



**Shelley Lake Estates Homeowners' Association**

**MINUTES – Regular Board Meeting**

**Thursday, Nov. 11, 2011 7:00 p.m.**

**McHugo Home – 503 S. Shelley Lake Lane**

**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

**Absent:**

Derek Buckley	Architectural Committee Chair	Non-voting
Norene Green	Treasurer	Non-voting
Lisa Diffley	Communications Committee Chair	Non-voting

**Guest Participants:**

Sabrina Beuchler

#	TOPIC	DISCUSSION	ACTION AND/OR FOLLOW-UP INFORMATION CONTACT PERSON
1	<b>Call to Order</b>	Bob Harris 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	<b>Approval of the Minutes</b>	Regular Meeting of the Board of Directors held October 4, 2011.	Upon a motion made, seconded and carried, the Minutes were approved.
3	<b>Treasury</b>	<b>Financial Reports</b> Bob Harris reviewed the financial results through October 2011. Operating Fund: \$51,384. Replacement Reserve Fund: \$26,006. Habitat/Shoreline Fund: \$9,931.  Bill Martin confirmed he had reviewed the bank statement against the financial statements and they reconciled.	After review the financial statements were accepted.
	<b>2012 Budget</b>	<b>Proposed Budget for 2012</b> Harris distributed a proposed final draft of the 2012 budget for review. It included \$36,000 to the Reserve Fund; \$3,000 for the required Replacement Fund study; \$2,500	Martin moved to accept the proposed 2012 Budget and Watilo seconded. Approved unanimously.

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		for required audit. A copy of the 2012 budget is appended to these minutes and will be presented to the homeowners prior to the Annual Meeting.	
	<b>Fence Replacement Project</b>	<p>Harris distributed a fence replacement cost analysis with end of year balance of \$2,600 in the Reserve Replacement Fund. By accelerating the project this Summer, at homeowner request, we are about \$8,600 under estimate due to inflationary savings and cost avoidance due to homeowner tear out of fencing on 4<sup>th</sup> Ave. and the North side. A transfer of \$36,000 to the Reserve Replacement Fund is planned in next year's budget. This would allow the section of fence from Gate 3 South (\$12,250) to be completed in the Spring and West end of Reflections (\$21,250) in the Fall, barring any major unforeseen events. A fund balance of \$5,100 is projected at the end of 2012. It was suggested that in 2013 the 300 foot section on the East end of the 5<sup>th</sup> Addition be completed with vinyl fencing (\$7,600); this area now has an old wooden fence that does not belong to us; we would not replace that wooden fence, only add our own perimeter fence.</p> <p>Based on Harris's analysis he expects to have \$33,500 in replacement fund at the end of the project in 2013. We forecast to have sufficient operating funds in the event of an unexpected expense.</p>	<p>Syrcler moved to accept the proposed fence replacement plan and McHugo seconded. Approval was by unanimous vote.</p> <p>This plan will be addressed at the Annual Meeting.</p>
	<b>Reserve Study</b>	<p>ESHB 1309, which became law earlier this year and is effective 1-1-12, requires HOA's to obtain a professionally prepared Reserve Study 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 information 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>The Board will also be required to show when and by how much increases in regular assessments are expected to be imposed.</p> <p>Martin reported he had obtained four different Reserve Study proposals, ranging in price from \$4,000 to \$1,350. The two higher priced bids look like more than we need with our fairly limited common assets. The lowest priced bid used to have a contract employee in Coeur D'Alene, but the phone number for that office has been disconnected, although they apparently have the main office in Seattle. The second lowest price bid was for \$1,794 and his sample seems more than adequate for our</p>	<p>Wilhite will talk to Kiemble/Hagood to ask them who their reserve study expert is for their HOA properties.</p> <p>Cost of the Study is estimated at between \$1,800 to \$3,000.</p>

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		needs. That individual was in Moses Lake (from Seattle) on personal matters and came over to Spokane to take a look at Shelley Lake and present his case for hiring him. He has 5 1/2 years experience and has been on his own for 1 1/2 years; seem like a young, aggressive individual who would do a good job for us. Martin and Harris both recommend to engage him; if Directors agree, he could get started and provide the study to us early in 2012, which would give us plenty of time to develop our implementation plans.	
	<b>Snow Plow Contract</b>	On October 31 Harris submitted a proposed snow plow contract from Spokane Plow. After evaluating their final bid it was submitted to the Board for approval. The bid includes de-icer at all gates at no extra charge. They are also offering to clear individual driveways and/or walkways with deicing for \$30 under season contract; if interested, call 720-PLOW (720-7569).	A vote was previously held by email with unanimous approval.
	<b>Treasurer Position</b>	Harris reported the screening committee (Harris, Martin, McHugo, Green) interviewed Sabrina Buehler for interim Treasurer. Sabrina has an AA degree in accounting and several years experience; the screening committee recommended the appointment of Sabrina to fill the remainder of Noreen Green's term.	Martin moved to accept the committee's recommendation and Watilo seconded. Approval was by unanimous vote.
4	<b>Architectural</b>	Buckley did not attend the meeting, but later provided written comment: nothing new to report. There is a vacancy on the Committee and a prospective volunteer to fill that position.	
5	<b>Communications</b>	Diffley – no report provided. Bob will contact Lisa to discuss how the Communications Committee involvement in the Annual Meeting to help coordinate the ballots, voting, etc.	
6	<b>Maintenance</b>	Harris reported two incidents: on 4 <sup>th</sup> with kids kicking in fence posts panels, which he replaced easily; and spray paint graffiti on 4 <sup>th</sup> which he removed with Goof Off Graffiti Remover (available at Lowe's).	
	<b>Annual Meeting Required Communications</b>	Harris distributed a proposed Agenda for the 2012 Annual Meeting. The Board discussed business requirements for the 2012 Annual Meeting. The official announcement of the meeting should be mailed to Homeowners by Dec. 10. Voting procedures, Proxy and Ballot information will be included in the mailing and/or hand delivered to homeowners. If unable to attend the meeting in person, homeowners will be asked to complete and return their forms by mail or by delivery to their Director, or by their designated proxy, or by 5:00 p.m. on Tuesday, Jan. 10.  <i>Note: Last mail is normally delivered to our box by 10AM.</i>	<b>The Annual meeting is scheduled at 7:00 p.m. PT on Tuesday, January 10, at Central Valley High School in the Cafeteria Atrium.</b>
	<b>Annual Meeting Voting Options</b>	This year it was agreed to conduct a mail-in voting for CC&R/Bylaw amendments. A Committee will count the mail-in ballots, under the guidance of the Treasurer. Homeowners will have the right to change their vote or submit their ballots at the Annual meeting.	
	<b>Board Recommendations</b>	The Board discussed the proposed amendments and changes to amendments and how they would be presented to homeowners on the Ballot. It was agreed homeowners	Martin made a motion the Board make a recommendation on each proposed

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	<b>of Propositions</b>	would see the proposed amendment as well as the <i>Board's recommended action (noted in blue text).</i>	amendment.  <b>This was seconded and approved with each member's vote recorded as follows:</b>
	<b>Prop 1</b> <b>(Proposition 1 and Proposition 2 are in opposition – only one can be approved, but both can be disapproved)</b>	<b>Art. 9.3</b> – 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. <i>Majority of the Board felt that this would be an unworkable procedure in the long run, entail significant administrative effort and expense, remove authority from the Board to manage the affairs of the HOA and ultimately result in the assets of the HOA not being adequately cared for, resulting in a decline of home values and increasing the likelihood of large extraordinary assessments being required in the future.</i>	In favor: 1 (Steve Watilo); opposed: 6
	<b>Prop 2</b>	<b>Art. 9.3</b> - would require supermajority (2/3) of Board (5 total) to approve a Regular Assessment increase. <i>Board: Majority of the Board felt that it was reasonable to require a supermajority for an assessment increase and would ensure it is well considered.</i>	In favor 5; opposed: 2 (Steve Watilo-not restrictive enough, Sharon McHugo-too restrictive).
	<b>Prop 3</b>	<b>Art. 9.4</b> – 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. <i>Board: This was not felt to be significant as the Board strongly feels that, with proper planning and funding of the Reserve Fund, an Extraordinary Assessment should not be needed and is something the Board is committed to avoid.</i>	Unanimously in favor
	<b>Prop 4</b>	<b>Art. 9.14</b> – 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. <i>Board: With the new state mandated Reserve Study and required funding plan, this proposal was not considered to be needed and would be counterproductive.</i>	Unanimously opposed
	<b>Prop 5</b>	<b>Art. 17.2</b> – 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. <i>Board: Currently the CC&amp;Rs require only that a (single) homeowner may propose amendments. The proposed change to Art 17.2 would align submission of proposed amendments with the 10% of homeowners required to call a special meeting, thus showing a minimum level of homeowner support before going through the rather extensive amendment process.</i>	Unanimously in favor

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	<b>Prop 6</b>	<p><b>By-Law Art. II, Sec. 3 Membership Votes</b> - seeks to require all votes for proposed amendments to the CC&amp;Rs, Bylaws, or Articles of Incorporation be conducted by a mail-in ballot in conjunction with a sanctioned homeowners' meeting.</p> <p><i>BOARD: Sue Watilo withdrew her previously proposed amendment to this Section and agreed to substitute the proposal above made by Steve Watilo.</i></p>	Unanimously in favor (as amended)
	<b>Elections and Nominations</b>	<p>In addition to annual elections for President, Vice President, Treasurer and Secretary, two Directors positions will be voted on; both directors are undecided about standing for reelection. The director positions are:</p> <p><b>Zone 2 (Incumbent: Steve Watilo)</b> - 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><b>Zone 6 (Incumbent: Dan Pfeiffer)</b> - Area represented: 15408 - 16513 E 9th Ln; 904 - 1007 S Shelly Lake Ln</p> <p><i>Note: At the moment, Dan does plan to stand for reelection, but will be contacting Zone 6 homeowners to see if others might have an interest to serve on the Board.</i></p>	<p>Nominations, including self-nominations, are being accepted; nominations for Board President and Vice President may only be made from among Directors.</p> <p>Submit nominations to <a href="mailto:www.board@shelleylake.org">www.board@shelleylake.org</a>. Nominations will also be accepted at the Annual Meeting.</p>
	<b>Exec Session</b>	No session was required.	
	<b>Adjournment</b>	There being no further business to come before the Board, the meeting was adjourned.	
	<b>MINUTES ACCEPTANCE</b>	<p>Respectfully submitted by:</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">Bob Harris, President</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">Claudia Hersey, Secretary</p>	