

# Lake Entiat Lodge Associated

Meeting of the Board of Directors

November 16, 2011

-Approved-

## TIME AND PLACE

The Board of Lake Entiat Lodge Associated met Wednesday November 16, 2011. The meeting was held at the Coast Hotel in Bellevue, Washington and called to order by Board President Brandon Fix at 5:04pm.

## PRESENT

The following Directors attended the meeting in Bellevue: Brandon Fix, Greg Zeller and Nick Nelson. Also present were: Board Secretary/Treasurer; Kevin Kalberg and the Community Manager; Jeri Fifer. Ken Flynn Represented the Management Company. The following Directors attended via conference call: Scott Blair, Darrell Richards and Don Sass. Three members of the Association were present: Pat Knowles, John Haley and Darren Trimble.

## ACCEPTANCE OF OCTOBER 19, 2011 BOARD MINUTES

At the October 19, 2011 Board meeting, the Board asked Ken Flynn to get a legal opinion about the Domestic Water System Improvement Fund increase for 2012. The Board approved the 2012 Budget as presented pending a legal opinion from the Association's Attorney. Ken had reported, at the October meeting, that the water improvement fund would need to be raised from \$50 a year to its original amount of \$100 due to expected system upgrade expenses that would be required by the State and the Department of Health. Ken read the Legal opinion to the Board and into the record. The opinion is attached.

*After a motion duly made by Nick Nelson and seconded by Brandon Fix, the minutes of the October 19, 2011 Board meeting were approved.*

## BUDGET ASSESSMENT

Ken Flynn also stated that the 2012 assessments for 2011 were \$1492 and that for the upcoming fiscal year 2012 they would be \$1,433 a year.

|                     | <u>2012</u> | <u>2011</u> |
|---------------------|-------------|-------------|
| Operations          | 895         | 829         |
| Capital             | 100         | 100         |
| Capital Special Cap | 0           | 175         |
| Water Sys Improve   | 100         | 50          |
| Loan Re-pay         | <u>338</u>  | <u>338</u>  |
|                     | 1433        | 1492        |

The operating dues increase reflects a consumer price index of 3.8% + \$35 year as well as a \$50 increase to the Domestic Water System Improvement Fund. Secretary/Treasurer, Kevin Kalberg, stated that by setting the dues correctly it will help to avoid any Special Assessments in the future.

## OPEN ITEMS

**WATER RIGHTS** - Ken Flynn discussed the Water Rights Application submitted in 1998. He has been in contact with Trevor Hutton, Department of Ecology, regarding the application for additional water rights that was submitted in 1998. Our request had been for additional acre per feet as well as an increase in gallons per minute to draw on. Mr. Hutton felt that after reviewing the recently performed Water System Management Plan that we did not have an urgent need for more water rights as compared to our usage. He felt that increasing the gallons per minute pumped from 518 to 900 GPM would be a simple approval from his office. He also stated that we could keep our application on file for review over the next 10 to 15 years since we are not at build out yet. He also feels we need to put a stronger conservation program in place to comply with current requirements.

Brandon Fix stated that he had a conference call with Michael Clayton, who is a Board member of the Wenatchee Irrigation District (W.I.D.), to discuss Phase 2 of the trail system. During the discussion a suggestion was made that the Community apply to the District to receive irrigation water for the lower community grounds and clubhouse. It would cost some money but it would reduce the amount of water used from the domestic water system by as much as 30 acre feet or more. The Board asked Ken Flynn to research the costs, benefits and feasibility of doing this. Ken stated that he felt the Long Range Planning Committee should be involved in researching this and making a proposal to the Board. He also felt the Association may want to use the services of Larry Cordes, the engineer who assisted with the preparation of the Water Plan. Kevin Kalberg stated that we need to plan now, even if the cost may seem high because of the effect it will have on the communities Domestic Water System later.

***Brandon Fix made a motion and was seconded by Nick Nelson, to have Ken Flynn submit the application for the Instantaneous Well pumping increase to the Department of Ecology. Greg Zeller, who just arrived to the meeting, abstained. The motion was carried by majority vote.***

**Phase I Trail Update** - Ken Flynn and Jeri Fifer presented to the Board 6 personal letters as well as a list of 80 owners, who had signed a form letter prepared by Pat Knowles, in opposition to following through on the vote taken at the annual meeting to begin work on Phase 1 of the trail system. It was pointed out that the form letter had some misinformation as explained by the Association's attorney's legal opinion. The attorney's comments and other information clarifying the statements listed on the form letter were sent to all owners on November 9, 2011 along with the Budget Ratification meeting notice and 2012 Board approved budget. Also mentioned was the fact that the Board had been actively proceeding with Phase 1 of the trail system (planning & permitting) over the last two years, as documented in Board meeting minutes, and was now entering the construction stage. Jeri shared that the Board members are all volunteers who work hard for their community and shared their intent concerning the trail by reading an excerpt from the October 27, 2010 Board minutes:

*Greg also shared that we are coming to the end of the Capital Improvement 5 year plan and it needs updated. Much work in the plan has been accomplished (Pool Deck, Pool Lighting, Dock Lighting, Community and Trail system planning/development). The trail was supported by a majority of owners in the survey and has been sitting for 3 years now. The long range planning committee has not been active as the trail project was in the control of the board. It was decided to complete the trail phases before action be taken on the other elements of the long range plan. This committee plans to update the 5 year plan and recommend what long range investments should be considered.*

**Voting Discussion** - Our current Bylaws do not have provision for a re-vote of an item legally brought up as a motion at the Annual meeting. After much discussion and consideration of money and effort spent, the Board's unanimous consensus was to move forward with construction of the trail as it was supported by a majority those owners present at the 2011 Annual meeting. The Board has determined that it would be beneficial to have another way for members to vote and they will be reviewing the Bylaws and consider revisions which will serve the members better in the future.

**Phase II Trail** - Brandon Fix reported to the Board information discovered during a conference call meeting with Chelan County PUD's real estate group regarding the proposed fence upriver from the community. Due to individual owner's encroachments on this Chelan County P.U.D. managed property. The group is willing to consider working with the association to find alternatives to installing any kind of a fence if the HOA can help educate and reverse any individual encroachment issues that have been identified already. The Board is working on the feasibility of using one of the two association easements for part of this phase of the trail system. Although a formal trail may not be allowed on this public land. Walking traffic is permitted but horses or any motorized vehicles are forbidden on this property. Tim Larsen, Kim Graves and Steve Currit pointed out that we already have a road easement up to Lot 33 which would allow the Association rights to Plan for the trail to get to the 10 foot wide buffer of association property between lots 32 and 33 and lots 1 & 2 of block #1 that connects Beach Drive with Emerson Drive. This could prove to be an alternative way to plan for the final design of Phase 2 of the trail in the future.

**Phase III Trail** - Brandon Fix reported to the Board additional information gathered while conferencing with Michael Clayton, of the Wenatchee Irrigation District (W.I.D.), and a fellow Owner. Our Board will be working with the local Board of the W.I.D. to put together a plan for a proposed easement to go through the Irrigation District property. This proposal would need to be developed before proposing it to the Bureau of Reclamation for consideration. Mr. Clayton shared some great ideas that will assist in making our request have a greater chance of approval upon submission.

## **COMMITTEE REPORTS**

**Social** – Don Sass reported that the Halloween Pumpkin Carving & Costume Contest Party was a success with 25 children attending. Although he was unable to attend, Don shared that the Wine/Cheese Tasting Event was reported as a great time with 58 in attendance this year. The next Association event is the Christmas Decorating Party/Potluck which will be on Dec. 3 at 4:30 pm. The party is BYOB/Potluck and all are encouraged to attend. The New Year's Eve event will not take place due to a lack of volunteers to develop and oversee the function. The clubhouse will close at its regularly scheduled time unless someone applies to rent it.

Brandon thanked Don for all the hours he gives to make these events so great. Don said it was the volunteers who served who deserve the credit and asked that all thanks go to them.

## **NEW BUSINESS**

### **PHASE 1 TRAIL CONSTRUCTION BIDS**

The request for proposals went out to 6 contractors for bid. All contractors had received the bid package on November 1<sup>st</sup> and had to have their bids in no later than Nov. 16, 2011. Allen Construction, recommended by Chelan City Parks, had the lowest bid. The Board asked that a walkthrough be done with the contractor, grounds staff, Craig Krueger (planner) and Larry Lehman (biologist overseeing the mitigation plantings). The Board also asked if Owner; John Haley wanted to participate so as to not disturb the volley ball court area. They also felt that it would be beneficial to have all parties on site to verify and stake the actual trail placement as well as to discuss materials and maintenance to ensure all considerations are met. It was discussed that mitigation planting will be almost \$20,000 less than projected. They also asked Ken to get all parties to clarify trail material to be used.

***Greg Zeller made a motion and Nick Nelson seconded, to accept the Allen Construction bid (\$28,900) as presented for Phase 1 of the trail system. Motion was unanimously carried.***

## **OTHER BUSINESS**

**RESERVE STUDY** - Ken presented a bid for a reserve study for 2012 from **Reserve Solutions** that our state is now requiring. Kevin Kalberg explained that a reserve study helps with proper accounting and planning for replacement of all association owned equipment/assets.

***Greg Zeller made a motion to hire a reserve study professional for up to \$3,000 in 2012. Brandon Fix seconded. Motion was unanimously carried.***

**SURETY BOND** - Ken Flynn asked the Board to allow Brandon Fix to sign the document for the surety bond account to be set up per the action items listed by the DOE before construction commences on the trail. ***Board consensus was to allow Brandon to do this on behalf of the Board and the Association.***

**ANTI SPAM** - The agenda item referred to as Anti Spam policy was **tabled** until the next meeting so that the Board could allow those owners present to ask questions.

**MEMBER Q&A** - All three members in attendance were each given the opportunity to address the Board with questions and comments.

Pat Knowles asked that it be entered into the record that he appreciated the Board's effort on behalf of the Association. Darren Trimble and Pat asked why the Board gave merit to the Long Term Planning survey that the owners had completed back in 2006 but were not giving merit to the member letters received in opposition to Phase 1 of the trail system. Brandon Fix explained that the Board has completed much work and has already spent up to \$9000 of Association money since the owner's vote at the Annual Meeting in 2011. It would be irresponsible to disenfranchise those owner's who were present and voted at the Annual meeting. Mr. Knowles stated he did not attend the Annual meeting since the trail was not on the agenda and felt this was misleading. Brandon shared that the Annual meeting notice had Community Planning Recommendations listed. The Bylaw's have always allowed for any owner to make a motion from the floor and put that item to a vote. Jeri Fifer referred to several Board meeting minutes over the last two years where Greg had stated that we would bring forth the issue of constructing a phase of the trail at a future annual meeting. This is exactly what happened after Greg Zeller gave his report on the cost to do Phase #1 of the trail.

John Haley asked about the cost of Phase 2 of the trail. Greg Zeller said it would be less than Phase 1 but since a design has not been commissioned, he could not say. The committee's plan was for each Phase to stand alone. Greg shared that Phase 4, Sun Cove Road, would most likely be the most costly.

Pat Knowles then asked why the Board was involved with Chelan County PUD regarding individual homeowner's encroachment issues. President of the Board; Brandon fix stated that a fence would not benefit any Sun Cove owner and if there is a way to help the community by working with Chelan County PUD to ensure one is not erected then there is value in having the Board become involved as a partner to police these encroachments.

Mr. Knowles then asked if the Board or Board President believes that a possible law was broken because the newsletter question and answer article had stated inaccuracies concerning the type of material being used on the gravel part of the trail, the issue of the vote and that it was stated that a revote would not take place.

President; Brandon Fix stated that yes there was an inaccuracy on what type of material was being used for the gravel part of the trail. He apologized but reminded Mr. Knowles that he was merely trying to equate the surface to a fine compact crushed rock. He felt that this was how it was expressed to him in an conversation at an earlier Board meeting. It was the unanimous opinion of the Board that they will not revisit the vote to construct Phase I of the trail system. The Board of Directors is looking into alternative voting styles for future owner meetings.

Pat wanted it noted that he was not satisfied with the answers received and did not get to ask all the questions he had. Mr. Knowles requested a copy of the Articles of Incorporation for the Association.

Mr. Knowles once again wanted to know if a law was broken.

Managing Agent; Ken Flynn stated that Mr. Fix spends an extensive amount of time at no expense to the Association voluntarily updating the newsletter and website with information. The Q&A article sent out to the owners is a summary of what has been discussed in previous Board meetings as well as with the Associations Legal Council and the Long Range Planning Chair. No law has been broken because the Board will not revisit the vote on Phase I of the trail.

To consider everyone's time, the Board asked Pat to submit his question in writing for their review. The Chair informed Mr. Knowles that his time was up and then asked if Mr. Haley had any more questions.

Mr. Haley asked that the Board consider avoiding putting the trail through the flattest part of the green space by the 3<sup>rd</sup> cove so it would not interfere with where owners set up their volley ball court in the summer. Mr. Zeller asked if he could show Onsite Manager Jeri Fifer where exactly that is so she could relay the information during the walkthrough to stake the trail.

Nick Nelson then asked Mr. Knowles if there was another question he wanted answered.

Mr. Knowles asked who is speaking on behalf of the owners to negotiate possible easements with the Chelan P.U.D. and the Wenatchee Irrigation District. The Board President and Long Range Planning Chair have initiated these informal discussions. He also asked if he could be involved or put on the Long Range Planning committee. The Board felt his services were not needed at this time.

## **ADJOURNMENT**

***A motion was made by Brandon Fix and seconded by Nick Nelson to adjourn the Board meeting at 8:01 PM. Motion was unanimously carried.***

Submitted by:

Ken Flynn  
Acting Secretary