



**Shelley Lake Estates Homeowners' Association**  
**MINUTES of the 2010 ANNUAL BOARD MEETING**  
**January 11, 2010 7:00 p.m.**  
**Adams Elementary School**

**Board Attendees:**

Doug Wollan	Director, Vice President	Zone 1
Vacant (previously Marc Dersham)	Director	Zone 2
Bill Martin	Director	Zone 4
Bob Harris	Director, President	Zone 5
Dan Pfeiffer	Director	Zone 6
Diana Wilhite	Director	Zone 7
Claudia Hersey	Secretary	Non-Voting
Norene Green	Treasurer	Non-Voting
Davianne Buckley (outgoing)	Chairperson, Communications Committee	Non-Voting
Gilliam Chapman (incoming)	Chairperson, Communications Committee	Non-Voting
Derek Buckley	Chairperson, Architectural Committee	Non-Voting

**Absent:**

Dave Syrcle	Director	Zone 3
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TOPIC	DISCUSSION
<b>Proxy Collection</b>	Bob Harris welcomed homeowners to the Shelley Lake Estates Homeowners Association Annual Meeting and inquired if anyone had any proxies to be collected as they would be tallied by Norene Greene and Doug Wollan.
<b>Establish Quorum</b>	Bob explained that the Bylaws require 40% of the membership to be present, in person or by proxy, to hold a business meeting, including voting (100 out of 248 lot owners). He continued that if we did not meet that minimum we would proceed with the informational part of the presentation and adopt the budget per RCW 64.38.025(3).
<b>Call To Order</b>	President Bob Harris called the meeting to order at 7:15 p.m. Bob acted as Chairman of the meeting and Claudia Hersey acted as Secretary.
<b>Introductions</b>	While a count of homeowners and proxies was made to see if a quorum was present, Bob introduced the Board of Directors and Officers, explained why Marc Dersham had stepped down as Director, Zone 2. As a result, his position was also open for election. It was announced that Davianne Buckley was "retiring" after 3 ½ years as Chairman of the Communications Committee and Gilliam Chapman introduced as the new Chairman of the Communications Committee.



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<b>Purpose of Board and Committees</b>	<p>Bob went on to explain the duties of the Board, officers, Committees and their responsibility for the management, maintenance and improvement of the Association's assets as per our governing documents and State law. Bob provided a brief explanation as to why we could never "disincorporate" the Association. City of Spokane Valley adopted an ordinance prohibiting the city from accepting substandard roads; our roads do not meet those standards; therefore, we cannot disincorporate and turn the roads over to the City.</p>
<b>2009 Goals</b>	<p><b>Shoreline / Habitat Improvement</b> – continue to establish grasses and other vegetation along the shoreline – up hill battle against the high water mark - defeated growing grass except on the upper slopes of the lake.</p> <p><b>Possible BBQ/Picnic area</b> – hoped to get a BBQ area set-up for those people who don't live on the lake but want to enjoy an evening on it and barbecue; volunteers to build a BBQ are solicited</p> <p><b>Monitor lake health</b> – ensure environmentally safe and clean water for community's enjoyment and maintain natural wildlife habitat.</p> <p><b>Capital Improvement Planning</b> – to cover capital asset repairs, replacement</p> <ul style="list-style-type: none"> <li>- <i>Fences</i> – 5 year plan to begin replacing the old cedar fencing with vinyl; possibly in partnership with developers on shared property lines</li> <li>- <i>Roads</i> – our roads are, generally, in good shape, but must plan for future repairs</li> </ul> <p><b>Common Area Improvements</b> – to help build community pride and establish enjoyable and safe areas for community events and kids to play; improve home values</p> <p><b>Community Events</b> – because it's a fun way to get involved, meet new people, and have a great time. Builds a stronger sense of community.</p>
<b>2009 Accomplishments</b>	<p><b>Culvert</b> - completed installation of the culvert and culvert bridge. The Developer had promised a bridge would be completed in 2007. This was supported by a letter of credit. Work started in mid-2008, brought in some fill, but never adequately finished the job; there was some disagreement regarding permits, etc. The fill was not protected as required by Fish &amp; Wildlife and was in danger of washing into the lake, potentially devastating aquatic life. We were able to obtain approval from appropriate agencies to stabilize and protect the fill. As soon as there was a break in the weather, Sunrise Excavation did the work (gave us an excellent bid) and rebuilt the culvert correctly. Work was covered by funds obtained from the Developer.</p> <p><b>Trail</b> – the health trail is now completed around the entire lake (1.25 miles) – the final hillside section of trail was significantly improved this past year. Doug Wollan spent many hours overseeing the completion of this job and the resulting trail is beautiful. The 5<sup>th</sup> Addition trail entrance was improved with irrigation drip lines, planting some trees and shrubs and putting some bark on our hillside that faces the creek.</p> <p><b>Water Pump</b> – the Board avoided added legal expense by negotiating directly with the Developer to replace the old pump, which had broken, with a new, more energy efficient submersible pump (with timer). The new pump is rated at 275 gpm (old pump 700 gpm) and uses 80% less electricity which means much lower operating cost, and our contribution will be quickly recovered. The \$2,500 we contributed (total cost: \$12,000) towards the</p>



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replacement came from the \$68K habitat management fund (also provided by the developer; no dues were used). With the low lake level and Summer heat, the water quality was rapidly deteriorating, reaching critical levels of dissolved oxygen – operation of the new pump significantly improved the water quality and habitat preservation.

**Maintenance Projects** – completed some Common Area improvements such as adding some decorative edging around some rock-filled planting areas; improved some swale areas with irrigation and/or plants; planted trees in common areas and along the shoreline; painted the gates and installed gate number signs.

**Lake Shoreline Habitat Enhancement** – Bob Harris explained the uphill battle with establishing vegetation due to the water level fluctuation which has washed away or killed seeds/seedlings. However, successfully planting native wildflowers around the shoreline has added to the aesthetic value of the lake and acted as a pretty effective goose barrier to the path.

**Gates** – A lightning strike caused \$4,808 damage to two of the gate controllers. Our insurance company replaced the controllers and covered other related repairs. The controllers were replaced with new, improved and easier to read controllers; our deductible was \$1,000.

**Insurance Renewal:** Bill Martin researched to find a new insurance company and agent, who offered better coverage for less cost. The annual insurance savings covered our deductible cost of \$1000 for the gate controllers/repairs.

**Community Events** – held several community events in 2009 including ice cream socials, Neighbor Day BBQ in conjunction with National Night Out and Neighborhood Watch, held the annual community garage sale, and welcomed new neighbors. Also performed various administrative tasks such as compiling email addresses so that we are able to get information out quickly while saving mailing costs and time; assisting in preparing Newsletters. The project to complete a Homeowner's Directory will continue.

**The Annual Holiday Lights contest was held and Davianne Buckley awarded the "coveted" Golden Reindeer Award** (gift certificates). Congratulations to the 2009 winners: 1<sup>st</sup> Place: Dave & Sharon McHugo; 2<sup>nd</sup> Place: Mike & Karen Hittle

**2010 Goals**

**Shoreline / Habitat Improvement** - Dan Pfeiffer will continue to monitor lake water quality with testing equipment purchased in 2009. We will also continue to try to develop a viable lakeshore planting plan to improve water fowl habitat and beautify the shoreline for all homeowners.

**Capital Reserve Fund** – we will establish a Capital Reserve Fund for the major repair and replacement costs of common assets (fences, roads, gates, etc).

**Common Area Improvements** – plan to construct a storage shed for community assets to be stored. Contact Bob Harris or Doug Wollan if interested in donating time or materials for this project. We will continue to, modestly, add concrete borders to common areas where needed.

**Fence Replacement** – we will begin replacing certain sections of the old cedar fence with new vinyl fencing. This is



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a five year plan to replace nearly 6,000' of wood fence. We will seek replacement by or cost sharing with developers of properties sharing a common border. Although vinyl fencing is initially more costly than cedar fencing, over a five year period, the cost is the same, as vinyl fencing does not require staining.

**Address Safety Issues** – the issue concerning speeding inside our community was discussed. Our roads are private and, as such, we are required to take necessary action to protect homeowners. Failure to take reasonable steps to control speeding would expose the Association, and the membership, to liability claims. Even more importantly, is the potential for serious injury or death to our residents, including children. We have no choice but to take action against violators. Residents discussed alternative options to speed bumps including raising the speed limit from 15 mph to 20 mph, which might subject our roads to – occasional - City traffic control. Homeowners interested in traffic calming devices for their respective streets should contact their Zone Director. Residents were asked to be mindful while driving inside our community; **15 mph is the posted speed limit. Remember we do not have sidewalks, so pedestrians are forced to use the road too.** Residents are encouraged to submit traffic control ideas to the Board via your Director.

**Community Events and Volunteers** – we will continue to plan fun community events and are always looking for volunteers to help with these events. If you would like to volunteer, please contact your Zone Director or Gilliam Chapman.

<p><b>Independent Audit</b></p>	<p>As required by RCW 64.38.045, an independent audit of the 2008 financial records was completed in November 2009. This included consideration of internal controls over financial reporting, and assessed the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. The audit opinion was the financial statements presented fairly, in all material respects, the financial position of the Association, and the results of operations and cash flows for the year. Recommendations included certain adjustments related to classification of the Developer contributed funds; expensing rather than capitalizing improvements as these have no marketable value; establish a reserve fund for future major repairs and replacements; and to move to an “accrual system” of accounting rather than “cash basis.” Overall the results were excellent.</p>
<p><b>2009 Financial Results</b></p>	<p>Reviewed expenditures, cash position, showed proportion of spending. While the budget estimated a positive year-end cash balance of \$9,200, we actually achieved a positive budget balance of approximately \$34,000. \$30,000 of that will be placed in our Capital Reserve Fund.</p>
<p><b>2010 Proposed Budget</b></p>	<p>The Board is charged by the CC&amp;R's to develop a budget, set dues to support that budget, and present that proposal to homeowners for approval. Per RCW 64.38.025(3), unless the budget is disapproved by 125 votes, it is ratified. (A copy of the budget was mailed out with the December Newsletter; it is also available on our website – choose “Meeting Minutes” on the homepage, and then choose “2010 Annual Meeting Presentation”.</p>
<p><b>Reserve Funds – Capital Improvement Analysis</b></p>	<p>In order to maintain and preserve and enhance common areas (and home values), our Association must develop funding plans for repair or replacement of major common-area components, such as fencing, asphalt surfaces,</p>



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	<p>concrete areas, signs, gates, etc. Thus, Bob Harris presented a reserve study that provided guidance on how much our HOA should be putting aside each year for reserves so it can meet the future obligations described above <b>without requiring special assessments</b>. The projections will need to be monitored and adjusted each year based on actual attainment, changes in the conditions of assets, and then-current economic conditions.</p>
<p><b>Other Impact Projects</b></p>	<p>Bob Harris discussed several projects currently underway that potentially could impact our development including the Conklin Apartment development (downsized plan), the 4th Avenue Apartment development (provided drawings; apartments and townhouses), as well as provided a report on Spokane County's Division of Utilities feasibility study to examine wetland restoration at Saltese Flats. Diana Wilhite mentioned the City of Spokane Valley will be looking for people from the community to serve as volunteer committee members for the City development of shoreline regulations – including Shelley Lake. If you are interested in serving you may contact Diana, your Zone Director or the City of Spokane Valley.</p>
<p><b>Thank You Volunteers!</b></p>	<p>Bob Harris thanked many of the “un-sung” volunteers for their help with the Association’s website, with weeding and picking up trash, maintaining and improving common areas; bringing weed trimmers and rakes and cleaning up the shoreline, helping to repair gates, fences and work on the trail, but he also pleaded for more volunteers because volunteers are the lifeblood of this Association. Bob gave special thanks to Norene Green for her major contribution in serving her community as Treasurer for the past 3 ½ years and continuing to do so for at least another year.</p>
<p><b>New Business</b></p>	<p>Before the voting process began, the Chairman was informed by Doug Wollan (VP) that a quorum had been attained with 109 homeowners present, in person or by proxy. Accordingly, he declared, the members present or represented by proxy constituted the quorum necessary for the transaction of business at the meeting. The following elections/votes, conducted by the Vice President, would take place:</p> <ul style="list-style-type: none"> <li>Independent Audit</li> <li>2010 Budget</li> <li>Election of Directors: Director, Zone 2, Director, Zone 4</li> <li>Election of Officers: Secretary, Treasurer, President, Vice President</li> </ul>
<p><b>Required Voting</b></p>	<p><b>Vote 1 – Vote to Waive the Annual Audit by CPA (Independent Audit)</b>          RCW 64.38.045 requires annual independent audit; may be waived if 67% vote to waive the audit; estimated 2010 cost = \$2,200; Board recommended waiving audit this year.</p> <p>Voting result: WAIVE the annual audit - <b>66 votes to waive, 4 votes against waiving</b>          Having in excess of 2/3 's of the votes to waive, <b>the audit is waived for this year only.</b></p>
	<p><b>Vote 2- Ratification of the 2010 Annual Budget</b>          CC&amp;R Art.9.3 requires the Board develop a budget and then fix the dues to support the budget. In accordance with RCW 64.38.025, as a majority of the owners (125) were not present, in person or by proxy, to entertain rejecting the</p>



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	budget, <b>the budget proposed by the board of directors was ratified.</b>
<b>Note regarding Nominations</b>	Bob Harris explained that although the CC&R's envisioned the HOA was to be organized and filed under RCW 24.03, which best fits HOA's, the Developer's attorney filed it under RCW 24.06, not an invalid filing, just not filed under the best RCW for an HOA. Given RCW 24.06.115 restricts Officers of the corporation (i.e. as President, VP, Secretary or Treasurer) to no more than a 3 year term; it also specifies that if no term is prescribed in our governing documents (they do not), an annual election is required.
<b>Qualification of Nominations</b>	Before the vote, Bob Harris explained that Director positions were open to homeowners in good standing within the election area; only homeowners present in person or by proxy from the election area may vote. In the event no homeowner from the election area volunteers or accepts the nomination for the position, the position will be open to "at large" nomination, which may then be voted on by all owners present or by proxy (in good standing).
<b>Election of Officers/Directors</b>	<ol style="list-style-type: none"> <li>1. Zone 2 Director</li> <li>2. Zone 4 Director</li> <li>3. Secretary</li> <li>4. Treasurer</li> <li>5. President</li> <li>6. Vice President</li> </ol>
	<p><b>1. Zone 2 Director (replacing Marc Dersham)</b>  <u>Nominations</u>          Steve Watillo (seconded)          Charlie Bates (seconded)</p> <p>Bob asked if either candidate would like to make a brief statement.          Charlie Bates stated he has been a resident for 6 years, lived here with his child, now newly married, is a small business owner, has opinions and so would like to step-up and offer a voice for Reflections side of the community.  <b>Charlie Bates elected to Director, Zone 2, by 9 votes to 8.</b></p>
	<p><b>2. Zone 4 Director (incumbent: Bill Martin)</b>  <u>Nominations</u>          Bill Martin stated he was standing for re-election.          Nomination for Bill Martin was seconded.          Hearing no further nominations, <b>Bill Martin elected Director, Zone 4.</b></p>



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**Secretary (incumbent: Claudia Hersey)**

Claudia Hersey stated she was standing for re-election.  
Nomination for Claudia Hersey was seconded.  
Hearing no further nominations, **Claudia Hersey elected Secretary.**

**Treasurer (incumbent: Norene Green)**

Norene Green stated she was standing for re-election.  
Nomination for Norene Green was seconded.  
Hearing no further nominations, **Norene Green elected Treasurer.**

**President – (incumbent: Bob Harris) - *must be member of the board to be President***

Bob Harris stated he was standing for re-election.  
Nomination for Bob Harris was seconded.  
Hearing no further nominations, **Bob Harris elected President.**

**Vice President – (incumbent: Doug Wollen)**

Doug Wollan stated he was not standing for re-election.  
Nominations were opened for any member of the Board of Directors:

Nomination for **Bill Martin** was seconded. (VOTES: 30)  
Nomination for **Charlie Bates** was seconded. (VOTES: 31)  
Nomination for **Dave Syrcle** was seconded. (VOTES: 14)  
As no nominee received a majority of votes (38), a runoff vote was held; results:

Bill Martin = 39 votes:  
Charlie Bates = 35 votes

**Bill Martin elected Vice President.**

**Upcoming Board Meetings**

Bob Harris reminded residents they are invited to attend meetings of the Board of Directors, and if interested please contact Bob Harris in advance, 926-5910. Planned 2010 meetings (subject to change):

- March 4th
- May 13th
- July 8th
- September 9th
- November 11th



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**New Business**

The board recognized Doug Duer who requested to present a motion(s) proposing amendment(s) to the CC&R's regarding dues/assessments. Bob Harris ruled the motions were out of order as they did not comply with procedures prescribed in Art 17.2 of the CC&R's. Bob explained that before a proposed amendment can be submitted to the membership for a vote, a notice of the subject matter of a proposed amendment must be included in the notice of meeting of the Association at which a proposed amendment is to be considered. A proposed amendment is required to be submitted to the Board in a reasonably detailed form as the Board must consider the amendment and can decide to take one of several options, including endorsing the proposed amendment, working with the homeowner submitting the amendment to clarify the requested change, suggesting (but not requiring) changes, and obtaining legal review and opinion. A reasonably detailed written proposal submitted to the Board is the first requirement. After ruling the motions were not valid as it had not met the above referenced requirements, Bob stated Mr. Duer's proposal was now officially accepted by the Board in accordance with that Article. The Board will properly handle Mr. Duer's proposed amendments in accordance with the CC&R's, and Mr. Duer will be kept informed of Board action, legal opinion, and be given, should that be necessary, the opportunity to revise his proposed amendment(s) should he so desire. All properly presented and legal proposed amendments will be submitted to the membership for consideration.

**Homeowner Q&A**

A homeowner questioned the planned change of the fence from vinyl to wood, since vinyl costs more.

Answer: While vinyl initially costs more, when the cost of staining wood fence is factored in, the cost is the same for both through five years (stain every five years to preserve wood). Beyond 5 years, vinyl becomes increasingly more cost effective than wood as it needs no staining and does not rot.

Question: what section of fence is planned for replacement first?

Answer: The two worst sections of fence are along 4<sup>th</sup> Ave and on Rotchford from about halfway between Gate 1 to Gate 3. A final evaluation and selection of what fence sections will be replaced, over time, would not be made until just before work commences. This does not take into account the north, temporary fence east of Conklin, which we hope the apartment developer will replace at his expense. We will try to work out some cooperative arrangement with the 4<sup>th</sup> Ave apartment developer to replace the west fence in Reflections. If they decline to replace the fence but propose, instead, to share costs, that would probably be our best option to get the most bang for our bucks.

Question: Why can't homeowners along the perimeter fencing be required to share to cost?

Answer: The perimeter fence belongs to the HOA and benefits us all; it is an integral part of our "gated community." The CC&R's explicitly state that the perimeter fence is the responsibility of the HOA. All homeowners must equally



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share the cost.

Question: Why can't we save on maintenance and utility costs by leaving the gates open during the day?

Answer: On a vote at an earlier meeting, homeowners elected to have the gates normally closed. Maintenance and, especially utility costs, would be little changed.

Questions: Why do we have a \$1,200 telephone bill?

Answer: The telephone bill is (only) for the telephone lines that serve the gate controllers; the gatekeepers update the controllers via telephone line and your guests contract you over the phone line in the controller, and you can open the gates remotely for them using that same telephone line.

Question: What can you do to vinyl fence if graffiti is spray painted on it?

Answer: There are graffiti removal products; paints for vinyl (& plastics) are also on the market; in addition, vinyl is colored through the material – it could be lightly sanded. Finally, individual panels can be replaced.

Question: How do we bring up a change or suggestion for change, to the Board; can we submit it by email?

Answer: You can send the Board or your Director an email, letter, or talk to them in person or by phone. While it would be nice for Directors to regularly poll residents of their Zone for suggestions, they have jobs and family, so their time is limited, but they do and will make themselves available for a visit, phone call, or email with your suggestions to the Board. Again, we're always looking for volunteers and active members of the Association to become involved. If you have a suggestion that will take time and effort, consider volunteering to implement it.

This is a sampling of questions fielded; you may address questions or suggestions to your Director or the Board at any time. If you wish to make a suggestion, please be prepared to do some homework on the topic – don't just leave it for "somebody else."

**Adjournment**

There being no further business, the meeting was adjourned.