

Lake Entiat Lodge Associated
Meeting of the Board of Directors
January 21, 2017

TIME AND PLACE

The Board of Directors of Lake Entiat Lodge Associated met Saturday, January 21, 2017. The meeting was held at the clubhouse in Orondo, Washington and was called to order by Board President Mr. Russell at 9:18 am directly following the Membership Budget Ratification Meeting.

PRESENT

The following directors were present: Dan Russell, Nick Nelson, Darrell Richards, John Howgate, Ryan Haggard and Treasurer J. Anderson. Directors Bill Tucker and Greg Zeller attended via conference call. Staff members Jeri Fifer, Jason Knight, Jessicah Curry and six Association members were also in attendance.

APPROVAL OF MEETING MINUTES

Mr. Russell presented the November 19, 2016 Board Meeting draft minutes for approval.

Mr. Haggard made a motion to approve the November 19, 2016 meeting minutes. Mr. Richards seconded and the motion carried unanimously.

FINANCIAL REVIEW

Mr. Anderson reported that despite the 2016 litigation expenses incurred, the Association was underspent by \$8,000, which was partially due to an Association member splitting their property into two separate properties. The required back-assessments payment helped the Association absorb some of the litigation expense. Additionally, with a shortage of applicants for the seasonal safety service positions, labor was underspent.

Mr. Anderson also reported that the Water Loan Repayment will be sufficiently funded for payoff by October 2017 and that the Board is preparing options to present to the membership regarding this account.

OLD BUSINESS

Deans' construction project/Association Walkway survey

Mr. Russell shared the compliance letter sent to the Deans regarding their construction project. Association requests included the removal of the mound of soil left on Association property, issues regarding drainage onto Association property due to the construction activity, gravel replacement for the trail, and reimbursement for the survey that the Association had been forced to complete. As encroachments onto the 10 foot walking easement have been discovered, further compliance steps will be addressed. It was noted that the Association had previously made a request to the Deans for proof the easement had not been encroached upon during their multiple construction projects; however, no response was provided.

Mr. Dean has requested to meet with Mrs. Fifer to discuss the issues. Mr. Russell asked that the meeting be scheduled in advance so Board members may be in attendance.

Common area 'private event' rental fee

Mrs. Fifer shared a request from a member to consider eliminating the private event rental fee charged for non-exclusive use of the clubhouse or gazebo. Mr. Russell requested that Mr. Haggard and Mrs. Fifer prepare a draft policy for the Board to review.

NEW BUSINESS

Short-Term Rentals- Poll results, cap & approval process

Mr. Russell shared that the amount of 2017 short-term rental properties could reach or exceed the cap of members allowed to declare, and posed the option to raise the cap by two, rather than by one that was approved for 2017 by the Board at the November 19, 2016 meeting. Mr. Zeller and Mr. Anderson reminded all that the original intent and will of the membership with the adoption of the 1st Amendment to the Covenants was to supply conditions and controls for short-term rental properties in the community.

Mr. Howgate motioned to increase the short-term rental cap to 21 for 2017. Mr. Nelson seconded and Mr. Tucker approving, however, the motion failed with Mr. Zeller, Mr. Richards, Mr. Russell and Mr. Haggard opposing.

Several considerations were discussed regarding the short-term rental approval process:

- Define criteria for "in good standing". This would require a change to the current compliance enforcement procedures from education via verbal warnings to intruding upon, and possibly offending, members as well as guests in the attempt to provide documentation for all incidents.
- Determine the procedure for selection of approval by lottery or other means.
- Use occupancy limits as a means of control.

Mr. Russell opened the floor for member input on the subject. Requests and statements from three short-term rental property members in attendance included concerns about the recent short-term rental poll, justification for the declaration fee increases, and how the declaration fees collected annually are spent. The negative effect the current cap imposes on property values was also discussed.

The Board would like to thank the 183 members who provided their input by completing the recent membership short-term rental poll.

Mr. Anderson volunteered to consult the Association Covenants, Rules and Rental Requirements and provide a report for the Board to review.

COMMITTEE REPORTS

Capital/Long-Range Planning

Mr. Tucker supplied a Long-Range Planning funding model. The Board discussed the Water Loan fund payoff in regard to the model. Mr. Anderson recommended that the reserve study be used as the basis for establishing defensible numbers. Mr. Zeller stated that the members' input set the course for the Long-Range Plan and their funding approval determines the speed in which projects will be completed.

MEMBER CORRESPONDENCE

Schindler Request

Mr. Schindler presented a request to the Board for "no further enforcement" in reference to a setback violation identified by a surveyor after he had purchased a property in the community. He has been working with his neighbor and Douglas County but desires resolve with the Association for the Covenant violation.

Mr. Russell shared that as this is a Covenant violation, the membership must approve the waiver and Mr. Schindler would be responsible for all costs concerning the Covenant waiver process. An estimate of this cost will be provided to Mr. Schindler.

Bellevue Police Officers' Guild Request

Mrs. Fifer provided an exemption request from the Bellevue Police Officers' Guild representative. The Guild wishes to not be considered a short-term rental because the Guild members are vested Lake Entiat Estates Association members and that no compliance issues have been reported.

Board consensus was to deny the request because the request included a report that they do rent to non-Guild members. It was additionally determined that further investigation needs to take place into this type of business ownership.

STAFF REPORT

Mrs. Fifer shared the mock-up of the 2017 parking permits to be sent to the members prior to the summer season, as well as an estimate for additional tree trimming needed this year for the common areas.

The meeting was adjourned at 12:10 pm. Mr. Howgate moved, Mr. Haggard seconded and the motion carried unanimously.

Submitted by:

Jeri Fifer, Acting Secretary