

LAKE ENTIAT LODGE ASSOCIATED

Annual Meeting of Members

April 20, 2013

Approved

WELCOME and INTRODUCTIONS

The Annual meeting of Lake Entiat Lodge Associated was called to order at 9:05 AM by board president, Dan Russell. The meeting was held in the multi-purpose room of the Orondo Elementary School, Orondo, Washington. Members in attendance represented 110 lots. Mr. Russell began with introductions of the Board of Directors and thanked them for their commitment and service to the community.

Dan Russell	President and Director
Nick Nelson	Vice President and Director
Walt Wheeler	Director- Absent
Brandon Fix	Director
Greg Zeller	Director
Don Sass	Director
Darrell Richards	Director
Kevin Kalberg	Secretary/Treasurer- Absent

Next, Mr. Russell introduced the Lake Entiat Lodge Associated staff and Management Company representatives in attendance: Alex Osenbach, Managing Agent; Jeri Fifer, Community Manager and Jason Knight, Water/Facilities/Grounds Manager.

Thanks were offered to the volunteers who helped with the refreshments and sign-ins for the meeting; Karla Wheeler, Karen Nelson, Carol Sass, Kim Richards, Marcia Kindig and Shelby Howe.

YEAR IN REVIEW

Mr. Russell provided a review of association business for 2012 which included; New well and future water plans, club house remodel project, burial of power lines along Sun Cove Road, swimming pool equipment room upgrades, storage shed resolution and management transition that has been in process the last 6 years. Mr. Russell also shared that the desires of the majority of the community continues to be the focus of the Board.

APPROVAL OF MINUTES

The minutes of the April 16, 2013 annual meeting of the members were reviewed.

After a motion duly made by Shirley Ross and seconded by John DiGiacomo, the minutes were unanimously approved as submitted.

2012 FINANCIAL REVIEW

Alex Osenbach, Managing Agent, provided a summary of the 2012 financial results of the association for Kevin Kalberg, Treasurer, who was unable to attend.

He explained the surplus in the Operating Fund for 2012 as; income from finance charges, large recovery of delinquencies (from 15 owners down to 3) and training and transition of staff (Mike Knight to Jason Knight) occurred more quickly than planned. The Board placed the surplus of \$55,720 into the Water System Improvement Reserve fund to offset the costs of the Well #4 project.

The Capital Reserve fund expenditures for 2012 included; Club house shower repair/replacement, reserve study, Water Manager computer and internet access to shop, pool tile and epoxy coating, electric car, burial of power lines along Sun Cove Road and future trail design plans.

The Special Capital Reserve fund expenditures for 2012 included; Phase 1 of the trail system, club house remodel and purchase of a Smithco Grounds Sweeper.

Mr. Osenbach shared that the annual assessments have been holding under \$1,500 for the last 8 years and explained that this reflects that the past and current Boards have done a great job providing funds for Long Term projects as well as managing existing assets and expenses.

Water funding was also discussed as Mr. Osenbach explained that as a Class A, municipal water system, we now have more pressure from Government agencies, such as Department of Health and Department of Ecology. It will be beneficial for the association to plan now for the additional staffing and system requirements to avoid special assessments in the future.

WATER UPDATE

Mr. Russell shared the background information of the current water project, Well #4. In December 2011, deficiencies were found while preparing the Department of Health (DOH) required Sun Cove Small Water System Management Program. A moratorium by the DOH has been placed on the water system until the well project has been completed due to deficiencies found. We had two options to correct these deficiencies; install another water tower and place Wells 1 & 2 on emergency automatic start or provide another water source (ie: new well). Since a new well would accomplish multiple issues and provide redundancy, it was the chosen course.

We hired an engineer, Larry Cordes of Wenatchee, to assist with the project. The well drilling has been completed and bids are being gathered for the remaining phases of the project. During the design process, additional issues were uncovered that needed to be addressed to take us into the future so many upgrades will be added to our existing well during this project. In particular, it was found by DOH, that we did not have enough instantaneous water capacity.

The project could be as high as \$388,000 (estimate was established from the only bid received to date) and funding of the project discussion followed. Mr. Russell reminded the members that we must not leave an exposure to our reserve accounts for future maintenance and emergency needs. The board suggestion was to use the Water Loan Repayment fund surplus and Special Capital to fund the project and therefore avoid a special assessment. It was mentioned that funds will also need to be maintained for emergency and maintenance needs even after the project is complete.

The floor was opened for questions from the members. Information was given regarding the fact that current water use must be recorded and reported to the Department of Health on a total basis. In 2017, meter reading equipment will need to be in place to gain accurate information for reporting and monitoring any individual owner leak loss. Although it is not a requirement to bill for individual water use overages at this time, if demand continues at current trends, we may need to bill for overages. If we don't, we will exceed what our current water rights allow.

Some additional questions asked were:

- "Will my dues increase if using the Water Repayment loan fund?" Answer: no.
- "Will we have to put in another storage tower in the future once we are 100% built out?" Answer: The new well project underway satisfies current Department of Health regulations to full build out, but we cannot predict what future Government agency requirements will be.
- "Will we continue to use Wells 1 & 2?" Answer: Not for potable water but they will be used to irrigate the community park.
- "Are meters part of this project?" Answer: No, we are researching different meter reading systems and equipment. Staff will be manually reading the meters this year.
- Owner, Marcia Kindig, reminded the members that we are now classified as a Class A and not a private water system and that the board has been diligently working to get into compliance with the many regulations placed on us by County, State and Federal requirements. Mr. Russell thanked Ms. Kindig for her regular attendance at the board meetings and volunteer service given to the community.

Water vote ballots were called for.

ELECTION OF DIRECTORS

There were three director and the treasurer position(s) open on the board. Current Vice President, Nick Nelson, members Darrell Richards and Brandon Fix were on the ballot for the open director positions

and J Anderson for the Treasurer position. Mr. Russell asked if there were any nominations from the floor. No additional nominations were submitted from the floor.

Richard Van Gerpen motioned to elect J Anderson as Treasurer and re-elect Darrell Richards, Nick Nelson and Brandon Fix for another term as directors for the association. Mark Lewicki seconded and the motion passed unanimously.

The board offered their thanks to Kevin Kalberg for his years of service as association Treasurer.

The water vote ballots were tallied by staff and reported to the members:

Resolved that \$200,000 be transferred from the Water Loan Repayment Fund and \$30,000 from Special Capital Reserve Fund and placed into the Water System Improvement Reserve Fund. 109 members approved, 1 disapproved and the resolution passed by a majority vote.

COMMITTEE REPORTS

Long Range Planning- Greg Zeller reminded the members that if previous boards had not had the foresight to develop our current assets, some members might not have chosen to purchase a home in Sun Cove. The best course for the community is to develop a line of sight toward the future, to provide new assets as well as maintain the association's current assets. He reminded the members that our assets increase our home values as well as offer great recreation to members today.

The current projects being considered by the board;

- Maintenance Storage – We do not have sufficient storage for equipment and assets
- Tennis courts - original and need rebuilt within 5-10 years
- Parking – The Community Expansion Plan, on display, was created a few years ago after several complaints had been received about the lack of parking at the club house
- Dock maintenance/upkeep
- Trail system- Mr. Richards to share later
- Upriver orchard development
- Pool Cover
- Gazebo expansion- add additional gazebos in the park
- Bathroom facilities in the park
- Additional Docks
- Community Expansion Plan- answers the parking, storage & tennis court issues

Facilities & Maintenance Report- Nick Nelson shared the following;

- Meter reading- To allow for staff to access and read the water use at each property, you must keep clearance around water vault lids at a minimum of:
3' around (at grade or contained at grade) and 5' above

- Backflow prevention- All owners must have a certified professional inspect their backflow device and provide the report to the Sun Cove Water Manager. This is a requirement of the Department of Health and we are required to have proper records to remain compliant. Further information will be mailed to owners in May or June.
- Staffing increase needs due to required reports, meter reading and recording, updates needed for the Small Water System Management Program and education. Jason Knight is now a certified Water Manager and will continue his education to make sure our water system is compliant with associated entities.
- Club house Remodel Project- The project is mostly complete and falls within funds allocated at the 2012 Annual meeting.

Trail Update- Darrell Richards shared that although information is being circulated to the contrary, the fact is that we do not have concrete information yet and he requested that everyone reference the “Trail Fact Sheet” that was distributed at check in. Large maps of Phase 2 & 3 of the Trail System were provided for members to reference.

- Phase 2 will give us better access to the upriver “Orchard Park” area
- Phase 3 will complete a 3+ mile loop around the community once completed on the downriver border of Sun Cove
- Long Range Planning- Phase 4 will provide a trail from the club house to Cider Works which will get walkers off the main road and hopefully avoid an accident in the future

Social Committee Report– Don Sass shared details and the schedule of social events for 2013. The 4th of July celebration will occur on a Thursday this year. Mr. Sass welcomes any and all volunteers to contact him if interested in assisting at any event.

NEW BUSINESS

Dollars for Scholars- Rose Auvil shared information about the scholarship program for Orondo students and thanked the members for their generous support over the years.

QUESTIONS FROM THE FLOOR

Mr. Divine suggested that a trail along Sun Cove Road be considered now that the electric lines had been buried.

Georgia Mashayekh reminded owners that fires are not allowed on the beach.

An owner requested that new Sun Cove owners in attendance stand and introduce themselves. The following owners introduced themselves; Gamble, O’Keefe, Pettit and Linder.

Beth Arias volunteered to head a committee to research and provide a proposal to the board for proxy voting to be allowed. Mr. O'Keefe mentioned that 78% of the owners were not able to attend the meeting and proxy voting would be beneficial.

Sharon Podlich shared information about Cider Works acquiring a Liquor License and asked for support of the members. She would like owners to appeal to your State Representatives to assist.

Nick Nelson shared that yard waste dumping is not allowed on the Ross property without contacting Otto first. Informational flyers are available at the compactor with dumping options available.

Discussion began regarding the liability and challenge of walking along Sun Cove Road and speeding on all the roadways in Sun Cove. Options were discussed such as signs, speed bumps and other actions to slow drivers down. Several owners requested that Phase 4 of the trail system, along Sun Cove Road, be completed before the other phases. Additional questions arose as to cost and need of the phases by some owners.

ADJOURNMENT

There being no further business to come before the membership and following a motion duly made and seconded, the meeting was adjourned at 11:26 AM.

Submitted by Jeri Fifer, Acting Assistant Secretary