

Nine Mile Ranch Homeowners Association
Board of Directors Meeting
July 13, 2019

Meeting held at Oroville High School, Oroville, WA

Board members present: Rick Lewis, Kirk Johnson, Stacey Johnson and Brian Rabe. Susan Stewart and Brett Coffman present telephonically.

Seven Association members present.

Meeting called to order at 1:06 pm.

Introduction of Shane Devon, independent observer for the meeting. Thank you to Shane.

Meeting is audio recorded by the Board.

Policy for Meeting Protocol was acknowledged but not read out loud.

Short discussion concerning trees dying of Tussock Moth in Division 6, 7 and 8. Traps are being set by DNR. Will put info on website soon, or members can contact Karen Gibson. Fir trees is the main food for moths, they will eat tamarack and pine as well. Members should contact DNR for information.

Board Statement: At the June 15th Annual Membership meeting there was an attempt by some HOA members to remove this Board through a vote. As related to our bylaws and state laws, the vote was invalid for the following reasons:

1. Only some of the membership were provided an opportunity to vote. Our bylaws require that all members must be notified of a vote between 10 and 60 days before the vote is to be counted. As shown by open comment at the meeting, many in the audience stated they were not notified of a vote, and all board members present stated the same.
2. Contrary to state law, our HOA bylaws, and our Articles of Incorporation, the vote was not conducted through and by the Board of Directors.
3. The people who interrupted the meeting to declare this vote stated that they had proxies from members regarding this vote; contrary to state law, no proxies were presented to the Board.
4. According to our bylaws and state law, it requires a minimum of a majority of Lots (156) to vote in favor to remove a director. Beyond the fact that no proxies were presented, there were a total of 42 Lot Owners officially present at the meeting, and approximately half of those did not vote in favor to remove a director; this therefore fell far short of the votes needed, even if the vote was correctly conducted.

Additionally please read the mail out that was just mailed to all members explaining the many misconceptions and untruths that have been circulating about this Board. We remain a cohesive board, continuing to work hard for the betterment of all people at 9 Mile Ranch, and we hope that everyone can come together and work collaboratively for the success of our HOA. So with that we will now conduct official HOA business.

Board Statement: At the Annual Meeting last month the ladies room (at the Oroville High school) was trashed...literally. Paper towels and other messes all over the floor. I ask who ever did this to please not repeat this behavior. If discovered who did this the Board will be asked to ban them from coming to HOA meetings. This is a free venue for us that needs to be honored.

Old Business

Read into minutes email approval of March 16, 2019 Board meeting minutes. Approved by all Board members except Kate & Wayne Naysnerski who chose to not participate in the vote.

Snow plow contractor: Road committee will be proceeding to find a new snow plow contractor for this winter. They will be sending out an RFP soon. There have been several contractors who have inquired about this. Feeling good about finding a plower.

Reserve study committee: Committee is still in process. Expect to be complete in the next month or two.

New Business

Motion by Kirk Johnson to appoint Chris Wolle to fill vacancy the for remainder of Leo Culloo's 2 year term. Brian Rabe seconded. Motion passed unanimously.

Acknowledge that on June 15th at the Annual Membership Meeting Charlene Dima was elected to be a Board member. On June 29, 2019 Charlene resigned.

Election of officers:

Motion by Brian Rabe for Kirk Johnson as President. Second by Rick Lewis. Passed unanimously.

Motion by Stacey Johnson for Brian Rabe as Vice President. Second by Kirk Johnson. Passed unanimously.

Motion by Rick Lewis for Stacey Johnson as Secretary. Seconded by Chris Wolle. Passed unanimously. Statement made by Stacey; "there have been issues brought forward by some members that our household holds too much power with the positions we hold. These positions do **not** give us more power, just more work. Officer position gives a Board member no more power than a Board member that is not an officer. We each hold just one vote on the Board.

Motion by Brian Rabe for Stacey Johnson as Treasurer. Seconded by Chris Wolle. Passed unanimously.

Documents of email votes passed onto Stacey Johnson as Secretary.

Committees:

Motion by Kirk Johnson that Brett Coffman and Leo Cullo remain on Road Committee and Wayne Naysnerski be removed. Seconded by Susan Stewart. Passed unanimously.

Todd Besaw reported that the ACC committee consists of Brett Coffman, Kim Culloo, Rick Lewis and Todd Besaw. ACC is active. Jerry Sanderson is not participating, Carol Sanderson through email

stated Jerry would be submitting resignation. This was not received. Recommendation to Board to remove Jerry.

Motion made by Stacey Johnson to remove Jerry Sanderson from the ACC Committee. Seconded by Rick Lewis. Passed unanimously.

Motion by Kirk Johnson for Todd Besaw to be the Chair of the ACC. Seconded by Chris Wolle. Passed unanimously.

State for the record: The following actions were taken outside of a meeting since last meeting by unanimous email resolution outside of Kate and Wayne Naysnerski choosing to not participate:

Motion by Kirk Johnson proposing we have the annual meeting, and potentially BOD meetings thereafter, at the Oroville High School for the following reasons:

- It is free of charge.
- They require proof of adequate insurance, which we have.
- No guns allowed.
- It is currently available for June 15th.

Motion by Stacey Johnson on 6/27/19: I make a motion to engage Nick Bergh, the HOA attorney, to respond to letter received from Alex Thomason dated 6/26/19, with cap of \$500.” For the record it is noted that this is regarding Kate Naysnerski’s attorney demanding that the Board immediately surrender control and records of the HOA to her.

Motion by Kirk Johnson on 4/26/19: I, Kirk Johnson, am requesting that we now authorize the Treasurer to write a check for \$2,500 to Brett Coffman immediately for attorney expenses. The check will be written to Brett Coffman. If Brett’s expenses/costs end up totaling less that \$2,500 Brett will reimburse the 9MR HOA for the unincurred balance under \$2,500. If the court awards Brett costs and/or expenses then the amount that the court awards him, up to the amount that 9MR HOA as paid him, will be paid from Brett to the 9MR HOA upon his receipt of such payment from the Petitioner or the Petitioner’s paying agent.” For the record the HOA indemnity insurance covered Brett’s attorney costs.

Motion made by Stacey Johnson on 6/7/19: I make a motion to spend \$300 to have Ted Reinbold, Attorney, review all communications between HOA attorney, Nick Bergh, and Naysnerski’s attorney and to then speak with Mr. Bergh to be able to give us advise and cost of moving forward with enforcement against the Naysnerskis”. For the record it is stated that this action became unnecessary as the Board was referred to a different attorney who provided the desired consultation at no cost.

Motion by Rick Lewis to approved Kirk Johnson’s request for expense reimbursement. Rick has reviewed request and found everything to be in order. Brett Coffman seconded. Requested reimbursement amount is for \$129.52. Passed unanimously.

Motion by Kirk Johnson for standing “Legal Committee”:

1. Purpose/function: to be able to work on and deliberate about needful HOA legal issues between BOD meetings.
2. The Committee has no power to act, incur debts, or duty to perform anything other than that given by BOD motion or in this Resolution.

3. The Committee shall have a Chair, such person recommended by the Committee to the BOD for the BOD's final approval. The Committee Chair is the only person from the HOA who interacts with attorneys, unless BOD approval otherwise.

Seconded by Stacey Johnson. Chris Wolle, Kirk Johnson and Stacey Johnson will be on the committee with Stacey Johnson as Chair. Motion passed unanimously.

Motion by Kirk Johnson for standing "Financial Committee":

1. Purpose/function: to be able to work on and deliberate about financial issues between BOD meetings, including but not limited to:
 - o assisting the Treasurer in budget analysis and creation when needed or helpful
 - o banking/financial accounts considerations
 - o consideration for major purchases or potential revised budgets
 - o creating/considering cash-flow issues and publishing reports
2. The Committee has no power to act, incur debts, or duty to perform anything other than that given by BOD motion or in this Resolution.
3. The Treasurer is the Chair of the Committee unless the Committee assigns otherwise.
4. This Committee does not replace or override the Treasurer's customary duties and powers.

Seconded by Rick Lewis. Committee will be Stacey Johnson (Chair), Kirk Johnson and Brett Coffman. Motion passed unanimously.

Motion by Kirk Johnson for standing "Newsletter/Mailing Committee":

1. Purpose/function: to be able to work on, deliberate about, and prepare HOA newsletters/informational mailings content between BOD meetings, and to mail them upon BOD consent.
2. The Committee has no power to act, incur debts, or duty to perform anything other than that given by BOD motion or in this Resolution.

Seconded by Chris Wolle. Committee will be Susan Steward (Chair), Kirk Johnson and Stacey Johnson. Motion passed unanimously.

Motion by Kirk Johnson for standing "Voting Ballot" Committee:

1. Purpose/function: to be able to work on, deliberate about, and prepare official HOA voting ballots and their content, as well as needful background research and reports.
2. The Committee has no power to act, incur debts, or duty to perform anything other than that given by BOD motion or in this Resolution.

Seconded by Rick Lewis. Committee will be Susan Stewart, Kirk Johnson, Rick Lewis and Stacey Johnson. Motion passed unanimously.

Motion by Stacey Johnson to adopt the following Meeting Minutes Policy for writing up the minutes:

- All motions be written in the color red as the first word in sentence.
- Unanimous votes be stated or state who votes "no".
- State who seconds motions.
- Secretary to have first draft of minutes to the Board within 1 ½ weeks.
- Board approves ASAP with goal of posting to website within 2 weeks of the meeting.
- Recording of meeting made available to any/all Board members upon request.

Seconded by Rick Lewis. Kirk Johnson amends motion for secretary to have first draft to Board within 2 weeks, and to have posted to website within 3 weeks. Susan Stewart seconds amendments. Motion passed unanimously with amendments.

Secretary will have all policies and on-going resolutions adopted in the meetings:

- posted to the website.
- Put hard copy in the Minutes Book.
- Post to website BOD archive.

Anne and Stacey are going to set up archive space for Board access on the website.

Motion by Kirk Johnson to approve up to \$450.00 for up to (2) potential mail-outs to be sent to the membership in the event that either of the following actions become necessary:

1. Special Assessment request to the membership for funds to pursue CCR enforcement against Kate and Wayne Naysnerski's prohibited dog commercial dog breeding enterprise and to defend against their claims that the CCRs are invalid.
2. If 10% or more of the membership requests in writing to hold a formal HOA vote to remove any or all of the current board directors.

Motion made only as potential so Board can act, if needed, before the next Board meeting in October. Seconded by Chris Wolle. Motion passed unanimously.

Motion by Kirk Johnson for \$250 for potential newsletter/mail out to go to the membership before October. Seconded by Rick Lewis. Motion passed unanimously.

Treasurer Report

Rounding off figures:

Checking \$40,283

Savings \$14,355

CD \$34,103

Receivables total \$34,870 which includes this years' billing still owed, older past due, interest charged, lien and late fees. To date we have collected 62% of this years billing which is in the zone compared to prior years collections for current billing during the same time period.

Older assessment receivables total \$8,400 plus another \$3,800 of interest and fees on this \$8,400.

Of the \$8,400:

- \$5,400 is for 6 lots (4 members) that are 3 or more years past due. Remember we had started with 19 lots in this category.
- Of those 6; 1 member (who owns 3 of those lots) is making payments, 1 has not responded, 2 we receive statements back as returned mail.
- Liens are filed.
- There are 7 Lots that are 2 years past due (3 members). We will be filing liens on those lots in October.
- There are 4 Lots that are 1 year past due.

- This all totals to 17 Lots past due which is 11 members because of multiple lots owned by a member.

Statements will be sent out end of July with late fees and interest.

3 members are making payments for this year's assessments. Board agreed that we will not file late fees on these 3 members, but interest will be charged.

Motion made by Stacey Johnson to have Brian Rabe, Vice President, added as a signer to the HOA bank accounts. Leo Culloo will be removed as signer. Seconded by Chris Wolle. Passed unanimously.

Given that the vote to waive the audit did not pass, per the counting of the ballots at the June 2019 Annual Membership Meeting:

Motion made by Stacey Johnson for expenditure of \$2,700 for Newman & Associates CPA firm to perform the required financial audit for fiscal year 2018-2019. The \$2,700 is based on March, 2019 bid from Newman & Associates. Newman & Associates is being suggested because this firm specializes in Washington state HOAs which is a benefit in this process. Stacey Johnson, Treasurer, will contact firm immediately to begin audit process. As Treasurer, Stacey will work with and provide all necessary information to Newman & Associates. Stacey will keep the BOD informed at all times during this process. Seconded by Chris Wolle. It is legally required to send a vote annually for membership to vote to waive the audit, or not. Association has never been audited. Hopefully next year the membership will vote to waive the audit so costs of audit can go into the roads. We may learn something beneficial from this audit and it will set a framework for this HOA. Passed unanimously.

The current HOA subscription with Quickbooks allows that we can specifically add an accounting firm to our Quickbooks as a user for this very purpose at no cost to the HOA. This will allow for efficiency in the audit.

Motion made by Stacey Johnson to have Newman & Association prepare 2018-2019 tax return. Fee for this is \$225 and is included in their bid of \$2,700 for the audit. All prior tax returns have been copied from prior years done by volunteer treasurers. There are two different forms that an HOA can use and both forms have been used at different times. This needs to be sorted out. It was found that 5 years tax returns were filed on the same day. None of this is a factor as we have not been contacted by the IRS, but I feel it is time to have a CPA do our return. Following years may then be copied as the returns are pretty basic. Seconded by Rick Lewis. Passed unanimously.

Treasurer would like 2 Board members to be viewers on Quickbooks. Brett Coffman & Scott Griffin were on as viewers. When renewing our subscription with Quickbooks, to a downgraded subscription for less cost, it was required that I take other viewers off for this process. Brett and Scott need to respond to email from Quickbooks to be placed back on. This is for internal control beyond monthly reconciliations sent out to Brett and Scott.

Road Report

Kirk Johnson has been touring the Ranch for secondary emergent of weeds. Sprayer will be coming out sometime in the next two weeks for follow up spray.

Jason at Garrett Construction and Tim of Mason Excavation have been contacted to set up critical ditching and water shed work that will need to be done before winter. Road report published of evaluation of roads and work needed.

Motion made by Kirk Johnson;

WHEREAS the HOA needs to purchase a road rake in order to perform its most primary and critical road maintenance duties, this purchase needed because there is no licensed contractor in the area that can timely provide such services to the HOA, therefore

BE IT RESOLVED THAT, in accord with the purposes and facts imparted in the 7/6/19 Rake Purchase Report, and upon membership ratification of a revised budget that includes the purchase of a road rake, the HOA purchase a Poor Boys Grader brand gravel road rake (Rake). The process of the potential Rake purchase will include the following actions and parameters:

- 4. BOD majority approval of adopting a revised budget for the HOA, which will include but is not necessarily limited to, adjustments over the prior budget to allow for the expenditures shown in this Motion.*
- 5. Notify and hold an HOA membership meeting to ratify the revised budget, per RCW64.38.025(3) and RCW64.90.525(1)(a).*
- 6. Upon ratification of the revised budget the Road Committee and the Treasurer will collaborate to immediately execute the purchase and delivery of the Rake.*
- 7. Up to \$19,000 total for the Rake, including sales tax. This will include purchasing the optional spare tire and mounting rack, and (6) replacement rake tines. 5% additional funding is Allowed for potential currently unknown or unforeseeable additional expenditures regarding the Rake.*
- 8. Upon Rake purchase the Treasurer will immediately purchase an amended insurance policy to the current HOA insurance policy, such amendment insuring the Rake itself and non-owner operators who will haul/operate the Rake for the HOA. It is estimated that this amended policy will add approximately \$97.50 to the current annual policy rate for the remainder of the policy period.*
- 9. Up to \$260.00 for maintenance costs to potentially replace broken Rake tines and perform lubrication for the remaining fiscal year.*
- 10. Up to \$150.00 for an adequate battery charger for the Rake.*

The Road Committee will oversee and execute the maintenance of the Rake and where and how it is stored.

Seconded by Chris Wolle. Operation of rake will be decision of the Road Committee/Board; operators will be approved volunteers or contractor. No certification is required. Tutorial is offered by manufacturer, as well as any volunteer will have to be trained to use the rake for the Ranch. Properly using it for the roads will need to be watched over carefully. Storage will be decided by Road Committee. Brett Coffman has offered to store rake at his Lot. A secure place that rake can be 'charged' will be necessary. Rake can be kept outside. Rake can be attached to regular truck with trailer hitch. Reimbursement to volunteers will need to be addressed. Rake is used in spring and fall when roads have moisture. It is told that this rake can also be used to push slush off the roads. That

might become a beneficial use as well. Leasing this out to others for use would have to be discussed at another time in greater detail. Motion passed unanimously.

Motion made by Kirk Johnson for *Committee for Revised Budget/Spec Assessment*

WHEREAS it is prudent and recommended for the best fiscal health of the HOA that the funds for a road rake purchase be procured through a Special Assessment vote of the membership, and

WHEREAS the HOA currently has sufficient funds in reserve to pay for the Rake purchase even without a Special Assessment, therefore

BE IT RESOLVED to form a Special Committee to, by August 1, 2019:

- 1. Create a ballot, asking for a Special Assessment of \$150.00 per lot for the funds to pay for a road rake and road gravel.*
- 2. Create (2) revised budget options from which the membership can choose to ratify one of; one showing the purchase of a rake **without** income from a special assessment, and one showing the purchase of a rake **with** income from a special assessment.*
- 3. Write up a letter explaining the need for the rake purchase, the budget options, and that the Special Assessment would collect approximately \$44,300.00 which would pay for the \$19,660 rake purchase and the remaining funds will all be spent on gravel for the roads. The letter would also include notification of a membership meeting scheduled for August 7, 2019 to ratify or reject the budget and count the Special Assessment vote.*
- 4. Mail out the above to the membership, costs not to exceed \$425.00.*

Seconded by Rick Lewis. Passed unanimously.

Motion made by Kirk Johnson for Board approval of revised budgets that will be sent to membership in upcoming mailing. Seconded by Rick Lewis. Motion passed unanimously.

Discussion about a potential motion for road maintenance that considers change in budget for purchase of rake:

- with a revised budget that is using the savings account, the saving deposit for this year and a few thousand of road budget to purchase rake.
- Or, using approved special assessment.

This will all depend on approval/vote from the membership. In the meantime, so the Board and Road Committee can move forward with road work;

Motion made by Kirk Johnson; Board approve \$15,000 on all road maintenance for this fiscal year, including gravel, to be managed by the Road Committee. Seconded by Brett Coffman. Passed unanimously.

ACC Report

Todd Besaw read report of ACC approvals since this spring. Also, report of letter sent to members that addresses updating of ACC records and approvals. Report will be posted on website. Report of pig will be followed up by the ACC.

Motion by Kirk Johnson

WHEREAS the 9MR CCRs at Article VII, Section 2 allow the Board to set limitations on the ACC's actions regarding covenant enforcement, and

WHEREAS the act of enforcing covenants involves legal liability for the HOA and Lot Owners and can cause legal expenditures for the HOA,

I MOVE THAT the ACC submit to the Board, for a (3) day review (Review Submission), all proposed communications from the ACC to Lot Owners that involve notice or warning of CCR non-compliance (Enforcement Communication). This Review Submission must happen prior to the ACC sending out Enforcement Communications to Lot Owners, and the Board shall have the final determination and approval of the content of all Enforcement Communications. The review and approval process may happen by email communication and outside of a meeting. "Approval" by the Board will be by a majority of Directors unless such approved Enforcement Communication involves the Board consequentially thereafter 'taking an action without a meeting' in order to act on what something in the Enforcement Communication stipulates; in that case the Bylaws, Article VI, Section 4 prevails. Seconded by Rick Lewis. Todd Besaw stated it is merited to have the Board review enforcement communications due to any legal ramifications of an enforcement and the overall benefit to the Association. Motion passed unanimously.

Motion by Brian Rabe to compensate our independent observer \$100, and retroactive from last meeting. Rick Lewis seconded. Board hopes the HOA will "mature" to the point that this is not necessary. Motion passed unanimously.

Motion made by Kirk Johnson to move into Executive session to discuss pending legal issues and attorney communications involving Kate & Wayne Naysnerski CCRs violations and also Kate & Wayne's action to take over the Board of Directors, all of which involve legal communications. It is possible Board may reconvene out of executive session with motions that may arise during executive session. Any motion will be published in the minutes as well. Chris Wolle seconded. Passed unanimously. Todd Besaw will join the Board in executive session.

No motions were made during executive session.

The Board unanimously regards that Kate Naysnerski has abandoned her position as a Board Director. She has stated herself and through her attorney that she no longer recognizes the Board of Directors. Kate also did not attend this meeting, has not responded to an official Board inquiry, and has not otherwise communicated with the Board.

Meeting adjourned at 4:05 pm.