



Shelley Lake Estates Homeowners' Association
FINAL MINUTES
2012 ANNUAL HOMEOWNERS' MEETING
January 10, 2012
7:00 p.m. – 9:00 p.m.
Central Valley High School – Spokane, WA

Board Attendees:

Sharon McHugo	Director	Zone 1
Steve Watilo	Director	Zone 2
Dave Syrcle	Director	Zone 3
Bill Martin	Director and Vice President	Zone 4
Bob Harris	Director and President	Zone 5
Dan Pfeiffer	Director	Zone 6
Diana Wilhite	Director	Zone 7
Claudia Hersey	Secretary	Non-voting

Committee Attendees:

Derek Buckley	Architectural Committee Chair	Non-voting
Sabrina Beuchler	Treasurer	Non-voting
Lisa Diffley	Communications Committee Chair	Non-voting

#	TOPIC	DISCUSSION	ACTION AND/OR FOLLOW-UP INFORMATION CONTACT PERSON
1	Call to Order	Bob Harris (Bob) acted as Chairperson and Claudia Hersey acted as Secretary.	The Chairperson declared the members present constituted the quorum necessary for the transaction of business at the meeting.
2	Agenda	Bob reviewed the agenda and discussed the business requirements of the meeting.	No additional items were added to the agenda.
3	Quorum	It was established there were 66 lot owners in attendance + 59 lot owners by proxy or absentee ballots (which qualify as proxy by definition of "present, in person or by proxy"); + 45 by proxy for quorum purposes only = total present in person or by proxy: 170 lot owners; all votes will be valid and final in acting on each proposition.	
4	Introductions	Board Members, Zone Directors, Committee Chairs and key volunteers were introduced.	
	Overview of HOA	Homeowners were reminded the Homeowners Association is a nonprofit corporation managed by volunteer elected Board of Directors who are legally required to act in the best interests of the HOA. Also noted was the HOA can never be dis-incorporated,	

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		under present city regulations.	
	BOD & Committees	Bob reviewed the duties of the Board of Directors and responsibilities of its officers and Committees (Architectural, Communications and Maintenance).	
	2012 Board Meetings	All residents were invited to attend the meetings of the Board of Directors and were also reminded that meeting minutes are posted to the Shelley Lake website at www.shelleylake.org . The 2012 meeting schedule was provided (subject to change). Anyone interested in attending was asked to please call or email Bob Harris or their area Director to confirm their attendance at the meeting (due to limited seating).	2012 Board Meeting Schedule Mar 7, May 17, Jul 12, Sep 14, Nov 15 7:00 – 9:00 p.m.
	2011 Goals and Accomplishments	Bob reported on lake, shoreline and common area improvements in 2011 and status of the perimeter fence replacement project (3700 feet completed in 2011); reserve fund status; and that we had several well attended community events throughout the year.	
	New Policies	The following policies and procedures that were adopted by the Board in 2011, to supplement and implement the CC&R's and/or establish administrative controls were reviewed including: <i>6-1 Lakeside Common Landscaping; 11-1 Signs Display; and 11-2 Home Based Business/Occupations.</i>	Hard copies of the policies were available at the meeting and are posted on the Shelley Lake website.
	2012 Goals	With the help of more volunteers, we will plan to continue shoreline, lake water, habitat, roads and common area improvements/maintenance projects; and will continue the fence replacement project as well. Plan also to present a proposal for new storage/maintenance building to Directors for review; and will hold various community events including the annual Shelley Lake garage sale, the popular BBQ's and ice cream socials, the Annual National Night Out cooperative event, and one or two Movie Nights!	If you would like to volunteer to help plan community events or can contribute a few hours here to help with certain maintenance projects, please contact Bob Harris or your area Director; or respond to periodic "call for volunteers" emails .
	Area Development Project Updates	<p>Bob provided an update on the status of the Developer Agreement and Hearing Examiner ruling for the 4th Ave. Townhouse project. The Hearing Examiner Determination rejected the developer's attempt to use a "loophole" to reduce the agreed 40' setback, 10' planting strip and 21 unit limitation in the 140' strip adjacent to the west side of Reflections. The developer subsequently sought a reconsideration of that finding, but was soundly rejected. His only option would be to sue in court to have the finding overturned.</p> <p>Bob also provided an update on the Saltese Flats Wetlands Restoration Project which will begin next summer. Diana Wilhite provided a detailed explanation of the proposed work project which may include pumping water from the new sewage treatment plant, but per the county plan, the water would be cleaner than what is now being pumped into the river. It is not certain if this will be needed to be done and would probably be many years in the future.</p>	
	2011 Financial Review	Bob reviewed the 2011 financial results, responded to Q&A on costs, and provided a detailed analysis of the fence replacement fund (balance: \$2,608). (A copy of the 2011 Financial Results was mailed with the Annual Meeting Notice information).	Hard copies of the 2012 Budget were available at the meeting.
	Replacement Reserve Study	As Bob discussed at the meeting, ESHB 1309, which became law in 2011 and is effective 1-1-12, requires HOA's to obtain a professionally prepared Reserve Study	

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		<p>every three years and adopt a funding program. This must be made available to homeowners and prospective home buyers. The Reserve Study must lay out a 30-year program of anticipated prorated liabilities for major repairs and replacements of assets. The board has a fiduciary duty to manage association funds and property. The Reserve Study is an important management tool as the Association strives to balance and optimize long-term property values and costs for the membership. The study will provide us with an evaluation of how much life our assets have left and how much they're likely to cost when they wear out. From that, we can calculate how much money to set aside each year, as we use those assets, to have enough to replace those items when they do wear out and avoid Extraordinary Assessments.</p> <p>Bob outlined a sample reserve study which would identify common area components (mainly roads, gates and fences) which the Association owns, assigning a useful life and replacement or repair cost to each component. The goal is to add to the Fund each year an amount that will match each year's prorated portion of the replacement cost of those assets. Bob explained that this is the single most important piece of our budget because it provides a long term maintenance plan for our community.</p>	
	2012 Budget	<p>As homeowners are aware, the Board is required to develop a budget and fix the dues to support that proposed budget. RCW 64.38.025 states that unless a majority of the owners reject the budget, in person or by proxy, the budget is ratified, whether or not a quorum is present.</p> <p>On 11-11-2011, Directors unanimously approved the proposed budget with no dues increase. (A copy of the proposed 2012 Budget was mailed with the Annual Meeting Notice information).</p> <p>The budget includes replacing wood fence from gate 3 south (Spring) and from the 4th Ave fire gate thru the west side of Reflections (Fall); if financial results are favorable we may also do the final fence replacement section (300' on the east side of 5th Addition), otherwise that will be done next year.</p> <p>The 2012 dues payment schedule was provided: 1st half \$270 due Feb. 1, 2nd half \$270 due Aug. 1.</p>	VOTE RESULTS: by an overwhelming majority vote of hands in favor, the 2012 Budget was approved.
	CC&R/Bylaw Amendments	<p>This year it was agreed to conduct a mail-in vote by ballot for the proposed CC&R/Bylaw amendments. Homeowners had the choice to submit their ballots in advance of the meeting, at the meeting, or by proxy, and had the right to change their ballot votes at the meeting. Statements for and against were made on the opposed amendments. CC&R amendments required majority (125) approval of lot owners; By-Law amendments require 2/3's approval of lot owners (166).</p>	VOTE RESULTS: No amendments passed.

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	<p>Prop 1 NOTE: Prop 1 & 2 are in opposition – only one can be approved, but both can be disapproved</p>	<p>Art. 9.3 – seeks to remove authority to set regular assessments from the Board of Directors and, instead, require a majority of owners (125) to approve a regular assessment change.</p> <p>Sue Watilo spoke in favor: "A motion was made and ignored at 2008 Annual Meeting to have homeowners vote on dues increases; majority at Annual Meeting in 2008 wanted homeowners to vote on dues increases. Three directors voted on a \$10 dues increase in 2008; yes vote would have a minimum of 125 people voting." "It's just not fair."</p> <p>Bob Harris spoke in opposition: "This amendment is of dubious legality as it attempts to get around a requirement of State law and also conflicts with other provisions of the CC&Rs. It requires that 125 homeowners approve of a dues increase; we rarely have had 125 votes present, let alone 125 who agree. The result would be financial strangulation with common areas and assets deteriorating with home values falling as a result." "The 2008 motion was not legal and a vote could not be taken. There were only 104 votes present (in person or by proxy) while 125 would be required to approve such a change. By State law, any change to the CC&Rs must first be announced in the Meeting Notice mailed in advance of the meeting so that all homeowners have the opportunity to vote. If announced in advance, a majority of voters in attendance at a meeting with a quorum can remove any or all Directors with or without cause; a much easier process if homeowners are dissatisfied with the Board or dues increases (this would require as few as 51 homeowners)."</p>	<table border="1"> <tr> <th>Yes</th> <th>No</th> </tr> <tr> <td>42</td> <td>77</td> </tr> </table>	Yes	No	42	77	
Yes	No							
42	77							
	<p>Prop 2</p>	<p>Art. 9.3 - would require supermajority (2/3) of Board (5 total out of 7) to approve a Regular Assessment increase.</p> <p>Sue Watilo spoke in opposition: "No guarantee that all 7 board members would be there to vote; could still have as few as 3 directors voting to set a dues increase; doesn't significantly change anything from how it is now."</p> <p>Bob Harris spoke in favor: "2/3's supermajority is the same level required for the State legislature to approve a tax increase. With seven Board members, a minimum of five would be required to agree. Only one director voted against one of two dues increases we have had. Homeowners still have the option of removing directors, if they so choose."</p>	<table border="1"> <tr> <th>Yes</th> <th>No</th> </tr> <tr> <td>72</td> <td>39</td> </tr> </table>	Yes	No	72	39	
Yes	No							
72	39							
	<p>Prop 3</p>	<p>Art. 9.4 – seeks to reduce the authority of the Board to levy an Extraordinary Assessment from 40% to 25% of a current year's budgeted gross expenses to meet certain unexpected expenses.</p>	<table border="1"> <tr> <th>Yes</th> <th>No</th> </tr> <tr> <td>84</td> <td>33</td> </tr> </table>	Yes	No	84	33	
Yes	No							
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	<p>Prop 4</p>	<p>Art. 9.14 – seeks to require that all capital improvement using the Reserve Fund receive majority approval (125) of owners at an owners' meeting, otherwise, the Board of Directors would be limited to using Reserve Funds only to repair or replace, with like materials, damaged HOA property. Would require that Reserve Funds be exhausted before the Board could authorize an Extraordinary Assessment.</p> <p>Sue Watilo spoke in favor: "No capital improvements from the Reserve Fund until it is fully funded according to State law; concerned with the fund being so low now (\$2610); board can still use the Fund for repairs as needed. If the Fund is not fully funded, board can do capital improvements if they get homeowners majority approval {125}."</p> <p>Bob Harris spoke in opposition: "The new Reserve Fund law prohibits using Replacement Fund for capital improvements; it is only for repairs and replacements. Requiring repairs or</p>	<table border="1"> <tr> <th>Yes</th> <th>No</th> </tr> <tr> <td>31</td> <td>87</td> </tr> </table>	Yes	No	31	87	
Yes	No							
31	87							

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		<p>replacements use similar materials, unless approved in advance by 125 homeowners, would either unduly delay repairs (until the annual meeting – if enough were present to even have a vote) or, where immediate repairs required, restrict choice of materials unwisely and increase costs. Conflicts with other CC&Rs. Finally, State law does not set a required level of funding; based on a Reserve Study, it does require the Board to develop a funding plan and level, including identifying when dues increases may be required to be "imposed." The plan is to be presented to homeowners; which we will be doing at the next annual meeting, after the study is completed this year."</p>						
Prop 5		<p>Art. 17.2 – seeks to require that owners submitting proposed amendments to the CC&R's submit a petition signed by 10% of the owners supporting such submission. Also deletes an outdated reference to authority of the developer to change the CC&R's prior to activation of the Association.</p> <p>Bob Harris spoke in favor: "Presenting amendments for voting requires considerable time, effort and money. Amendments should be well considered and have minimal support before being brought before the membership. Requiring 10% of homeowners to call for a vote (they do not necessarily have to support the amendment) is similar to the requirement that 10% must support a call for a Special Meeting of Homeowners. It is true that the Board can place an amendment before the voters, but the Board is not just 7 individual homeowners, but your elected representatives; the Board would not be affected by this amendment."</p> <p>Sue Watilo spoke in opposition: "We are very against this...would have 10% (approx. 25) approval of fellow homeowners to present motion of amendment. In effect, silencing the homeowner and limiting his/her rights. Directors do not need to get 10% approval, only homeowners."</p>	<table border="1"> <tr> <td>Yes</td> <td>No</td> </tr> <tr> <td>97</td> <td>21</td> </tr> </table>	Yes	No	97	21	
Yes	No							
97	21							
Prop 6		<p>By-Law Art. II, Sec. 3 Membership Votes - seeks to require all votes for proposed amendments to the CC&Rs, Bylaws, or Articles of Incorporation be conducted by a mail-in ballot in conjunction with a sanctioned homeowners' meeting.</p>	<table border="1"> <tr> <td>Yes</td> <td>No</td> </tr> <tr> <td>107</td> <td>9</td> </tr> </table>	Yes	No	107	9	
Yes	No							
107	9							
Election of Officers		<p>The annual nomination and elections for President, Vice President, Treasurer and Secretary, were conducted. President (Bob Harris), Secretary (Claudia Hersey) and Treasurer (Sabrina Buechler) were unopposed.</p> <p>Vice President: Bill Martin (incumbent) vs. Steve Watilo (Sue Watilo nominated Steve Watilo, with a second)</p>	<p>Approved by acclamation.</p> <p>By a vote of 43 to 20, Bill Martin was reelected VP.</p>					
Election of Directors		<p>Two Directors positions were voted on as follows:</p> <p>Zone 2 (Incumbent: Steve Watilo) - Area represented: 15903 - 16031 E 5th Ln; 15902 - 16004 E 6th Ln; 512- 524 S Homestead Ln; and 406 - 524 S Moore Ln</p> <p>Zone 6 (Incumbent: Dan Pfeiffer) - Area represented: 15408 - 16513 E 9th Ln; 904 - 1007 S Shelly Lake Ln</p>	<p>Approved by acclamation.</p> <p>Approved by acclamation.</p>					
Recognition of Volunteers		<p>Bob Harris thanked those who have volunteered on projects throughout the year, and thanked many by name who went above and beyond the call of volunteer duty. Some long time volunteers were presented with lunch/dinner for two at the Coeur D'Alene Resort in acknowledgement of their extraordinary volunteer contributions: Derek Buckley (ACC Chairman/gatekeeper), Tom Holcomb (gatekeeper), Joe Tran (webmaster) and</p>	<p>Thank you to those who signed-up to volunteer in 2011; we hope we can count on you and other new volunteers in 2012.</p>					

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		Claudia Hersey (Secretary). The President and Vice President also, personally, presented Claudia with a bouquet of flowers in thanks for all of the help she provides throughout the year.	
	Q&A Session	<p>During the session questions were asked and responded to relating to the Saltese Flats project; specifically, Caroline Gallion questioned the chemicals to be used and their impact on water safety. It was suggested Caroline query the County Utilities Division or the Commissioners; the Board would be interested in her findings.</p> <p>Diana Wilhite provided some further detail related to the wetlands project. It was suggested the annual yard sale go back to being a two-day event as in past years; it was requested the gate policy be reviewed by the Board at the next regular meeting.</p>	Suggestions will be considered; additional homeowner input may be solicited.
	Lakeshore Winter Use	Bob Harris reminded homeowners of the risk taken any time you go out onto the ice and reminded them to take safety precautions to reduce the risk of falling through the ice; the consequences could be fatal.	
	Adjournment	There being no further business to come before the Board, the meeting was adjourned.	
	Submitted	<p>Respectfully submitted by:</p> <p>_____</p> <p>Bob Harris, President</p> <p>_____</p> <p>Claudia Hersey, Secretary</p>	