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UNAPPROVED
ANNUAL MEMBERSHIP MEETING MINUTES
JUNE 15, 2019

Meeting held at Oroville High School.

Meeting called to order at 1:10 pm.

Chair announcement that audio recording of the meeting, per state law, is allowed upon a person announcing it; several people present announced as such.

Modified Meeting Protocol Policy was read for all to follow.

Self-introductions of Board Members present: Kirk Johnson, Leo Culloo, Brett Coffman, Brian Rabe, Stacey Johnson, Susan Stewart, Wayne Naysnerski and Kate Naysnerski.

Introductions of Counters of the Ballots: thank you to local Oroville business people Dwayne Birmingham and Clyde Andrews for volunteering to count our ballots.

Announcement of the presence of an independent observer for today's meeting, local real estate agent Lynsey Bilbruck. Chair, Kirk Johnson, solicited that willing members can contribute donations to pay the cost for the presence of our independent observer.

Regarding meeting quorum: 63 ballots must be received to establish a quorum for vote of director and vote for audit to be valid; (112) ballots were received, therefore quorum was achieved. Sign-in sheets of Lot Owners present at the meeting showed (42) Lots physically represented at the meeting. Some signed-in Lot Owners did not arrive until later in the meeting.

Motion made by Kirk Johnson to approve current draft of the 2018 Annual Membership Meeting with suggested edits. Motion seconded by Leo Culloo. Vote to approve minutes was taken with Brian Rabe, Stacey Johnson, Leo Culloo, Brett Coffman, Kirk Johnson and Susan Stewart all voting to approve. When the vote came to Board member Wayne Naysnerski, Board member whose term expired as of this Annual Meeting, he disregarded the vote and interrupted with stating "You are no longer a board," addressing all other Board members. Board member Kate Naysnerski then continued the interruption, stating she possessed proxies to remove the Board, although the proxies were never presented to the Board of Directors.

Chair attempted to continue the meeting. Wayne Naysnerski further interrupted stating to the Board "you are out" and the Naysnerskis asked for a hand vote for those in favor of Board removal. This informal vote was not counted. Maybe half of those present raised their hands, but it was also witnessed that many hands were multiples for the same Lots.

The Board attempted to explain legal/proper procedure to remove directors. Kate Naysnerski informed the Board that she had the votes to remove the Board and that their actions to accomplish this were legal.

A Lot Owner then requested to hear what the Board and the Naysnerskis had to say about this issue. The Board explained that any subject to be voted on must include all members/Lot Owners. Kate said this was done “last night”. Many members present voiced they were not noticed about any vote to remove directors, and the directors present voiced the same.

An unaddressed, unidentified, and unsigned letter of demand was then presented to the Board from the Naysnerskis. This letter demanded the Board turn over all records, financial accounts, etc. within two days, leaving all such records in a non-Board member’s driveway. Kate Naysnerski announced, as she was leaving the meeting, that if the Board did not follow these demands the Board would then be contacted by their attorney.

The Naysnerski’s, with some other Lot Owners, then left the meeting refusing to dialog.

The Board then addressed the following State and HOA requirements** regarding removal of a director(s):

- Any and all votes of the membership must be conducted by the Board.
- All subjects to be voted upon at the Annual Membership Meeting, or at any other time, must be sent out prior to the meeting to ***all*** Association members.
- It takes the majority of Lot Owners (at least 156 Lot Owners) to vote to remove a director(s).
- 10% or more of the membership can, by written request to the Board, cause the Board to call a duly held vote of the membership.
- The Board can choose, of its own accord, to bring a vote to the membership.

A Lot Owner suggested that the Board choose to bring a vote to remove all directors. The Board stated they will consider all these things in the coming time ahead.

Remaining Lot Owners and directors had calm discussion, sharing opinions and concerns, including the following:

- A Lot Owner expressed concern about discord between the Board and Lot Owners. She wants members to “get along”, suggesting conducting more Membership Meetings. Two other Lot Owners expressed similar but non-specified concerns.
- A Lot Owner asked the Board to address better adherence regarding state-required procedure for executive sessions.
- A Lot Owner suggested that the Board be careful to apply consistent standards of business approval to all potential businesses on the Ranch, further discussion regarding care to define appropriate limitations to the scope of approved businesses to insure that long-term impact on roads and other CCRs is compliant.
- Several Lot Owners suggested the Board should bring a vote to the membership to raise the annual dues (assessments), including suggestions of raising it up to \$250.00. It was discussed that this increase in dues would quickly allow significantly better year-to-year road maintenance and would allow more timely improvement of some long-standing road issues, lack of gravel especially. The Board also noted they are and will be evaluating the feasibility of increasing HOA income through another increase in dues and/or a one-time special assessment targeted at road maintenance. The Board noted that according to CCRs, any increase in annual assessments above 10% requires a 25% approval vote from the membership (same percentage for a one-time special assessment).
- Discussion about dust and washboard on our roads caused by speeding vehicles. Contemplation of speed bumps and some way to emphasize speed limits were suggested by Lot Owners.
- Support for the Board was expressed by many Lot Owners.
- A Lot Owner suggested that the Board should improve/revise/increase methods of communication to the membership to better refute negative rumors and solicitations from disgruntled members.

- A Lot Owner expressed dislike for inappropriate ‘hater’ attitude from some disgruntled members toward Board, pressuring her with it.

Discussion about enforcement that happened last year. The Board reported inheriting a compliance issue about a Lot Owner who committed the following violations:

- Building built by renter without required permits from County Building Department, County Planning Department, and without Washington State electrical permit or County permit for propane installations.
- Building wired for electricity and plumbed with propane, running a climate-controlled environment for a mushroom growing and packaging facility. Wiring was installed fully exposed in walls and powered from a long extension cord from nearby residence, the propane plumbing was also fully exposed, all presenting a fire hazard to regional nearby Lots and other land owners.
- Running a commercial business out of said building without required Board approval/ consideration of impact or required County permits.
- Truckloads of household garbage, including on the easement areas (road).
- Renter’s horses running loose on many occasions complained about by several different neighboring Lot Owners.
- Other miscellaneous violations.

The Board felt at the time they needed to act affirmatively to address the violations, not only for a potential fire hazard to the region but also because of the numerous complaints. This situation is now mostly remedied. Two Board members suggested to the renters that they come forward with a proposal to the Board for their business after they became owners of said Lot. To date the Board has not receive a proposal.

The Board noted that awareness and action about the above-cited compliance issue caused the Board early on to unanimously agree that all Board members themselves must be in compliance as a priority; that is what led to the other major remaining violation issue, board members Kate and Wayne Naysnerski’s commercial dog breeding business, which is a direct violation of CCRs, Article IX, Section 7.

Regarding potential business approvals, the Board noted that during their tenure no Lot Owners have come forward to the Board with any proposal to conduct a business. The Board’s perspective is that, like the CCRs impart, if a business is not in conflict with the residential/recreational wildlife refuge nor has inappropriate impact on the roads then approval of the business would be considered, however a direct violation to the CCRs cannot be approved. It is the Board’s fiduciary duty to uphold the CCRs. The CCRs are to protect all Lot values and the residential/recreational wildlife refuge.

One BOD member explained the facts the Board would consider concerning approval of commercial enterprises on 9MR:

- business must not be specifically disallowed by the CCRs.
- business does not adversely affect roads.
- business does not negatively impact wildlife,
- business does not adversely affect other Lot property values,
- business does not negatively affect the peace/environment entitled to neighbors in a residential/recreational/wildlife community as imparted by the CCR’s.
- Scope/limit of business activity would need to be addressed during approval process, including addressing potential growth in future business activity that may happen *after* initial approval to make sure the business doesn’t grow to violate CCRs. Language in approvals would be included to address this issue.

A Lot Owner raised a question: what if a business was approved by a Board at one point, can a future Board reverse or change that approval? Discussion included that a Board cannot legally do that, that the HOA and members should keep written records of approvals, and a Board member suggested there’s no reason to specifically expect that a future Board would change a previous Board’s approval.

It was determined by the Board this year that Board member Kirk Johnson's construction business was not under the jurisdiction of the Board regarding a commercial enterprise. His business is not conducted on his Lot. He leaves his Lot every day to work just like someone else living on the Ranch. Documentation of the Board's determination about this business was offered to a Lot Owner.

A short report was given by the Treasurer:

- The Board inherited approximately \$17,000 in past due assessments. In one year this has been reduced to \$8,880; a 50+% decrease.
- \$5,870 of the \$8,880 remaining past due are from 7 Lots; some of those are making payments.
- As required by CCRs, interest is being charged, including back interest.
- Lien filings are up-to-date.
- Internal controls were set up last year for review of monthly financials.
- Expense categories are now broken down regarding road maintenance for better tracking and decision-making.

Final vote tallies for official meeting business conducted today were announced:

- Charlene Dima is our new Director, for a 3-year term.
- Vote to waive the audit did not pass; the Association will be hiring a CPA firm to audit the last fiscal year.
- The 2019/2020 fiscal year budget was ratified.

Thank you to all who contributed to organizing the meeting and providing refreshments, also announcing that all snacks and refreshments and decorations/etc. were provided by donation only.

Meeting adjourned at 3:10 pm.

**Bylaws; Article III, Section 3

RCW 64.38.025 (1) & (5)

Bylaws; Article III, Section 2

Bylaws; Article IV, Section 5

RCW 24.03.103, (1)