



Shelley Lake Estates Homeowners' Association
MINUTES – Regular Board Meeting
Tue. Oct. 4, 2011 7:00 p.m.
Hersey Home – 847 S. Shelley Lake Lane

Board Attendees:

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| Sharon McHugo | Director | Zone 1 |
| 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 |
| Derek Buckley | Architectural Committee Chair | Non-voting |

Absent:

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| Steve Watilo | Director | Zone 2 |
| Norene Green | Treasurer | Non-voting |
| Lisa Diffley | Communications Committee Chair | Non-voting |

Guest Participants:

No other homeowners attended.

| # | TOPIC | DISCUSSION | ACTION AND/OR FOLLOW-UP INFORMATION CONTACT PERSON |
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| 1 | Call to Order | President Bob Harris acted as Chairman of the meeting. | The Chairman declared the members present constituted the quorum necessary for the transaction of business at the meeting. |
| 2 | Approval of the Minutes | Regular Meeting of the Board of Directors held July 26, 2011. | Upon a motion made, seconded and carried, the Minutes of the Regular Meeting of July 26, 2011 were approved. |
| 3 | Treasury | <p>Financial Reports Bob Harris reviewed the financial results through September 2011. Operating Fund: \$42,621. Replacement Reserve Fund: \$2,608. Habitat/Shoreline Fund: \$10,061.</p> <p>It was noted that both Bob Harris and Bill Martin, separately, have conducted periodic informal reviews of the financial statements of the Association, for the calendar year 2011 (YTD), and concurred the financial statements appeared reasonable and accurate.</p> | After discussion of the financial results; a motion to approve the reports was carried and accepted. |

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| | Treasurer Position | <p>Bob Harris announced that Norene Green will step down as Treasurer due to a commitment to her church. Norene has been our Treasurer since our beginning in 2006 and will be greatly missed. Norene is a CPA and has performed an invaluable service for us for many years; her shoes will not be easy to fill.</p> <p>Treasurer is a critical position for the HOA and one we must fill with a qualified individual. Ideally, a qualified candidate would perform all accounting duties. At a minimum we need a Treasurer to perform oversight and other functions for the Association. If we don't find a qualified member to assume the full Treasury position, we will have to hire an outside accounting firm, which will increase our expenses considerably.</p> <p>If you are a qualified member of the Association and would like to be considered for the position of Treasurer, please contact Bob Harris as soon as possible so we can begin the interview process and begin the transition process with Norene over the next 3 months. Currently the books are kept in Excel format, but we are considering changing to Quick Books.</p> | <p>If you are interested in volunteering and would like more information, please contact Bob Harris by email: rharrisprop@comcast.net, or by phone at 994-3022.</p> |
| 4 | Architectural | <p>Derek Buckley reported architectural requests are low now that we're heading into Fall. Currently there are two requests for consideration. Derek also reported the Architectural Committee is down to only four members from seven. Hoping volunteers will step forward with knowledge and experience in this area. If you are interested in volunteering and would like more information, please contact Bob Harris by email: rharrisprop@comcast.net, or by phone at 994-3022.</p> <p>Directors were reminded they have the authority to enforce CC&Rs and could seek the assistance of the Architectural Committee in that regard. Directors will work with Derek to recommend best way to address issues.</p> <p>Reminder - boats should be removed from the shoreline by October 16th. (Subsequently extended to Nov 1st due to good weather.)</p> | <p>Upon a motion made, seconded and carried, the Board accepted the Architectural report.</p> |
| 5 | Communications | <p>Lisa Diffley – no report provided.</p> | |
| 6 | Maintenance | <p>Bob Harris reported the fence replacement phases on Fourth Ave and the North side has been completed. These phases came in about \$5000 under estimate, largely due to homeowners tearing out and disposing of the old fence.</p> | |
| 7 | New Business | <p>Fence Project Update</p> <p>As part of the budget planning for next year, homeowners will need to consider if it is prudent to finish the fence replacement project in 2012 (there are only 2 sections remaining to be replaced). Currently it is planned the first section will begin in early 2012, and then, if funds allow, complete the last section in the Fall 2012.</p> | |

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| | | <p>Maintenance Building Project Update At our July Board meeting (outside) the Board, the subject of a maintenance building was introduced with a preliminary siting on the common area at Shelley Lake Lane and 9th Lane; at that location, the building could also function to aid functions such as BBQs and "movie nights." Some neighboring property owners expressed concern about the location and, as yet, undetermined cost. Any maintenance building should be constructed to resemble surrounding structures and be of quality appearance, so as not to detract from community aesthetics.</p> <p>Dan Pfeiffer felt that we needed more research to identify the current and future need for maintenance and storage building, size, possible alternative locations and alternative solutions. The Board agreed with Dan Pfeiffer's suggestion that additional zoning and building code information was needed.</p> | <p>Dan Pfeiffer will conduct research on the maintenance building, potential siting, gather alternative ideas, cost estimates, permit requirements (codes and ordinances), for further discussion at the next meeting.</p> <p>Directors should provide input to Dan.</p> |
| | | <p>2012 Operating Budget - Review First Draft The Board reviewed Norene Green's first draft of the 2012 budget and suggested a number of adjustments including potential additional legal costs related to the Annual Meeting and proposed amendments to the CC&R's, (\$3500 to \$5000); required replacement fund study costs related to House Bill 1309, which require a professional replacement study (\$3000) and an audit (\$2500); potential cost if we have to hire a bookkeeping service (\$5,000); and power and water utility rate increases. Tentatively, for the replacement fund, we will budget \$36K, with an estimated cost of \$33K to complete the fence in 2012 (leaving \$5,500 replacement fund balance).</p> <p>Bob distributed an overview of long range replacement fund projections – anticipate ending this year with little in replacement reserve, but can pump in a bit more next year, and then after that we would fairly rapidly build-up the reserve fund. This projection has been presented at the previous annual meetings, but is only based on the prorated life of our roads using city road engineer recommendations. A formal reserve study will include all significant assets, including gates, fence, roads, drywells, projections on interest rates, etc.</p> | <p>Next month we will have another meeting to finalize the budget. So if you have any review comments please let Bob know.</p> |
| | | <p>2012 Annual Meeting Voting Procedures and Proposed CC&R/By-Laws Changes Steve Watilo did not attend the meeting though he had emailed he wanted to make a motion at this meeting; Board members were asked if anyone wanted to make the motion in his stead and for a second. No one did so.</p> | <p>The proposed motion died.</p> |
| | | <p>Voting by mail ballot on the proposed CC&R/Bylaw amendments was considered. Directors discussed concerns, reviewed pros and cons of mail balloting vs. attending the annual meeting in person to hear the presentation and open discussion. It was agreed that mail ballots require considerably increased paperwork to homeowners in advance of the meeting, including verbatim proposed amendments, pros and cons statements, and also require greatly increased administration, logistics and preparation costs, as well as</p> | <p>Upon a motion made to hold a mail ballot on the proposed CC&R changes, the motion was seconded and carried.</p> |

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| | | increased mailing costs, volunteer manpower hours and record keeping. However, CC&R Article 17 does allow a mail-in ballot for CC&R changes. | |
| | | Bob Harris, as a homeowner, submitted a proposed amendment to CC&R Art 17.2 that would require a homeowner proposing an amendment be required to submit a petition signed by 10% owners calling for a membership vote on the proposed amendment. Bob stated this would align with the existing requirement that 10% of homeowners are needed to call a Special Meeting of the membership. It is also similar to the State petition requirements. In view of the significant HOA costs and manpower requirements in connection with voting on amendments, it seems equitable to require a showing of minimal support by 25 owners. | Be it reflected in the minutes, three proposed CC&R changes and one change to the By-Laws had previously been submitted. The Board agreed the proposed amendments would be submitted to voters at the annual meeting. |
| | | <p>Washington House Bill 1309. Engrossed Substitute House Bill 1309 (Reserve Accounts and Studies) The act takes effect January 1, 2012. Bob distributed a copy of the act to directors and suggested they read and understand the requirements including the baseline funding plan and contribution rates.</p> <p>Based on the reserve study, we will have reasonably projected reserve account balances to determine if sufficient funds will be available to meet the Association's obligation for major maintenance, repair, or replacement of reserve components during the next thirty years. The Board will be required to project regular assessment increases to meet an adopted funding plan and annually update the plan for the membership.</p> | The cost of the required professional Reserve Study will be included in the 2012 budget. |
| | | <p>4th Ave. Townhome/Apartment Project</p> <p>Diamond Rock construction changed their construction plan for this property to 41 townhomes (instead of 21) and effectively negated the developer agreement that was executed in connection with the rezoning from residential to multi-family housing. The agreement stated that no multi-family building shall be located closer than 40 feet (from Reflections) and also included some other requirements. Because of the developer concessions in the developer agreement, we did not oppose the rezoning.</p> <p>However, the new plan has 20 foot rear yard set-back and 5' side yard setback from our fence, instead of 40 feet. Bob discussed with Karen Kendall and she confirmed that Diamond Rock had submitted a new plan and, as the townhouses would be constructed on individual zero lot line plots, they would not fall into the definition of "multi-family" housing. Therefore, they would fall outside the purview of the developer agreement. Bob sent a letter of objection to City Planning Department. He also met with Dean Grafos and talked to Brenda Grassel, providing them with a package of information about the previous rezone. Dean Grafos responded that he would ask the new community development director to review the matter.</p> <p>Diana Wilhite commented they'll have to abide by zoning laws but added there will be a lot of pressure to accept the proposed change. Townhouses will be 2 stories, so we</p> | |

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| | | <p>should also be concerned about whether there is a height restriction.</p> <p>Bill Martin and Bob Harris said they would meet, tomorrow morning, with the City Community Development Director, John Hohman, concerning the revised proposal for 41 townhomes on 4th Ave. with the reduced rear and side yard setbacks, etc. They will emphasize that our reluctant agreement to the rezone in 2009 was based on the developer agreement being a part of the rezone and the developer had held a community meeting in Sept 2009 at which he offered certain concessions and provided visual renderings of his proposal that included the 40' setback, 10' planting strip, and 35' building height maximum.</p> <p>POST MEETING NOTE: After meeting with John Hohman on Oct 5th, Bob Harris and Bill Martin reported the city is saying their own zoning regulations would allow the developer to disregard the developer agreement because the zero lot line townhomes proposed for resale would each be considered an individual home with its own lot and, therefore, would not be defined as multi-family buildings (even though there would be 7 units per building). Essentially, he admitted the City entered into the Developer Agreement without realizing their own zoning regulations would not define the townhomes as mutli-family units.</p> <p>We asked what would prevent the developer or a townhome purchaser from renting out the townhomes? Their reply - "nothing."</p> <p>What all of this means is the developer "hoodwinked" the city with a developer agreement he knew he could disregard once he got the land rezoned – he was smarter than they were! Based on assurances from the city regarding the rezone, we agreed to accept the rezone with the conditions specified in the developer agreement, which the city is now saying he can disregard.</p> <p>The Hearing Examiner hearing on the latest proposal is scheduled for December 1st and we intend to vigorously oppose the change at the hearing. We will need all the community support at that meeting we can get; so please mark your calendar to attend - directors need to lead on this one with the support of concerned homeowners.</p> | |
| | Exec Session | The Board met in executive session to discuss sensitive homeowner matters. The Board reconvened in open meeting to vote on a homeowner issue. | Upon a motion made, seconded and carried, the Board unanimously approved a waiver of a homeowner’s dues in the amount of \$270 for hardship/humanitarian reasons. |
| | Adjournment | There being no further business to come before the Board, the meeting was adjourned. | |

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| | MINUTES ACCEPTANCE | Respectfully submitted by: _____ Bob Harris, President _____ Claudia Hersey, Secretary | |