

**Lake Entiat Lodge Associated
Meeting of the Board of Directors
September 27, 2007**

Time and Place

The Directors of Lake Entiat Lodge Associated met on Thursday, September 27, 2007. The meeting was held at Mr. Lungren's office; 12931 NE 126th PL, Kirkland, Washington. The meeting was called to order at 4:15 PM by President Dan Lungren.

Present

The following Directors were present; Dan Lungren, Bryan Wheeler (Via telephone connection), Greg Zeller, Todd Watson, Brandon Fix and Hal Sullivan. Alex Osenbach, representing the Association's management company, was present. Other homeowners present were: Brad and Jeanette Webster. Mr. Lungren acted as chairman and Mr. Osenbach acted as secretary for the meeting.

Owner Correspondence – L. Mattison

Mr. Lungren reviewed the circumstances involved with the correspondence with Ms. Mattison's attorney, Mr. Mott. Ms. Mattison was fined \$50 for mooring her boat at the dock while not in residence. A complaint was submitted and it was verified by a Board member and Association staff that Ms. Mattison was not in residence at the time. The Association rule enforcement procedure states that complaints must be submitted in writing. After reviewing the facts and discussion the Board agreed under the circumstances that the \$50 fine would be waived.

The Board requested that the "Rule Enforcement Procedure" be reviewed and consideration given to an amendment to provide that with Board member direct involvement with a complaint and or a violation of a rule or covenant would be adequate to proceed with a fine for violations. This amendment will be considered by the Board at the next meeting.

Owner Correspondence – Tarrant

The Board reviewed the correspondence between Mr. Osenbach and Mr. Tarrant regarding his installation of a strobe light for security measures. The Board agrees that the light is a violation of the covenants section 1.18. The Association has asked Mr. Tarrant to remove/dismantle/turn off or select a different security light which will not be offensive to other homeowners. Mr. Tarrant in his correspondence is attempting to make the Association liable for any loss he may sustain if the light is removed.

The Board discussed this matter and agreed there is no issue with Mr. Tarrant installing security lighting but that lighting cannot detract from the community and be offensive to other residents. The light as currently installed is activated by a car or pedestrian passing Mr. Tarrant's home on the street. The Board appreciated Mr. Tarrant's cooperation in turning off the light but assumes no responsibility for any future loss he may sustain.

Mr. Lungren will respond to Mr. Tarrant.

Owner Correspondence – Gilbo

The Board discussed Ms. Gilbo's August 5th letter. As the Board has taken no action on additional park improvements, no decisions were made on Ms. Gilbo's suggestions at this time. Her comments will be considered as future plans for the park are considered. Mr. Sullivan agreed to respond to Ms. Gilbo.

Meeting Minutes (Board Meeting)

The Board reviewed the meeting minutes from the July 27, 2007 Board meeting. After a motion duly made and seconded the minutes of the July 27, 2007 Board meeting were approved as submitted, motion by Watson and seconded by Zeller

Shoreline Update

Mr. Lungren reported on the progress of the shoreline improvement on phase 2. The in-water dredging and porta-dam removal will be completed by the Corps' deadline of September 30. Mr. Lungren explained how the damming of the lagoon entrance was accomplished.

The contract with Pipkin was reviewed by the Board. Mr. Lungren stated that the contract was a cost plus and will be within (+,-) 5% of the estimate which with tax will be \$244,000.

Mr. Osenbach reported on the cost to date and the anticipated cost to complete the project. A detailed analysis was provided to the Board. The cash flow for the balance of 2007 and 2008 was also provided. The cash flow projects a note balance for the Pipkin contract to be paid quarterly with payments of at least \$30,000 with funds received from the association special assessment during 2008.

Mr. Lungren also reported that the final invoice was received from Nordic Marine Floats for the dock in the boat launch lagoon. A partial payment on the balance will be paid with a hold back on the balance until all punch list items on the docks are complete. Nordic Marine Floats agreed to make all the corrections/repairs noted to the docks.

Following discussion the following actions were taken by the Board.

- 1) Following a motion duly made and seconded the following resolution was unanimously adopted, motion by Watson, seconded by Fix.

Resolved that: The actions taken by Mr. Lungren to negotiate the contract with Pipkin construction are approved and that Mr. Lungren is authorized to sign the contract as presented at this meeting provided that the cost projection of \$244,000 Exhibit "A" is attached.

- 2) Following a motion duly made and seconded the following resolution was unanimously adopted, motion by Sullivan, seconded by Zeller.

Resolved that; Mr. Lungren is authorized to sign the note with Pipkin Construction for the financing of the work performed by Pipkin Construction for dredging the up river basin. It is anticipated that the note will be paid off no later that 10/15/08.

3) Following a motion duly made and seconded the following resolution was unanimously adopted, motion by Wheeler, seconded by Sullivan.

Resolved that; \$27,000 will be transferred from the Water System Improvement Fund and \$50,000 will be transferred from the Capital Fund to the Shoreline Improvement Fund.

Financial Review

The August 31, 2007 Financial Statements previously mailed to the Board were reviewed. Cash balances at 8/31/07 were: Operations \$69,392 and reserves a) Capital Improvements \$134,280 less assigned funds of \$47,548 b) Water System \$779,441 c) Loan Repayment \$242,069, d) Shoreline Improvement \$89,491 and e) Cash assigned to the County \$47,547.

Operating Revenue for the eight-month period was \$231,159 compared to budget of \$207,056. Operating surplus for the eight-month period was \$39,142 compared to a budgeted surplus of \$11,161.

It was reported that there are only 11 owners with assessment balance over 2 quarters delinquent. This is the fewest number delinquent is a long time.

Rules Committee Report

The Board was provided with a schedule reflecting the number of owners who registered their homes for rental this year. The schedule reflected that there were 19 homes rented of which all submitted the form "Declaration of Rental" but only a few submitted the Association form "Weekly Information Occupancy Form". Others did provide documentation regarding weekly rentals in various other formats. There were three homes found on the internet advertising rentals that did not submit any form. It could not be verified that these three homes were rented during the 2007 season. It is the intention of the Board to contact the three owners that did advertise on the web and determine if the home was rented or not. Should it be determined that the home was rented and no rental information was provided to the Association per the rules the owner will be subject to fines and penalty per the rules.

The Board discussed these results and the steps if any that the Association should take in regards to the lack of proper response, per the Association rules, by the majority of these owners who rent. No action was taken at this time. The Board will be developing a plan for next summer and beyond based on survey results and this past summers rental activity.

2008 Staffing

The Board discussed the staffing requirements for the balance of the year and 2008 and the possible labor shortage in the Chelan area. The board would like to retain Michelle Richardson as a full time employee beginning this month and thru the winter. Michelle has just completed her third summer with us and has shown an interest learning more about property

management and has provided many good suggestions related to how we might consider managing our community. Mr. Osenbach has a part time position open at Wapato so we might be able to share Michelle this winter between the two properties until next spring when she would transition back to full time with Sun Cove. The Boards goal is to use less non employee security next summer and hire a pool attendant as well as part time security as needed to help manage our property.

2008 Draft Budget

The Board was provided a copy of the preliminary draft 2008 budget. The draft as prepared for discussion reflected an \$11,800 deficit, which is an approximate 2% increase in fees (\$26). A revised draft will be prepared following continued staffing considerations. Questions and suggestions are to be directed to Mr. Osenbach.

Adjournment

There being no further business to come before the Board, the meeting was adjourned at 6:35 PM.

Submitted by
Alex Osenbach and Dan Lungren

A handwritten signature in black ink, appearing to be a cursive combination of the names Alex Osenbach and Dan Lungren.