed.

Other Motions

The Board previously authorized Norene Green to open a bank account on behalf of the new homeowner's association.



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The Board previously authorized Claudia Hersey to open a Post Office box on behalf of the new homeowner's association.

Financial Review

Treasurer Norene Green reported she had successfully transferred the balance of funds from the old Association to the new Association bank account, as well as any remaining monies from the gate operation fund. The total funds transferred to the new Association was \$21,800.

Norene Green reported she had obtained financial records including tax returns, bank statements and other accounting records from which she was able to reconstruct brief financial statements for the last five years. Norene noted she was expecting bank statements for 2006 from Mr. Heitman's office later in the week.

The Board reviewed the cash balance sheet, accounts payable and receivable, which included a review of past due Association fees for 2006. Norene reported there were 23 homeowner's who had not paid their 1st half 2006 homeowner's dues. The Board agreed all homeowners, as members of the Association, are responsible to pay annual dues, as well as any special assessments, as approved by the Association members, as outlined in the Association's Covenants (CC&R's), and could be charged penalty and interest for the past due fees.

The Board agreed homeowner's whose dues were not paid in full for 2005, and not paid in full for the first half of 2006, are subject to interest and penalty charges (as outlined in the CC&R's). Therefore, the Board agreed, on behalf of the new Association, a communication would be sent to all homeowners' that regardless of their "dissatisfaction" with the previous Association's management, past due Association fees are immediately due and payable, but would allow a specified period during which time homeowner's could voluntarily submit past due Association fees and not be subject to interest and penalty charges.

Notice to homeowner's for payment of the 2nd half 2006 homeowner's dues was mailed at the end of June by the former Association's management office to their list of homeowners, however, we weren't sure if that list was completely current. The Board agreed they needed to develop a comprehensive method by which to understand when new homeowner's move in, or when homeowner's move out, in order to assess Association fees and collect any balances due. Until such a process is formalized it was agreed that "word of mouth" to Norene Green would be reliable method. A formal plan would be discussed at the next regular Board meeting.

The Board requested Norene Green attempt to prepare a preliminary budget for the remainder of 2006 for review and approval by the Board at the next regular meeting. The Board agreed it would determine at that time whether the current homeowner's dues would be sufficient to support the new Association's requirements for the remainder of the year.



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STRATEGIC PLANNING

Communication

A proposal was made to provide a means by which homeowner's could send communications to the Association's Board, and the Board could post communications to homeowners. It was suggested a "box" be installed at each entry or postal unit for this purpose. The Board agreed there was a need for better communication methods with homeowners' and would include this question in a survey to homeowners with regard to best methods to communicate.

A proposal was made to develop a "new homeowner's pamphlet/kit" that would provide detailed information with regard to the Association, membership dues, Board communications, Association CC&R's, other property restrictions and safety regulations, process by which to submit outside home improvement applications, landscape/architectural design plan applications, homeowner complaints, and the enforcement powers of the Board, as well as to introduce the Shelley Lake website. The Board agreed and a sample package will be provided at the next regular meeting of the Board, or other future meeting for review.

The Board also considered the possibility of conducting a survey to discover homeowners' opinions about the current state and future vision for the Shelley Lake community, helping the new Association identify opportunities for neighborhood improvements. The Board agreed a survey would provide a baseline by which to measure current homeowner satisfaction and the Board's performance on behalf of the Association, and would review a sample at the next regular meeting of the Board.

NOTE: Currently homeowner's may communicate with the Board, in writing, attention Scotty Smith, President, Shelley Lake Estates Homeowner's Association, P.O. Box 1827, Veradale, WA 99037, or via the Shelley Lake Association's website at www.shelleylake.org.

Insurance /Risk Assessment

The Board conducted research related to Association and Directors and Officers (D&O) liability insurance. D&O liability insurance provides coverage in the event of a lawsuit claiming some Board act or omission caused harm. A typical D & O liability policy protects the Association when someone makes a claim for monetary damage, not property damage or personal injury, arising from the negligent actions of the Board. Claims for personal injury or property damage usually fall under the Association's general liability policy. The insurance company is required by the terms of the insurance policy to defend such a claim and to pay any settlement reached or judgment entered due to the association's negligence. Payments are capped by the policy limits less any applicable deductible. Policy minimum requirements are set forth in the current CC&R's.

The Board reviewed proposed coverage options and cost estimates from three reputable insurance firms. Scotty Smith recommended further research to understand potential liabilities related to the lake in order to determine insurance coverage needs. The Board agreed to review final proposals and obtain coverage by Friday, July 16, 2006.



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OTHER ITEMS

Board Representation

Scotty Smith noted the Association may need to include representation from the 5th addition as we look forward to it's development in the next 6 months.

Gates

Dick Olsen is established as the current provider of gate control access codes/keys to Shelley Lake Estates homeowners. Fred Samuelson will continue to provide gate control access codes/keys to Reflections gates. Expenses to run the gate and provide keys/codes will be accounted for by Norene Green.

Signage

The Board will conduct research on lake and shoreline ownership responsibilities to determine Legal/liability requirements and need for additional signage around the lake and trails.

Water Pump

After the last electrical storm the water pump safety mechanism stopped the pump. The Board determined it was important to restart the pump as soon as possible. The Board would have the pumphouse/pump operation inspected and based on this inspection would agree to recommendations for repair.

Meeting With Developer/Real Estate Interest

On behalf of the Association, Scotty Smith will schedule a meeting with the developer and former Association management to request information regarding architectural, structural, engineering, mechanical, electrical and plumbing plans for the Shelley Lake community. The Board will also request information related to historical repair and/or maintenance records of the property, previous insurance issues, review situation concerning water rights for the supplemental pump, and discuss matters related to landscaping and trail access issues, copies of any leases to which the association is a party, any individual homeowner's approved landscaping /fencing plans, and current list of homeowner complaints or other communications, to be materially relevant to the new Association and for review/resolution by the Board.



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ARCHITECTURAL CONTROL/LANDSCAPE COMMITTEE REPORT

Mailboxes

The issue of the cluster mailboxes (which are the property and responsibility of the Shelley Lake Estate's Homeowner's Association) currently located outside the main entry gates and proposal to move them to an appropriate location inside the entry gates was reviewed by the Board. The Board will research U.S. Postal Service requirements for potential relocation of these cluster mailboxes, discuss issue with homeowner users, review cost estimate to complete the job, and decide whether to approve this change.

Four Season's Landscaping

The Board and Architectural Committee reviewed the current contract with the vendor providing services to Shelley Lake. They also reviewed the current sprinkler and controls system layout as well as discussed potential repairs and certain maintenance costs such as snow removal, etc. to the Association.

Fire Department Access to Private Drive

The Board is conducting research with fire department officials related to fire safety issues and access and turnaround requirements.

Fencing

A proposal was made to seek bids for the repair of the Reflections fencing along 4th Avenue. The Board will consider expense and review for approval at the next regular Board meeting.

VOLUNTEER OPPORTUNITIES

The Board recognized there was interest from certain homeowner's to volunteer their time on special interest projects or assist Committee's of the Board and asked that members of the Board be sure to communicate if there was anyone who had any interest to let them know we had opportunities and to encourage them to provide their contact information for reference.

NEXT MEETING

The next regular meeting of the Association Board of Directors/Boards is Thursday, July 20, 2006.

There being no further business, Scotty Smith thanked everyone for volunteering to serve as Directors/Officers/Board members of the Association, and adjourned the meeting at 9:35 p.m. PT.

Respectfully submitted,

Claudia Hersey

Date



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Secretary
Shelley Lake Homeowners Association

APPROVED AND ACCEPTED BY:

Scotty Smith
President
Shelley Lake Homeowners Association