

Lake Entiat Lodge Associated Meeting of the Board of Directors

November 16, 2018

TIME AND PLACE

The Board of Directors of Lake Entiat Lodge Associated met on Friday, November 16, 2018. The meeting was held at the clubhouse in Orondo, Washington and called to order by President Dan Russell at 6:00 pm.

PRESENT

Directors present were: Dan Russell, Nick Nelson, Darrell Richards, John Peterson, Bill Kneadler, and Neil Doherty. Director Bill Tucker joined via conference call. Treasurer J. Anderson was also in attendance, as well as staff members Jeri Fifer, Jason Knight, Jessicah Curry, and 3 Association members.

APPROVAL OF MEETING MINUTES

Mr. Russell presented the October 12, 2018 Board Meeting minutes draft for approval.

Mr. Doherty made a motion to approve the October 12th, 2018 Board Meeting Minutes as presented. Mr. Nelson seconded and the motion carried unanimously.

FINANCIAL REVIEW

3rd Quarter Financial Report

Mr. Anderson informed the Board that the January-October financials reflected a 1% overage, customary at this time of year, and that 22 members were 30-days delinquent.

He shared that, as legal expenses are \$3,000 over-budget, it is recommended that a Director prepare the question, the Board then approve the question prior to presenting to counsel, and all legal counsel recommendations be recorded.

2019 Budget

Mr. Anderson presented the 2019 draft budget for Board review and thanked Messrs. Tucker, Knight, Russell, Nelson and Mrs. Fifer for their collaborative effort on the draft budget. He reported that all 23 budget lines had been intensely assessed in an attempt to keep assessments as low as possible while upholding the current maintenance and administrative standards. The annual assessment increase is \$56 per lot. He also shared that revenue will decrease in 2019 by approximately \$9,000 as 5 members have consolidated their lots.

After discussion, Mr. Nelson moved to accept the 2019 Budget with an annual assessment of \$1,888 per member. Mr. Tucker seconded and the motion passed unanimously.

Additional discussion occurred as to how the Board should handle the future increases. Mr. Russell added that presenting such a conversation to the membership at the next membership meeting would be worthwhile. Mr. Anderson added that the Board's duty was not to protect or insulate the members from change (nor could it feasibly do so), but to safeguard the wellbeing of the majority to the best of its ability and that financial adjustments must and will occur.

2019 Short-Term Rental Cap and Fee

Mrs. Fifer noted that in 2016, the board requested that a means to measure the impact-of short-term rental (STR) guests have on the community be created as a guide for the Board to raise or lower the fee and/or cap annually. In 2017, the Short-Term Rental Rules and tracking database were created to fulfill this role of measurements.

She additionally reported that only two (STR) properties had come close to the sufficient compliance issues, or demerits, to deny them from applying for STR status in 2019. It was noted that issues and complaints received are not the only determining factor when setting the fee and cap as renters impact the facilities, such as the pool, more than the average member.

After discussion, Mr. Doherty recommended reducing the number of rental properties from 20 to 18 and raising the STR fee from \$850 to \$1,000. Mr. Tucker added that if the Board was to base its decision solely on the business practices of 'supply-and-demand,' the most beneficial choice would indeed be to at least raise the fee, as the demand was high with 27 members applying in 2018.

Additionally, Board consensus was to consider raising the fine for members discovered renting without Association approval up to \$5,000 in addition to loss of association privileges. The amount charged will be reviewed at the next board meeting.

Mr. Nelson made a motion to reduce the Short-Term Rental Cap to 18 and raise the Declaration fee to \$1,000. Mr. Doherty seconded, and the motion carried unanimously.

2019 Reserve Fund Expenditures

Mr. Tucker provided the updated Reserve Fund planning report which included the truck and plow be replaced due to increasing repair expenses and that both were identified by the Reserve Study as at the end of their useful life. Discussion followed with the following recommendation;

Mr. Peterson made a motion to spend up to \$7,500 from the Maintenance Reserve Fund for the snow plow to be replaced. Mr. Kneadler seconded and the motion carried unanimously.

Mr. Nelson made a motion to spend up to \$35,500 Maintenance Reserve Fund for a truck replacement. Mr. Peterson seconded and the motion carried unanimously.

2019 Budget Ratification Meeting Date

2019 Budget Ratification Meeting Date

The Budget Ratification Meeting (and subsequent Board Meeting) will take place on Saturday, January 19th, 9:00am at the Clubhouse.

OLD BUSINESS

Douglas County Encroachment Enforcement

As a reminder to all members, the Douglas County encroachment enforcement issue was extensively discussed at the annual meeting in April 2018. At the conclusion of the meeting the consensus was for the Board to work with the County and be a point of contact to the membership in regards to disseminating possible changes and/or action points needed by the membership.

After many hours and discussion with the committee, the Board of Directors, members and extensive interaction with the County throughout the summer, it was decided to obtain opinions from the membership in late August-September as to their preferences. The results of the Questionnaire issued to the membership regarding direction of the Board in the matter of the County encroachment enforcement overwhelmingly exhibited the membership's desire for the Board to leave individuals to deal with their County encroachments on their own as necessary.

Based on the membership's response to let individual members handle their own enforcements and the County subsequently pursuing this direction, the recommendation is to disband the committee at this time. Accordingly:

Mr. Peterson made a motion to disband the Stormwater/Encroachments Fact-Finding Committee. Mr. Kneadler seconded, and the motion carried unanimously.

Nelson Construction Plan Review

Nick Nelson shared that he expected to receive the signed agreement discussed at the October board meeting from Dave Nelson in the following week.

Lengthy discussion followed with Architectural Review Committee (ARC) members, Mr. Richards and Mr. Doherty, shared their opposition for plan approval due to the fact that construction began without Association approval, and recommending a professional survey of the property be required in addition to the agreement.

After further discussion:

Nick Nelson made a motion to accept Dave Nelson's construction plans under the condition that he sign the current Board of Directors' approved agreement stating he will remove all Association setback encroachments prior to completing the project. Mr. Tucker seconded, and the motion carried with Mr. Doherty and Mr. Richards opposed.

Lot Maintenance Covenant

Mr. Russell opened the floor for discussion of the latest draft of the Lot Maintenance Covenant.

Mr. Richards presented the changes suggested by the Rules Committee and shared he had used the verbiage recommended by Mr. Tucker in this new draft. Discussion followed as to the timing and presentation to the membership due to the multiple Covenant amendments currently being considered.

Board consensus was to schedule a Covenant Workshop in February 2019 to discuss proposed changes.

Architectural Review Process Review

Mr. Russell opened the floor for discussion of the new ARC process draft. Adjustments were recommended, as well as addressing the definition of hardscaping and the matter of corner lots having different setbacks.

Mr. Tucker excused himself from the meeting at 8:45 pm.

Mr. Nelson made a motion to accept the Architectural Review Rules and Procedure with all suggested changes made. Mr. Peterson seconded and the motion carried unanimously.

Mr. Peterson made a motion to convene into an Executive Session regarding communications from legal counsel. Mr. Nelson seconded and the motion carried unanimously.

At 8:52, The Board of Directors moved into Executive Session to discuss the Association attorney's response to the Lades attorney's letter.

EXECUTIVE SESSION

The Board reviewed the Association's attorney response to the Lades regarding RV placement on an RV lot per the Association's 1.9 covenant. After review and discussion the Board approved the response and added a 30 day compliance timeline. Additionally, it was pointed out by both attorneys that all lots are affected by covenant 1.16 in regard to allowing RV's being stored on lots greater than 3 years even after a lot has a been built upon. The Board will discuss further how best to handle this clarification of the covenants.

The Board moved back into regular session of the Board meeting at 9:44 pm.

Mr. Kneadler moved, Mr. Nelson seconded, and the motion carried unanimously to adjourn the Board meeting at 9:46 pm.

Submitted by:

Jeri Fifer, Acting Secretary