

MeadowWood Homeowners Association
Board of Directors Meeting
January 18, 2006
Location: Liberty Lake City Hall, 22710 E. Country Vista

Attendees: Mark Andresick, Bruce Bell, Pat Cunningham, Scott Kingsford, John Korandy, Becky Kurtz, Odin Langford, Karen Mack, Jennifer Mackey, Gary Manthey, Dennis Scott, and Colette Seubert.

Absent: Dawn Lenss, Anton (Ras) Rasmussen, and Ben Regules.

The meeting was called to order at 7:05 p.m. by Dennis.

Approval of minutes – The minutes from the November 15, annual meeting and the November 22, 2005 annual meeting continuation were emailed to Board members on December 15, 2005. Pat moved by email on December 18 to accept the minutes, with Jennifer seconding the motion by email on December 18. A unanimous vote in favor of the motion was received via email.

Agenda – No additions, corrections, or modifications were proposed

Meeting Procedure Review

Introduction of Guests

Guests in attendance were Carol Pederson and Kim Burke of Storage Solutions, and homeowners Chris Merkel, Rob Brickett, and Mike Wende.

Guests Comments

Kim and Carol, the new owners of Storage Solutions, described some of the services that Storage Solutions provides.

- They include customized storage, high security storage, household storage, etc.
- All managers are professionally trained and certified. They are also trained to look for methamphetamine use or other illegal activity.
- A number of high security measures are used at the facility, including full-color 24-hour surveillance.
- The business is active in the community.
- They offer a full service business center and mail service, conference room, etc.
- MeadowWood homeowners get high priority reservations. The first week's rent is free for MeadowWood homeowners.
- There is an option of renting on a weekly basis.
- They currently have 40 spaces for RVs/boats, with half of those spaces currently filled. They plan on doubling the number of RV spaces and will add covered spaces as well. They also have storage spaces with 10 foot doors that will fit many boats.
- Their rates are posted on their website.

The following are concerns brought up by a couple of homeowners, and how the Board addressed those concerns:

1. The Association Board is perceived to be heavy and highhanded. The Board was referred to as a mini-Gestapo.

Board response: The Board agenda is driven by homeowners and the issues that have come up. It was explained that the Board tries to balance the needs of approximately 1,000 homeowners. Prior to the merger of the previous Associations, there was a lack of enforcement. At the 2004 Annual Meeting, homeowners had asked the new Board to enforce the covenants. The main benefit for covenant enforcement is that property values are maintained. There is a huge issue right now with noise and houses not being maintained or painted.

2. There are objections to the foreclosure clause in the Rules and Regulations. Specifically, what right does the Board have to initiate a foreclosure on a homeowner's property when the past due amount reaches \$1,000 or more?

Board response: Any entity can put a lien on a property. A foreclosure can be initiated by any lien holder, even if there is a mortgage or other liens on the property. The mortgage company would simply step in and buy the foreclosure. The account would first be turned over to an attorney for collection. Foreclosure by the Association would be a last resort if collection efforts failed.

3. There are objections to the "flavor" of the enforcement procedure.

Board response: Violation notices start out gentle and polite (fines are not imposed until the second notice), and then get progressively tougher if the management company does not receive a response from the homeowner.

4. Homeowners are receiving violation notices when in fact they are in compliance with the Covenants and Rules & Regulations.

Board response: This was a miscommunication with the management company, Greenstone, and the Board will address the issue with them.

5. There is a perception that Greenstone did a power grab when the associations were merged.

Board response: What was wrong with Greenstone trying to maintain property values? This would benefit all of the homeowners in the Association. A larger association has more clout with the city – especially with the street light issue.

6. The Board is perceived to be a Greenstone crony and that Greenstone "owns" the Board.

Board response: There is still a lot of confusion regarding the relationship between Greenstone and the Association. No one on the Board is a Greenstone crony or unlawfully elected by Greenstone's influence. The people on the board are homeowners who are committed to the association and have worked hard over the past years to make the neighborhoods enjoyable for all.

Greenstone is completely separate from the Board – Jim Frank is no longer on the Board. In the past, he made a point to keep separate from board activities and voting. Jim Frank and Greenstone declined to vote on any Board issues and in the past instead gave their votes to the Board to vote on behalf of the majority opinion of the homeowners. In the past, Greenstone – as the developer – was the glue that held the Association together. Prior to the merger, the previous associations had trouble getting enough volunteers to be on their respective boards.

Greenstone is simply a management company, hired by the Board to provide services such as billing and enforcement. The Board wrote the management agreement, detailing what is expected of the management company. Greenstone was chosen as the management company because they were the cheapest – by far – among other management companies in the area.

7. A homeowner believed that the merger vote was fraudulent because proxy vote form was confusing.

Board response: The Board has worked to ensure subsequent proxy votes were clear and not confusing.

8. Better communication is needed with homeowners.

Board response: It is expensive to send out newsletters by mail, so instead we are trying various electronic means

instead, such as the web site and email. We are also working on including notices of upcoming meetings in the Splash.

9. The question was raised on how the Board decides what impacts home value when determining what to enforce? Specifically, how do basketball hoops or having a trailer in someone's driveway impact property values?

Board response: Basketball hoops were addressed as a safety issue and then the Board took the subsequent homeowner feedback to heart. Because of the litigious society that we live in, the Board wanted to go on record as saying that we didn't think basketball play in the streets is a good idea because of safety concerns. Other enforcement issues are driven by homeowner complaints.

10. How does the Architectural Review Committee fit in with the enforcement issue?

Board response: The Architectural Review Committee is written into the covenants and it is separate from the Board. The Association would like to see it turned over to the Board once Rocky Hill is built out. The Board plans to write to Greenstone, urging stronger enforcement on a couple of issues that the Board doesn't have jurisdiction on.

11. A homeowner was concerned about the recent dues increase and asked what drove the increase.

Board response: It was explained that \$1 of the increase was due to a higher management fee because of stepped-up enforcement. The Board is also now establishing a reserve fund to cover emergencies. The Board is taking proactive action to maintain the quality of our neighborhoods. The Association could have absorbed the management fee increase if all of the past due accounts were brought current.

New business

Election of officers

Odin nominated Dennis to remain as the Board President. A second of the nomination was made by Scott. Dennis said that he would like to give opportunity to someone else to have position if anyone was interested. Scott said that he would like to have him stay because there are some important issues still open. This was not a good time to have a new person in the position. Mark mentioned that he would like to see Dennis mentor someone else this coming year that could possibly take on the role in the future. Dennis then accepted the nomination. The vote was unanimous in favor of Dennis remaining as the Board President.

Scott was nominated for Board Vice President by Mark, with a second of the nomination by Pat. Odin nominated Jennifer for the position. Six voted in favor of Jennifer as Vice President, and four in favor of Scott.

Karen was nominated by Pat to remain as Board Secretary. The vote was unanimous in favor of Karen remaining as the Board Secretary.

Budget

The majority of the budget is in good shape. There was one disappointment and that was with the revenue projection for Garden Ridge. \$43,200 in revenue from assessments was estimated, but only \$37,566.40 was received. The shortfall in revenue was not due to past due amounts. The total of past due amounts for the Ridge is only \$1,634.14. The actual revenue fell short by \$5,633.60 and has a large impact on the carryover. The carryover for the Ridge is approximately only \$288.12. Dennis will work with Greenstone to get an explanation as to why the revenue was short.

The total amount of past due accounts totals \$23,835.78 and that does not include the billing that just went out. The current billing totals \$87,579.85. The total amount of past due is from 133 homeowners, out of a total of 951 homeowners at this time. Of the past amounts due, \$8,722.70 is from late charges and interest alone. Some of the interest charges were calculated incorrectly. The total of interest due is \$2,519.40. Dennis believes this figure is actually closer to \$210. He discussed this discrepancy with Greenstone and the answer he received was that it

would be too time consuming to correct the error. He explained that it was wrong to overcharge for interest, so they agreed to drop the interest charges if someone questioned it.

Odin asked about the Garden Ridge landscaping costs with Andy's. Why are we receiving mowing bills in December? Dennis explained that it could be when the bill was received. Odin then asked if anyone was monitoring the incoming bills to cut off services when the budget was maxed out. Dennis explained that the 2006 budget will separate homeowner property maintenance costs from the common areas maintenance costs.

John brought up the street lighting issue. He asked what we could do as the Board to aggressively lobby the City to take over this expense. Dennis said that more home work is needed over the next month or so with Avista to identify exactly which lights belong to the Association. Street lighting in Liberty Lake is hodge podge – MeadowWood has about 95% of all the street lights in the City. Street lighting options:

1. Homeowners continue to pay for the street lights in their neighborhoods through the Association.
2. The City takes over the street lights, pays the bills, and then bills residents on property taxes.
3. The City forms a lighting district – an enterprise area within the City. This option could be abused. This option is favored by Mayor Peterson.

Dennis pointed out that once we have put a proposal together, it needs to be presented to the City. The issue will simply die if we just send it in.

There currently is no RCW requiring cities to have street lighting. MeadowWood homeowners could potentially be paying more for street lighting if a lighting district is formed.

John said that the Association needs to step away from how the City should handle the street lighting issue and just stress that the City should take the street lights over, period. Dennis thinks that in order to be successful in our proposal, we have to give the City an alternate solution to what the Mayor wants. Odin suggested a referendum to make the City take them over. Colette asked if it wouldn't be cheaper to just keep paying for the street lights through the Association. John explained that if they are billed as part of the property taxes, homeowners could then deduct the cost on their taxes, which they can't do now paying through the Association.

The Board will ask homeowners to contact the Liberty Lake City Council regarding their interest in the street lights issue.

Association software update – Trudi Kuhn from Greenstone wasn't present at the meeting, so no update was presented.

Enforcement

Dennis said that Greenstone had been inconsistent with past due interest calculations. They were calculating interest at 15% per month instead of 15% per year (1.25% per month). They carried over that error in the aging report they gave to Dennis for the Board meeting. While they finally agreed to waive the incorrect interest charges if the impacted homeowners complained, Dennis proposed that the Board consider a motion to waive the all of the incorrect interest charges, whether the homeowners complained or not.

The other issue Dennis brought up was that while late charges accrue each month an account is past due, a homeowner would not receive notice of the accruing late charges and interest until they received their next semi-annual bill. He proposed that the Board consider going to a quarterly billing cycle instead. It would add approximately \$2,000 to the annual budget to bill quarterly, and approximately \$6,000 to bill monthly.

Odin asked why the Association should incur extra costs to bill everyone more frequently when it was less than 150 homeowners that were in arrears. He suggested that late notices be sent to them instead.

Scott moved that late notices be sent to homeowners at the time that a late charge is imposed. Jennifer seconded the motion, and all voted in favor of the motion.

Scott moved that all incorrect interest charges be removed, with John seconding the motion. The vote was unanimous in favor of the motion.

Mark moved that wrong interest charges in excess of 1.5%/month be waived, and that going forward the interest charges would be corrected. A second of the motion was made by Odin, with the amendment that homeowners who had already paid the incorrect interest charges would receive a credit on their accounts. A second to the amended motion was made by John. The vote was unanimously in favor of the amended motion.

Board member assignments

Board members volunteered for the following assignments:

- Splash ad/notifications – Mark (we need to have Board meeting listed in the Splash community events section and in the Liberty Link)
- Web site maintenance – Scott
- Name of arboretum – Scott
- Street lights – Odin & John
- Fun activities – Jennifer & Becky
- Park improvements – Jennifer (Five Finger Park), John (Two Bear Park), Becky and Colette (Pump House Park). (Participating Board members need to research what is needed by each park and prepare a proposed budget.)

Laptop purchase

The need to purchase a laptop computer for the Board use was identified. The laptop would be used to take meeting minutes, for Board presentations, etc. Scott researched various laptops and showed a chart comparing three different laptops that he felt gave the best value. He explained their configurations and the cost for each one. He recommended the Toshiba model that was priced at \$650.

Jennifer moved that the Board authorize Scott to purchase the indicated Toshiba model at a cost not to exceed \$650. Becky seconded the motion.

John recommended setting a budget amount and authorizing Scott to find the best value for that amount, since computer availability and configurations change quickly. Scott mentioned that the computer would also require a case (approximately \$50) to protect it, and recommended a total amount not to exceed \$750. Jennifer amended her motion to allow Scott to choose the best configuration under \$750, including the cost of the case. A second of the amended motion was made by Becky. All members voted unanimously in favor of the motion.

Architectural Review Committee

Dennis proposes sending a letter to Greenstone, mentioning the following issues:

- The Board would like to participate on the Committee
- The house at 904 Mitchell Court is in serious disrepair
- The cedar fence on Eagle Bend is non-conforming

Odin moved that Dennis, on behalf of the Board, send a letter to Greenstone covering the three issues above. A second of the motion was made by Scott.

Mark stated that the Board does have authority to enforce homes in disrepair. He suggested that a Board member and a homeowner at large should be on the Architectural Review Committee. Dennis explained that the Board could only make suggestions to Greenstone, and that the initial letter should only test the waters with the three previous points before the Board recommended a specific person to join the Committee.

Bruce asked how Dennis would word the letter. Dennis said that he would ask the Architectural Review Committee how we should address the home in disrepair, and ask how we would enforce repairs. He would mention that we would like the Architectural Review Committee to review the fence in question, and then would recommend that the Architectural Review Committee consider allowing a Board member and a homeowner at large to join the Committee.

Eleven votes in favor of the motion were cast, with one vote against. The Board member that voted against this issue felt that park maintenance was a higher priority.

Communication with homeowners

As seen from the comments made by this evening's guests and from previous feedback received from homeowners, communication between the Board and homeowners needs to improve. One idea was to push the website in the billings that are sent out. Scott will put together other ideas and bring them to the next meeting. Dennis expressed his concern that without homeowner rapport with the Board, we will continue to have low turnouts at the annual meetings. We need to generate enough interest so that homeowners will either attend the meetings in person or supply a proxy.

The next Board meeting is scheduled for Wednesday, February 15. Karen will be on vacation that week, so Jennifer volunteered to take minutes.

The meeting adjourned at 9:30 p.m.