

Nine Mile Ranch Homeowners Association
Board of Directors Meeting
March 16, 2019

Meeting held at Oroville Senior Center, Oroville, WA

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

Approximately 34 Association Members present representing approximately 16 lots.

Meeting called to order at 1:02 p.m.

Meeting is recorded by multiple people.

A Policy for Meeting Protocol was read out loud. This Policy was written by the Board of Directors. Copy of Policy was made available for all Members attending. Sign up sheet for Association members to speak at meeting was made available.

Motion to amend agenda to include discussion on standards for taking Meeting Minutes. Brian Rabe seconded. Motion passed unanimously.

Introduction of Board members.

Old Business

Read into minutes email approval of January 5, 2019 Board meeting minutes. Six approved, Susan Stewart abstained as she was not present at meeting, Wayne & Kate Naysnerski did not respond one way or another for approval. Minutes are published on the website.

Reimbursement Committee Report:

Motion made by Leo Culloo to approve Reimbursement Policy submitted to the Board dated 3/1/19. Edits in some wording was discussed and agreed upon. Seconded by Brian Rabe. Motion passed: 7 yes votes, Kate & Wayne Naysnerski voted no.

Motion made by Brian Rabe for any amount greater than \$100 for purchase/procurement be pre-approved before reimbursement. This figure is for beyond what has been budgeted. Seconded by Leo Culloo. Motion passed; 8 yes, Wayne Naysnerski vote no.

Policy can be revised at a later date by Board approval.

Motion made by Leo Culloo that the Board adopt 34.5 cents per mile for the mileage reimbursement rate for 2019. Seconded by Rick Lewis. Motion passed; 8 yes, Kirk Johnson no.

Motion made by Leo Culloo that annual mileage reimbursement for any one Board of Director or Committee member may not exceed a total of \$200 in a calendar year. Seconded by Brett Coffman. Motion passed unanimously.

Motion made by Kirk Johnson to approved the ‘Mileage Reimbursement Form’. Seconded by Rick Lewis. Motion passed unanimously.

Update from Committee for review of December 1st questions and answers from Attorney: will postpone till next meeting.

Read into minutes December 2018, January 2019 and February 2019 reconciliations where sent to Brett Coffman and Scott Griffin for review; all 3 months were approved by both Brett and Scott. Note Stacey Johnson, Treasurer, sends copies of bank account reconciliations, Balance Sheet and Profit & Loss, and copies of all checks written with corresponding invoices. This is for a monthly internal control review. Scott Griffin brought forth some questions and suggestions:

- Suggestion by Scott that all ‘comment sections’ of every check should have a note in it. Stacey commented that she had not been writing that on the check itself but will now. She does make notes on all checks when inputting in the Quick Book system.
- There is a category showing up called “unapplied payments” that Scott and Stacey are sorting out. It appears that some of this figure dates back to older times. It’s a Quick Books auto function, not an accounting error.
- Scott wanted more detail on ‘release of liens’ payment. Members that are 3 years or more past-due have liens filed on their Lot at Okanogan County. When member pays in full the lien needs to be released from Lot. Both the costs of filing the lien and release of the lien is billed to member at time of filing lien.
- Scott suggested that we are transparent when we engage legal council. The Board has discloses, through motions made, legal expenditures. Questions and answers from attorney are posted on website.
- Scott suggested that the receipts are clear for any reimbursement. This also is done and posted on the website.

Treasurer Report

- Checking account balance: \$24,816
Savings account balance: \$14,354
CD balance: \$33,142
- We are earning interest of approximately \$70.00 per month on our CD now.
- We still have 24 Lots (18 members) that owe us \$16,430 collectively. About \$5,000 of that is for back and current interest charges, late fees, and lien fees.
- 4 Lots owe us for this year, and additionally 7 Lots (3 members) owe us for 2 years.
- This current Board had inherited (as of June 2018) 19 Lots that were over 3 years past due; the really old big ones. Regarding progress on those past-due accounts, currently:
 - 9 have paid in full

- 5 are making payments
- 5 have liens have been filed on them; total amount due for this 5 is about \$7,600

At the September 4th, 2018 BOD meeting the BOD made a motion to spend funds on road gravel that could have required us to use some of the savings account. At the time it as stated that we had hoped to collect \$13,000 of the past due to help pay for the gravel. We collected close to \$20,000 thus we did not have to use any of the savings account.

Motion made by Stacey Johnson to remove Lynn Barnett's invoices from the books. Seconded by Susan Stewart. There are 7 invoices, 7 Lots still owned by Lynn, totaling \$1,232.00 due for assessments billed to Mr. Barnett last year. Mr. Barnett responded to receiving those invoices by sending back the CCR's highlighting where it states that as long as his Lots are for sale he is not required to pay assessments on them. BOD comments included it would be unduly burdensome on the Association to legally fight this. Including Barnett into Accounts Receivable overstates our Accounts Receivable as we will never get these funds unless we win at fighting him legally for this. Motion passed unanimously.

Stacey Johnson will send a note to all past due, with the April 1st statements, reminding those members that their voting rights have been suspended until their account is paid in full. We would like them to participate in the upcoming ballot votes. Board agreed to have Stacey send letter.

Stacey has solicited 2 current bids for potential upcoming state required audit. One bid is from a firm that specializes in Washington State HOA's. This bid is for \$2,700. The other is from a firm in Seattle. His bid was for \$2,200 to \$2,900. Both bids included doing the HOA federal tax return as well. The decision as to whether the HOA performs the audit will be put out to vote in upcoming mailing, as the membership has the right to decide whether to have the audit performed or not.

Upcoming mailing: Susan and Stacey will continue working on the documents that will have to be mailed by May 1st. This will include:

- Ballot
- Letter to go with Ballot
- Notice: Raise in annual dues if applicable
- Notice: Annual meeting
- Financials
- Budget
- Letter with budget
- Budget vs. Actual report

- Board agreed that we send out a Profit & Loss on an accrual basis and cash basis.

- Budget vs actual report will require explanation regarding that the last year budget was done by an interim Board based on 5 year averages, not thought-out or evaluated.

Reserve Study and Reserve Funding is the next big issue to tackle. This affects many aspects of accounting, reporting, special assessments, road evaluations and savings/reserve.

Motion made by Stacey Johnson to form of a committee of Kirk Johnson, Brett Coffman and Stacey Johnson to study the Reserve Study and Funding law and report back it's finding to the Board at the July Board meeting. Seconded by Brian Rabe. Motion passed unanimously.

Board agreed to include a stamped return envelope with ballot for members to use.

Annual Meeting Details

- Time of meeting to be 1:00PM was agreed upon.
- No refreshments or foods will be provided; water will be provided.
- Felicity Rabe & maybe Kim Culloo will help with a sign in sheet.
- Agenda will included counting of ballots and ratifying proposed budget.

- Suggestion to use the same 3 people as last year, from Oroville community, to count our ballots. The procedure we followed last year was:
 - Counters were given list of members with highlighted past due members.
 - They then established a quorum.
 - Counters open envelopes.
 - Counters counted all ballots twice.
 - There was a 'Certification of Ballot Count' form signed by counters upon completion.
 - All ballots we place in a sealed/taped envelope by the counters.

- Wayne would like a period of two weeks to look for different counters than those that were used last year.

- Procedure for ballot counting will all be written up at close of counting ballots and published to the membership.

Quick Books yearly subscription fee:

Motion made by Kirk Johnson to stay with Quick Books on-line subscription using the less expense subscription called Essentials at \$321.00 a year. Seconded by Stacey Johnson. Passed unanimously.

Canadian Member Payment:

The Association is losing money on the exchange rate through payments by Canadian members. Suggestion to send a note to let Canadian members know that the difference in the exchange rate will be a balance forward, or credit, on their account. Also, tell them that they can write "US Funds" next to the dollar amount to remedy this, or go to bank to get US draft. We have approximately 30 Canadian members. Susan Stewart agreed to write up a letter to go with Canadian invoices. A \$5.00 fee is charged to the Association when ever a check drawn on a Canadian Bank is deposited. This \$5.00 fee will be addressed in letter as well.

Credit Card Payments

Credit card payments were accepted for a few years by Nine Mile Ranch. This costs the Association 3.6 percent on every transaction. Suggestion to set up "on line banking". Stacey will check this out at our bank to see if bank will charge fees for this.

A member called Stacey Johnson and asked that she state his opinion at this BOD meeting about Special Assessments; that he supports the annual assessments being raised, but did not trust Board abusing the option of Special Assessments.

Road Report

- Snow Plowing: Tim Roberts has voiced he did not want to plow next year, but may consider it again. Brett Coffman suggested that we put a formal request for a snow plower out to bid. This will be written up for Board discussion and approval at the July meeting.
- Three identified hazardous burned trees in the easements need to be taken down. We received a bid for \$700 to do this. Attorney advised that we are responsible for felling these trees.

Motion made by Kirk Johnson to engage Ken Davidson Construction, for \$700, to fell the 3 identified trees. Seconded by Rick Lewis. Passed unanimously.

DNR Using Association's Roads for Logging State Land

- **Motion** made by Kirk Johnson to spend \$19.49 for cost of mailing to members on the proposed route soliciting their input about the DNR proposal. Seconded by Rick Lewis. Passes unanimously. (Prior to this meeting this same Motion through email. Email motions must be unanimously approved in order to pass. Motion failed: 7 voted yes, Kate & Wayne Naysnerski did not respond.)
- **Motion** made by Wayne Naysnerski to have those members on the haul route be able to give formal vote as to whether they support the DNR Logging Proposal. Kate Naysnerski seconded (motion was eventually withdrawn because BOD voted to reject the DNR proposal).
- Discussion about concern of safety issues and concern whether allowing use of HOA roads is commensurate with the CCRs.
- **Motion** made by Brian Rabe for the Board to reject the DNR on their request to use of our roads for their logging project. Seconded by Wayne Naysnerski. Motion passed unanimously.

Proposed Budget and Current Cash Flow

Proposed Budget for next year:

- Reserve study may not have to take place. Research will be done, but we need to included in budget at this point.
- Reserve Fund Deposit will stay on proposed budget.
- Audit is included until/unless the membership votes to waive the audit.
- Tree felling category can be/may be supplemented by volunteers.
- **Motion** made by Stacey Johnson to raise next fiscal year's assessments by 10% to \$193.60. Seconded by Kirk Johnson. Motion passed: 7 yes, Kate & Wayne Naysnerski no.

- **Motion** made by Stacey Johnson to approve proposed budget for 2019/2020. Proposed budget will be sent to membership in upcoming mailing. Rick Lewis seconded. Motion passed unanimously.

A Current Cash Flow Report was reviewed by the Board. This report showed current cash balances and estimated costs through the end of current fiscal year; May 31, 2019.

Motion by Kirk Johnson to appoint Todd Besaw as ACC Chair. Seconded by Rick Lewis. Motion passed unanimously.

Motion made by Kirk Johnson the Board approve ACC Chair with ACC advisory. Seconded by Rick Lewis. Motion passed unanimously.

Motion made by Kirk Johnson that ACC submit covenant enforcement letters to the Board prior to sending letter out. The Board will have 3 days to review. Seconded by Rick Lewis. Motion tabled at later date to be able to confirm with new ACC Chair.

Motion to extend meeting 1 hour. Seconded by Rick Lewis. Motion passed unanimously.

Leo Culloo read his resignation, effective June 15, 2019 at the end of the Annual Meeting.

Motion by Brian Rabe to institute and post Meeting Protocol Policy to website. Seconded by Rick Lewis. Motion passed unanimously.

Motion made by Kirk Johnson for the Board to approve Email Archive Policy and Report. Seconded by Rick Lewis. Motion passed unanimously.

Motion made by Kirk Johnson to form committee to produce a July Newsletter, with \$200 mailing budget. Seconded by Brian Rabe. Committee will be Susan Stewart and Kirk Johnson. Motion passed unanimously.

Motion made by Kirk Johnson for secretary to draft Board meeting minutes within two weeks of the meeting for Board review. Seconded by Rick Lewis. Motion pass unanimously.

Discussion regarding a “Disclaimer” and Petition that has been independently sent to some of the membership, such Petition which included (among other things) asking members to dissolve the HOA and/or to vote off all directors except Kate and Wayne Naysnerski: Board asked Kate Naysnerski if she wrote the Disclaimer. Her response was “I typed it”. Board asked Wayne & Kate Naysnerski if they were going door to door, here at the Ranch, soliciting signatures for the Petition. Kate’s response was “yes”. No further discussion.

Discussion regarding Board members responding to business through email. Three days is the agreed upon time frame.

Meeting open to Association members comments at 3:32PM.

Open Meeting adjourned at 4:02. Board convened in closed executive session.

Executive session:

- Directors Kate and Wayne Naysnerski left before the executive session. They did not attend the executive session. All other Directors remained present.
- 2 Board members recused themselves (left the room) for Board discussion regarding their private business. The Board determined business has no impact and does not violate the CC&Rs. This decision will be officially documented in writing and sent to Lot Owner. The 2 board members came back into the room after the discussion and vote was completed.
- A Director reported their personal status of out-building permit compliance with county.
- Motion made to suspended voting rights of those HOA members designated to be in non-compliance; per CCRs Article III, Section 1 (a). Notice will be sent. Motion passed unanimously.
- Motion made to remove two members of the ACC committee, Wayne & Kate Naysnerski, due to conflict of interest. Notice will be sent.
- Motion made for letter to be written to HOA member to discuss potential non-compliance. Motion passed unanimously.
- Motion made to further engage attorney for letter regarding potential legal processes for a non-compliant member with cap of \$1000. Motion passed unanimously.