

# Lake Entiat Lodge Associated

Meeting of the Board of Directors

December 3, 2011

(Approved March 24, 2012)

## TIME AND PLACE

The Board of Lake Entiat Lodge Associated met Saturday December 3rd, 2011. The meeting was held at the Sun Cove Clubhouse in Orondo, Washington and called to order by Board President Brandon Fix at 11:15am.

## PRESENT

The following Directors were present: Brandon Fix, Nick Nelson, Darrell Richards and Don Sass. Also present were: Board Secretary/Treasurer; Kevin Kalberg and the Community Manager; Jeri Fifer. Ken Flynn represented the Management Company. The following Directors were absent: Scott Blair, Dan Lungren and Greg Zeller. Several members of the Association were present.

## HOUSEKEEPING

Ken presented a correction to the September 14, 2011 Board Meeting minutes which added the amount of money approved by the Board for the purchase and installation of a new dock.

Scott Blair motioned to contract with EZ Dock of Chelan, to replace the dock in the center cove **at a cost not to exceed \$5,000**. It was seconded by Greg Zeller. Motion passed 3 to 1 in favor.

**Don Sass made a motion to accept the change as presented and Nick Nelson seconded. The motion carried unanimously.**

## ACCEPTANCE OF THE NOVEMBER 16, 2011 BOARD MEETING MINUTES

***After a motion duly made by Nick Nelson and seconded by Brandon Fix, with the correction brought forth by Don Sass stating on page "5" of the first paragraph that "than" be changed to then and "it" be changed to if. Thus the corrected sentence will read (Mr. Knowles then asked if the Board)***

***The minutes of the October 19, 2011 Board meeting were approved.***

## OLD BUSINESS

WATER RELATED ISSUES - Ken Flynn Informed the Board that the Department of Health (DOH) will not be reviewing the Small Water System Program, which was required to be submitted in September of this year, until the end of December. The DOH may return the program with requirement listed to detail where we are required to improve of Water system infrastructure and current procedures. Staff is researching equipment necessary to read our water meters, which is now a DOH requirement under new regulations for Water Use Efficiency. Our storage capacity must be examined and may need to be increased in the near future. The \$100 Water System allocation from Association collected assessments will assist in upgrading our system so we remain compliant with the DOH.

## OCTOBER FINANCIAL REVIEW –

- Overall through October Year to Date the Association has an operating surplus before depreciation of \$65,244 versus an expected budgeted surplus of \$44,487.
- Reserve balances at the end of July are:
  - Special Capital Fund \$298,608
  - Waterfront Improvement \$28,358
  - Loan Repayment \$244,284
  - Payment made \$93,038 Principal and \$23,260 in interest.
  - Water System Improvements \$71,300
  - Capital Fund \$38,511
- We currently have three serious delinquent accounts which total over \$24,000 that are being processed for Non-Judicial Foreclosure. We have one account in Bankruptcy but who had paid their first two quarters of assessments. We have one account given notice for the water to be shut off.
- Total YTD operating expenses are \$329,448 which is \$1929 under budget. Grounds Supplies are over budget because of tree trimming performed earlier this year. Legal Expense is \$4500 over budget because of issues of collections from delinquent accounts, bylaw and CC&R revisions. We have not received a billing statement for the legal opinion concerning the vote on the phase one of the trail nor owner correspondence as a result of the letter distributed by Pat Knowles. The Board could see another \$2500 in legal expenses by year end because of this issue. Office Supplies are over budget year to date due to computer, software and IT work performed.
- Jeri reported why the Budget and actual expenses in the Financial Statements has been off for Social Events. Expenses miss classified into the Social Account were the gift of \$600 to Otto Ross, the annual meeting expense of \$258.33 and the constant contact bill of \$494.95 for the Sun Cove Website were placed in the Social Events line item account by mistake. We will have \$1,617.62 removed from this line item and reclassified to their respective expense accounts on the November Financial Statements. The true total to date is \$9,584.33 in social event expenditures.

## NEW BUSINESS

Trail Update- Ken introduced the contractor, Tom Allen, of Allen Construction. Tom explained that he will not complete the trail until spring due to the ground freezing. He then requested that staff mark all areas where a sleeve will be need to be placed to assist in repairing irrigation lines broken during construction. He stated that the trail will be compacted and will be a hard surface and the edging being used will help with maintenance of the trail. Ken shared that a \$6,500 Surety Bond had been placed on the project. Trail change orders agreed to by the Board at a cost of \$3320 were reviewed and after discussion, were accepted since the project is well under the original budget.

Surety Bond Release- Ken shared that \$47,000 will be returned to the Association from the mitigation that was required during the dock construction. Kevin Kalberg suggested the funds be returned to the original Capital Improvements account where they had been taken from. Board consensus was to do as the Association Treasurer suggested.

Banking Resolution- Ken shared that the Association has several reserve accounts open at Bank of America and Mutual of Omaha. Ken and Board Treasurer, Kevin Kalberg discussed this at length last week. Kevin asked Ken to send the Board a revised Banking Resolution for approval. Brandon stated that the resolution

was approved via email. Kevin and Brandon have both signed it. Please review attached. It was then suggested that the Board consider transferring reserve funds from Bank of America to a regional bank such as North Cascades National Bank in Chelan. Ken Flynn asked if the Management Company could leave the 941 account at Bank of America. Kevin Kalberg supported this action but cautioned that the Management Company make sure the accounts were only for the amount that could be insured by FDIC regulations. Kevin then asked the Board to allow the Managing Agent to move the reserve accounts to NCNB and Cashmere Valley Banks. Board consensus was to allow Ken and the Management Company to do this as soon as possible.

Stickers/Registration- Vehicle sticker will be sent in January. Boat & golf cart registration will be required to receive stickers in 2012. Registration information & golf cart rules will be sent with vehicle stickers in January. Personal Watercraft (PWC) will also be required to have stickers. The Board will discuss the question of mooring PWC at the next Board meeting. It was suggested that staff have some volunteers assist with the before mentioned registrations at the Annual Meeting.

Proxy/Online Member Voting- The Board is currently reviewing options to allow for a change in voting procedures to our current Association Bylaws and will come back to the members with the options at the Annual Meeting in April 2012.

### **CORRESPONDENCE**

The Board reviewed a letter that was sent to the Board and the Association's Attorney from a Sun Cove owner. The owner questioned the written Legal Opinion. Ken stated that he will talk with this owner to further discuss with him the Attorney's email response to his letter and the cost associated with his actions. Ken asked if the Board would like the attorney to bill the homeowner directly. The Board felt that was not necessary. Ken went on to ask the Board how they want to handle such issues in the future. This owner possibly cost the association several hundred dollars in legal fees by sending in the letter directly to the Associations Attorney. Board consensus was to have Ken Flynn contact the owner and ask that he send correspondence to the Board and not the Associations Attorney.

A second owner correspondence was presented to the Board regarding the Association's Articles of Incorporation and the Board of Directors authority. The owner questioned if the Board had the authority to negotiate easements for other phases of the trail system with adjacent landowners. Ken provided all Board Members with a copy of the Articles of Incorporation and cited the Non-Profit Corporations act 24.04.035 under section (4 and 7) of General Powers. This provides the Board with the ability to negotiate possible easements for future phases of the trail.

An email was received from an owner requesting the Board to consider on call snow plowing of owners driveways after the county plowed the roads by Association staff with Association owned equipment. The Board said that the Association is not responsible to plow on personal property, only community roads and parking areas.

### **ADJOURNMENT**

***The Board meeting adjourned at 12:15 PM via consensus of the Board.***

Submitted by:

Acting Assistant Secretary; Ken Flynn