



Shelley Lake Estates Homeowners' Association
MINUTES – ANNUAL HOMEOWNERS' MEETING
Monday, January 10, 2011 – 7:00 p.m. – 9:00 p.m.
Central Valley High School - Commons

Board Attendees:

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
Norene Green	Treasurer	Non-voting
Claudia Hersey	Secretary	Non-voting
Gillian Chapman	Chairperson, Communications Committee	Non-voting
Derek Buckley	Chairperson, Architectural Committee	Non-voting

Absent:

Doug Wollan	Director, Zone 1	Voting
-------------	------------------	--------

#	TOPIC	DISCUSSION	ACTION AND/OR FOLLOW-UP INFORMATION CONTACT PERSON
1	Special Meeting Call To Order	President Bob Harris acted as Chairman and Claudia Hersey as Secretary of the meeting.	The Chairman declared the members present constituted the quorum necessary for the transaction of business at the meeting.
2	Special Meeting Agenda	Revision to proposed amendment to CC&R Art. 9.3 The Board considered whether a late surfacing revision to the proposed amendments to CC&R Art 9.3 and Art 9.4 are sufficiently similar to the general nature of the original proposed amendments to be able to be considered at the annual meeting of homeowners per State law (RCW 64.38.035(1)) which requires that homeowners be notified of the general nature in advance of a meeting of homeowners where an amendment will be considered.	Upon a motion made, seconded and carried, the Board determined the revised amendment to Art 9.3 is not sufficiently similar, and may not be considered for vote at the Annual Meeting. The revised Art 9.4 was determined to be sufficiently similar, by a motion, seconded and carried.
3	Meeting Minutes	Board of Directors meeting minutes of Nov 4, 2010.	Upon a motion made, seconded and carried, the minutes were approved.
		Statement in Opposition to Amendments Formal Board approval of the "Statement Opposing Proposed Amendments" was considered.	Upon a motion made, seconded and carried, the statement was approved with one dissention.

#	TOPIC	DISCUSSION	ACTION AND/OR FOLLOW-UP INFORMATION CONTACT PERSON
	Adjournment	There being no further business to come before the Board, the special meeting was adjourned.	
4	Annual Meeting Call To Order	President Bob Harris acted as Chairman and Claudia Hersey as Secretary of the Annual Meeting. It was established that 116 owners were present in person or by proxy.	The Chairman declared the members present constituted the quorum necessary for the transaction of business at the meeting.
5	Agenda	Bob Harris reviewed the purpose and business requirements of the annual meeting.	No additional items were added.
6	Introductions	Bob Harris introduced Board Members/Directors by zone, Committee Chairs and key volunteers.	
7	Overview of HOA	Homeowners were reminded that the Homeowners Association is a nonprofit corporation operated by volunteer Board of Directors that oversee the daily operations and manage the HOA assets and business affairs of the community. He also noted the HOA can never be dis-incorporated, under present city regulations.	
8	BOD & Committees	Bob Harris reported on the duties of the Board of Directors and officers of the HOA, and the responsibilities of the Architectural, Communications and Maintenance Committees.	It was announced that a Chairman for the Communications Committee is needed as Gillian Chapman is stepping down due to work conflicts.
9	Board Meetings	All residents are invited to attend the meetings of the Board of Directors – meetings generally take place from 7:00 – 9:00 p.m. and are tentatively scheduled as follows: March 10, May 19, June 21, September 22 and November 10.	
10	2010 Goals & Accomplishments	Bob Harris reported on lake, shoreline and common area improvements including new shoreline plantings; operation of new supplemental water pump. With improved pump efficiency came significant savings on electricity and water quality improvement. With previously purchased water testing equipment, monitored water quality; transponder installed to measure lake levels. Improved roads by sealing cracks; added wheel chair access ramp to gate 1 lake trail access; rebuilt eroding rock retaining walls on north shoreline bank; coordinated shoreline weed removal/clean-up; installed new bench (thank you Bill Martin for the donation in Cindy's name); replaced damage cluster mailbox unit; repaired sprinkler systems; fixed electrical and lighting units; repaired gate controllers; completed Phase 1 of the fence replacement program and held various successful community events.	
11	2010 New Policies	Developed and standardized policies and procedures to supplement the CC&R's and establish administrative controls. Policies include: 5.1 Code of Conduct; 7.1 Lakeside Fence; 7.2 Outbuildings/Storage Sheds; 9.1 Lien & Foreclosure Timelines; 9.2 Expenditure & Reimbursement; 9.3 Regular Assessment Due Dates; 9.4 New Construction Assessments. These were posted on signs at the meeting and copies were also available; in addition, they are posted on the website. Formally established a Replacement Reserve Fund.	All Board and committee members accepted and agreed to abide by the Code of Conduct.

#	TOPIC	DISCUSSION	ACTION AND/OR FOLLOW-UP INFORMATION CONTACT PERSON
12	2011 Goals	Lake, shoreline and common area improvements including continuing to monitor lake health, planting and maintenance tasks; potentially building barbecue for picnic area on N.E. end of lake; capital improvement planning including fencing, roads, gates, etc. and hold community events and social activities. Potentially, build storage shed. Continue to monitor traffic and road safety issues to promote safe and efficient residential streets. Continue fence replacement program.	Looking for volunteer to help build or install appropriate barbecue for lakeside picnic area for use by those who don't live on the lake (if any interest).
13	Area Projects Update	Bob Harris provided an update related to the north side Shelley Lake Apartment development. The 4 th Avenue apartment site plans have been shelved and the land placed up for sale.	Some residents concerned about potential increased risk given the 256-unit apartment complex and potential issues related to traffic/trespassing/homesecurity. Will monitor.
14	2010 Financial Report	<p>2010 Financial Results Bob Harris reported on the 2010 financial results which were better than expected due to savings resulting from lower costs for fence replacement; lower legal fees, minimal snow plow fees, and postponed minor improvements. As a result, additional operating funds will be transferred to Replacement Reserve Fund for fence replacement.</p> <p>Replacement Reserve Fund Bob Harris explained the importance of our Reserve Fund and that its purpose to fund future repair and replacement costs of the Association. Bob conducted a reserve study wherein he identified the 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. This should obviate (anticipate and prevent) the need for special assessments. This is the single most important piece of our budget because it provides a long term plan to follow. More importantly, our Reserve Fund and plan will help us maintain the development and home resale values, while reducing the likelihood of an extraordinary assessment.</p> <p>Phase II includes the fence placement from gate 1 to gate 3; Phase III includes fence replacement from 4th & Rotchford to the fire gate on 4th Ave.</p> <p>It was noted the Community Association Institute intends to propose a law to the WA State legislature requiring HOA's to contract professional reserve studies every three years, and conduct assessment of reserve fund adequacy, and to disclose to new home buyers the results of those studies. The lack of an adequate Reserve Fund could adversely impact buying decisions and home values. It is reasonably anticipated that eventually specified levels of reserve funding will be legally required; by starting our</p>	With our planned reserve transfer and addition of "excess funds" saved in 2010, in 2011 we will transfer \$54K into the Reserve Fund – which should allow us to proceed with Phase II & III of the fence replacement project in 2011 at an estimated cost of \$79,100, and still leave \$11,586 in the Reserve Fund.

#	TOPIC	DISCUSSION	ACTION AND/OR FOLLOW-UP INFORMATION CONTACT PERSON
		reserve fund now, we can avoid potential large dues increases later.	
15	Required Business	<p>2010 Independent Audit In compliance with State law, the HOA is required to yearly conduct an independent audit of its financial results, unless it is waived if 67% of votes cast by owners. The Board recommended homeowners waive the audit for 2010 financials, based on the excellent results of the last audit conducted in 2009 (2008 financials) and recommended an audit be conducted every 3-4 years.</p>	VOTE RESULTS: By a vote of 91 members, the independent audit was waived this year.
16		<p>2011 Budget Approval CC&R Art. 9.3 requires the Board 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. On 11-4-2010, Directors unanimously approved the proposed budget (with one absentee) and a \$5.00 month dues increase starting July 1, 2011 (applicable to 2nd half assessment).</p>	VOTE RESULTS: required 125 lot owners to vote – given there were only 116 homeowners present, in person or by proxy, in accordance with state law, the proposed 2011 budget was approved. For guidance purposes, a vote of hands was taken on whether the majority agreed with the proposed budget and \$5.00 dues increase and a large majority voted yes.
17	Election of Directors	<p>Zone 1 Director (replacing Doug Wollan who stepped down from position). Caroline Gallion nominated Sharon McHugo for Zone 1 Director. Lonnie Rash also volunteered for the position, then withdrew in favor of Sharon McHugo.</p>	Upon a motion made, seconded, Sharon McHugo was elected Zone 1 Director by acclimation.
		<p>Zone 3 Director Dave Syrcle, standing for reelection – no other nominations, no objections</p>	Upon a motion made, seconded, Dave Syrcle was elected Zone 3 Director by acclimation.
18	Election of Officers	<p>President – no other nominations, no objections Vice President - no other nominations, no objections Treasurer – no other nominations, no objections Secretary – no other nominations, no objections</p>	Bob Harris re-elected to President; Bill Martin re-elected to Vice President; Norene Green re-elected to Treasurer; Claudia Hersey re-elected to Secretary, all by acclimation.
19	New Business	<p>Proposed amendments to CC&R Art. 9.3 Regular Assessments and CC&R Art. 9.4 Extraordinary Assessments Although enough votes (125) to vote on the proposed amendments were not present, in person or by proxy, Doug Duer was asked to speak on behalf of the proposed amendments so as to better inform homeowners – Doug explained why he proposed the amendments: <i>"because of the lack of interest from homeowners the rest of us homeowners can't seem to vote on anything to make any changes; scared of the potential for no recourse to any proposed increase."</i></p> <p>Bob Harris also commented against the proposed amendments but stated he understood Doug's concerns, but added, with this proposal it would make it easy to make changes that don't reflect the majority opinions of all of the homeowners. Bob reminded all</p>	

#	TOPIC	DISCUSSION	ACTION AND/OR FOLLOW-UP INFORMATION CONTACT PERSON
		<p>homeowners wanting to be more involved with the HOA to please volunteer, if you need more communication with the Board or your Director, send emails or plan to attend the Board meetings. Additionally, the Board is required by state law and our bylaws, to maintain and improve the assets of "the corporation" in good repair. The biggest issue is the proposed amendments conflict with State law that requires HOA's to develop a budget, present it to homeowners; only a majority of homeowners may disapprove the proposed budget, If disapproved, the previous years' budget is continued until a new budget is approved.</p> <p>Attendees asked about whether possible to use mail ballots for the budget and for certain other general issues...Bob Harris responded that for purposes of the budget a mail ballot is not possible as this is an item that must be voted on "at a meeting," as required by RCW 64.38 Otherwise yes, mail ballots may be used for certain other general issues.</p>	
	New Business (continued)	<p>FEMA Rezoning and Reassessment of the Flood Zone for Shelley Lake Bernadette Sweatt provided important information to homeowners. She has been a lender for over 20 years and wanted to share her concern that homeowners are being required by their lenders to get flood insurance - FEMA put out new flood zone report and some houses are located in the newly re-mapped flood zone map (the original flood map was from 1978 so FEMA went back and rezoned houses by the lake). Homeowner's may have to get a survey of their property – the builder and the original survey no longer valid – and possibly temporary flood insurance – FEMA created new map of flood zones by aerial photos so doesn't show the elevation of your house – homeowners selling or refinancing a home may have to prove to government and FEMA that property is not in a flood zone.</p> <p>UPDATE: Bernadette sent email to Bob Harris with additional information. Bob forwarded her email to all homeowners as follows: <i>"I spoke to Richard at Corelogic (formerly First American Flood Data Services) and he said that FEMA finally drew up a new map on July 6, 2010 (Map #5303420593D which took all houses along the lake out of the flood zone with the exception of 715 S. Shelley Lake Lane. He also said that if anyone is currently paying for flood insurance as a requirement of their lender, they should contact their lender's servicing department and request the flood certificate be reviewed and the requirement for flood insurance removed. They should not, however, cancel flood insurance until their lender has secured a new flood determination."</i></p>	
	New Business (continued)	<p>2011 Proposed Budget and Other Homeowner Concerns <i>Q. Sue Watilo</i> – "Of the \$6,000 in increased revenue from homeowners' dues plus the additional planned increase in revenue from dues from new houses in the 5th Addition, and your projections for revenue and expenses over a period of years, can homeowners expect <u>not</u> to have an increase in dues for another 5 years? The last increase we had in 2007 raised dues from \$30 up to \$40 / month – has all the revenue</p>	

#	TOPIC	DISCUSSION	ACTION AND/OR FOLLOW-UP INFORMATION CONTACT PERSON
		<p>from this increase in dues been set aside for the fence? Can we go slower on fence replacement so the Reserve Fund isn't reduced so drastically in this economy?"</p> <p><i>A. Bob Harris</i> – "Good question. The ending balance in 2011 would be approx. \$11K, but within 2-3 months we'd get in more dues to help "pad" the \$11K if there were to be another unforeseen need. Moving forward on the fence repair now helps us take advantage of lower material/labor costs given the slower economy." If we have a large unanticipated expense, we can delay Phase III of fence project; otherwise Phase III would be paid for in late September or October, giving us a fairly short period of lower reserve funds. As for the 2007 dues increase revenue, as promised by the Board to the homeowners at the meeting, every cent of increased revenue is set aside for fence replacement, plus some additional funds. Also, as stated earlier, based on reasonable financial projections, we do not expect another dues increase for at least 5 years and possibly longer.</p> <p><i>Q. Joe Pallaria</i> – "When the fence is completed, will our dues go down?"</p> <p><i>A. Bob Harris</i> – "No, any "extra funds" from dues will go into the Reserve Fund for future replacement or major repair needs i.e. lifecycle of assets (roads, gates, gate software). We plan on taking a straight line approach to set aside enough money to replace assets farther down the line."</p> <p><i>Q. Sue Watilo</i> - "Is there a possibility of a special assessment in the Board's plan? I mean, as long as nothing comes up, will there still be any plans for an extraordinary assessment?"</p> <p><i>A. Bob Harris</i> – "We want to avoid an extraordinary assessment at all costs. Would prefer to try to meet our requirements as we go. That's the reason for the Replacement Reserve Fund plan. An extraordinary assessment is essentially an insurance plan if we have a large repair/replacement need and do not have adequate Replacement Reserve Funds. By planning, we hope to avoid this situation; however, we cannot totally rule it out in the short term while we build our Replacement Reserve Fund to an adequate level.</p> <p><i>Q. Caroline Gallion</i> –"Is fencing and planned increased security adequate to manage potential problems with the Shelley Lake apartment complex?"</p> <p><i>A. Bob Harris</i> – "If we have to hire full time security that will cost a lot – we can't predict what the impact will be at this time – in my opinion, many of the units look to be for higher-end renters which may help reduce potential risk. We will be monitoring</p>	

#	TOPIC	DISCUSSION	ACTION AND/OR FOLLOW-UP INFORMATION CONTACT PERSON
		this.”	
20	Recognition & Volunteers	<p>Bob Harris thanked those who have volunteered on projects throughout the year, and thanked many by name who regularly go above and beyond the call of volunteer duty.</p> <p>Bob also acknowledged the extraordinary volunteer contributions of Doug Wollan, who is retiring from the Board, on behalf of the community, including completing the walking trail on the hillside around the lake – a great accomplishment that will be recognized with a unique and beautifully crafted sign made by Larry Snyder who also then recommended to the Board and attendees this portion of the trail be named, “The Wollan Trail.” By a show of applause the attendees overwhelmingly approved this recommendation.</p>	<p>Thank you to those who signed-up to volunteer in 2011, we’re glad we can count on you!</p> <p>The “Wollan Trail” dedication will take place in the Spring.</p>
21	Lakeshore Winter Use	<p>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.</p>	<p>Parents should accompany children on or near the ice.</p>
	Adjournment	<p>There being no further business to come before the Board, the meeting was adjourned.</p>	
	MINUTES ACCEPTANCE	<p>Respectfully submitted by:</p> <p><i>By: /s/ Bob Harris</i></p> <p>_____</p> <p>Bob Harris, President</p> <p><i>By: /s/ Claudia Hersey</i></p> <p>_____</p> <p>Claudia Hersey, Secretary</p>	