

Nine Mile Ranch Homeowners Association
Board of Directors Meeting
October 13, 2018

Meeting held at Oroville Senior Center, Oroville, WA.

Board members present: Kirk Johnson, Rick Lewis, Leo Culloo, Wayne Naysnerski, Kate Naysnerski, Brian Rabe, Brett Coffman and Stacey Johnson.

Eighteen Association members present, representing 13 Lots.

The Board offered to Association members present that if they would like to openly speak they may sign up to speak, for 3 minutes each, after the close of the Board meeting. Three Association members signed up.

Meeting called to order at 1:02 pm.

Old Business

Read into minutes email approval of September 7, 2018 Board meeting minutes.

Brett Coffman reported, per 9/9/18 email, that in his review of month end reports given to him by Treasurer: "I looked at everything Stacey gave me and all looks okay. I do not see any out of ordinary items."

Update on whether Lynn Barnett owes yearly assessments now that he has relinquished control over the Association: Brett Coffman reported that after researching this extensively there are still questions and would require legal counsel. Main legal questions include:

- How does the language in Barnett's May 2018 relinquishment document affect the situation, and,
- What is the legal determination of a Lot 'held for sale'.

Discuss whether Association needs/should spend funds for attorney. Lynn Barnett owns 7 lots, a total of \$1,232.00 in dues a year. Discussion tabled, to be readdressed when other legal expenses are addressed.

Stacey Johnson reported communication with attorney firm, Callaway & Detro, located in Omak, WA. It was confirmed that their hourly rate is \$275.00, that there is no conflict of interest in representing us, and that they currently represent other HOA's and have handled real estate matters for over 30 years. Cannot find other firms in Okanogan that represent HOA's that do not have conflict of interest in representing us. There are other firms we could solicit in Wenatchee and/or Spokane. The attorney firm that has been representing 9MR for years, Foster Pepper, charges the Association \$300 to \$400 an hour and they are located in Seattle. Stacey's suggestion is that we use Callaway & Detro for the following reasons:

- As stated in the CCRs: 9MR court venue is in Okanogan. We would pay less in not having an attorney travel time in the event of a court proceeding.
- Omak firm would be intimate with Okanogan judges and the court workings.
- Omak is convenient if a face to face meeting is required with the attorney.
- Hourly rate is less than what we are paying now.

Discussion tabled until we are ready to make a motion to spend funds with an attorney.

Stacey requested that it be placed into the minutes the outcome of motion made in August 3rd Board meeting to hire Foster Pepper to answer questions regarding collections of past due accounts. Motion stated a budget of \$1000. Cost was \$224.00. *Summary of questions and answers:*

- Can Board adopt policy to charge late fees? Answer: yes.
- Interest has not been filed for years. Can the Board 'back charge' interest? Answer: yes.
- Can the Treasurer/Board negotiate fees with past due members. Answer: yes.

Treasurer Report

As of 10/10/18:

Checking account balance: \$42,721.

Savings account balance: \$14,573.

CD balance: \$32,769.

Accounts Receivable: \$26,793. This includes:

- \$20,727 past due assessments
- \$4,802 interest and late fee charges
- \$200 lien fee charged
- \$1,232 Lynn Barnett
- -\$168.00 credits

Since August 1st, when we actively engaged past-due collections, we have collected 61 past due lots. This is a 20% improvement compared to last year at this time.

Of the 19 Lots scheduled to have liens filed on November 1st: 2 have paid in full, 3 are making payments and 1 filed last month. This leaves 13 liens to be filed the end of November, a savings to the Association of \$500 in lien filing fees. Two of these we are getting back in the mail with no return address. Will continue to send out statements monthly with updated interest to past due members.

In the September 7th meeting we based our cash flow projection report on collecting \$13,000 of past due assessments by the end of our fiscal year, May 31st. To date we have collected \$9,100 of the projected \$13,000.

Motion made by Stacey to approve the Collection Policy submitted to Board via email on September 25, 2018. Policy will be posted to web site. Seconded by Leo Culloo. Motion passed unanimously.

Discussion regarding members making payments, negotiating late fee and interest. Leo expressed concern that we need a policy about guidelines for accepting payments. Members making payments so far has been based on what they can afford. We will get their commitment either in email or writing. It was made clear to all members seeking payments that interest will continue to accrue and that lien will be filed if payments are not kept up or there is no communication regarding this.

Quickbooks on-line accounting sent notice that next years fee will be \$645. History is that fee was \$279.00 for the last 9 years, \$350 for this year. After lengthy discussion with Quickbooks representative it was discovered that we are signed up for one of the more expensive/complex systems that they offer. Given that we are a simple set of books and we don't need most of the services offered by the one we are using, we can drop down to a less expensive service. This would cost us between

\$380 and \$430 per year. This information is just for a heads up to think about. Stacey will provide the Board with report regarding this and suggested alternatives to be addressed at the January 2019 Board meeting. Our Quickbooks account service is paid through May 2019.

Board members had requested to be provided quarterly reports, the Balance Sheet and Profit & Loss from the Treasurer. Stacey suggested that the Board get these from the monthly posting of these reports to the Website. Stacey will provide any other reports or information upon request from a Board member.

Email distribution lists for sending out notifications to those members that have agreed, in writing, to receive through email. Stacey will be sending out 'test' emails soon to a few Board members before all address are inputted.

Rick Lewis donated a case of paper to the Association; paid for and delivered. Thank you Rick.

Association CD account, at Wells Fargo, is expiring on October 18, 2018. Stacey presented suggestion of moving CD funds to Association's existing saving account so funds are available to reinvest when ready. Craig Jordon has offered to meet with a committee to discuss/educate his ideas of laddering CD's at Charles Schwab. We have potential of making more on our money with greater availability to our money by using Craig's suggestions.

Motion made by Stacey to transfer CD funds to Wells Fargo Savings account on October 18, 2018. Seconded by Rick Lewis. Motion passed unanimously.

Motion made by Stacey to form committee to study best options for better return on our \$32,000 CD. Seconded by Rick Lewis. Committee will be Stacey, Kate, Leo and Kirk. Stacey will make arrangements to meet with Craig Jordon to discuss his suggestions.

Road Report

- Formal Road Report was read out loud by Road Manager Kirk Johnson; see report posted on website.
- Kirk Johnson requested again that the Board find a licensed, bonded and insured local contractor to perform small and emergent maintenance duties. Kate stated she has researched local contractors and found few available, and none willing to work with the Association because of our such small and intermittent needs. Further discussion included posting tasks to the website for volunteers to sign up to do, also similar posting and solicitation in the newsletter.
- Discussion regarding what to do about burned dead trees off the edges of the roads that are close to falling, considering it's the HOA's responsibility to maintain the roads but trees are the property of Lot Owners. ACC member – and prior long-time insurance claim adjuster – Kim Culloo added into the conversation notes below. Considerations included:
 - First determining if a tree is within the 60' wide easement.
 - Trees that are known by the owner to be dead (i.e. an obviously burned dead tree) – as opposed to a live green tree - are potentially the legal liability of the owner if the tree falls and causes damage.
 - Problem trees either dead OR alive within the easement may be the responsibility of the HOA.
 - Wayne volunteered to cut and remove trees less than 16" in diameter. A specific tree on a specific Lot was discussed; Wayne voiced concern for not wanting to drop that tree if it might fall incorrectly and damage a lot owner's structure. Wayne and Rick agreed to

go out and measure the exact position of this specific tree to see if it is within the easement, voluntarily drop the tree if they felt comfortable with doing it, and if not then report back to the Board at the next meeting about it for the Board to consider paying a professional to do it. Kate commented that a neighboring Lot Owner is willing to pay for the tree dropping.

Discussion now about upcoming snow plow contract with Tim Roberts. Brett offered a draft version for the Board's consideration. Discussion included:

- Leo: is there another viable plower option available to us, if we wanted to consider that? Kirk: no known viable alternative, someone with same willingness, talent, effectiveness, courage, responsibility, gear, responsiveness, knows our roads, has adequate insurance required, etc.
- Possible changes/additions compared to last year's contract, including adding 'hold harmless' language protecting the HOA if plower causes harm. Tim also communicated he will provide no back-up plower, discussion included from Eldon Hunt – 10-year prior Plow Coordinator – that there had never been a need or use of a back-up, and Kirk concurred. Eldon also volunteered to be new Plow Coordinator 'if no other option found'.
- Addressing the plowing frequency, standard, and procedure:
 - same as last year's contract
 - single named Plow Coordinator for plower to deal with (no direct dealing between plower and Lot Owners)
 - name an alternative Plow Coordinator in the contract if the Plow Coordinator unavailable; Wayne volunteered.
 - Volunteer 'reporters' throughout the Ranch who would report in to the Coordinator about snow levels and conditions in their area.
 - Order of roads plowed will be at the discretion of Tim, according to his well-established prior experienced regimen considering efficiency, worst areas and main roads first, etc.
 - extra attention for plowing width for oncoming traffic will be given to dangerous steep slopes and blind corners.
 - Add a minimum charge for a plowing order.

Motion: Kirk made a motion to approve the basic rates and terms expressed in last year's plowing contract and that a final contract draft will be brought forward from Kirk and Brett for email approval from the Board. Seconded by Leo. Motion passed unanimously.

Discussion: Kirk requested that a motion be brought by someone addressing reimbursing him for expenses associated with road management and administration, such specific expenses which were submitted to the Board from Kirk prior to the last Board meeting.

Motion made as such by Brett and seconded by Brian. Discussion included:

- Wayne expressed that these are volunteer positions and that volunteers should pay for their own expenses.
- Kirk expressed that this is not a charity organization but rather an organization that acts to benefit private landowner land values and land access, and that owners do not share their private equity with volunteer Board members in return for benefits provided.
- Leo expressed concern that Kirk's mileage reimbursement rate request of the current IRS rate is overly generous, and he proposed the Board adopt a policy outlining specific reimbursement rates and approval conditions for all expenses. Leo also expressed concern for paying that portion of Kirk's reimbursement request that involved expenses incurred under duty request of the interim Board in April and May.
- Brett and Rick expressed awareness and appreciation for the large amount of work Kirk performs while he incurs necessary expenses, and that it is appropriate to pay those expenses.

- Stacey reads aloud Bylaws Article IV, Section 2: “No Director shall receive compensation for any service rendered to the Association. However, a Director may be reimbursed for actual expenses incurred in the performance of duties or attendance at meetings of the Board of Directors.” Stacey also noted that Kirk does not include requests for reimbursement for many other expenses incurred.

Motion passed with Brett, Leo, Brian, and Rick approving, Kate and Wayne disapproving, and Kirk and Stacey abstaining.

Motion made by Rick that a policy be developed and approved by the Board offering the option for individuals to petition the Board to be reimbursed for expenses above and beyond normal activity, policy to include finding rates that are reasonable and prudent, and how to approve that. Leo and Rick will be the committee to form the draft policy. Seconded by Brian. Motion passed unanimously.

Discussion regarding Stacey’s draft proposal for scheduling the remaining Board meetings for the remaining fiscal year, and accompanying general agenda items. Leo informed that the local library has internet WIFI available and allows organizations to use their space free of charge, applying at city hall for such use. Board consent to Stacey’s proposed meeting schedule, and Kirk will pursue scheduling specific dates that may best work for the most number of Board members.

Motion made by Kirk to form a committee to research the issue of creating effective teleconference services and electronic gear, if necessary, also including potentially using the library as a venue so we can take advantage of potential WIFI teleconference options. Kirk and Kate volunteered to be on the committee, and Kirk volunteered Susan in her absence. Committee to report findings and recommendations in preparation for the Board to consider in the November meeting. Stacey seconded. Motion passed unanimously.

ACC Report

Chairperson Kim Culloo addressed the following:

- showed the ACC’s filing system for accepting applications from HOA members for structure and land use approval from the ACC. Kim also requested that all applications be downloaded onto a central cloud data base; Stacey will speak with HOA computer person Anne Alden about this.
- Kim showed the Welcome Packet that HOA member Felicity Rabe and Kim prepared, such packet which would potentially be given to all new HOA members from the ACC/Board. Packet to contain a copy of the Bylaws, CCRs, last newsletter, road maps of the Ranch, local area maps, a President’s Letter, ACC Chairperson Letter, copy of application for structure approval, list of services in the area and emergency numbers, and road reports. Packet costs approximately \$12.00 each, including postage, Kim and Felicity offered to cover all costs for the first year.

Motion made by Leo that the Board move forward with the Welcoming Package for new land owners. Seconded by Kirk. Discussion included acknowledging good potential benefit, also Felicity saying that it ‘takes away a new landowner from saying I didn’t know about the [governing documents].’ Prior Board member Eldon Hunt also commented that they used to have a similar package and it was beneficial. Motion passed unanimously.

Motion made by Kirk to extend the meeting 10 minutes. Leo seconded. Motion passed unanimously.

Motion made by Kirk to form a committee to address renaming No Name Road, preparing information for the January Board meeting. Rick, Kirk and Felicity named as committee members. Seconded by Brian. Discussion included that there would be no cost to the HOA for the re-name, as Brian and Felicity volunteered to pay for costs also including the new sign. Motion passed unanimously.

Motion made by Kirk to form a committee to analyze and bring forward a recommendation to the Board regarding HOA member Drew Sawchuk's request that the HOA receive and disburse funds from Lynn Barnett to reconstruct and improve the Big Horn Ridge entrance gate. Specifically to respond to Mr. Sawchuk's request that a letter be drafted and sent to him in initial response to his request. Kirk, Susan, and Brett to be on the committee. Stacey seconded the motion. Motion passed unanimously.

Motion made by Kirk to accept list of terms of Board members. Seconded by Brett. List is based on bylaws Article 4; Section 3: Terms and number of votes received from members in the elections of Board members. Motion passed 6-2, no votes by Wayne and Kate Nayskerski.

Meeting adjourned at 3:10 pm. Open floor for membership comments.

Board reconvened at 3:30 pm for executive session regarding on-going non-compliance of member.

Motion from executive session was to send letter to offending member and their renters. Leo and Kirk will write up draft to be approved by Board via email. Motion passed unanimously.