

## Approved Meeting Minutes

### Nine Mile Ranch Homeowners Association Board of Directors Meeting January 18, 2020

Meeting was held at Oroville High School, Oroville, WA

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

Association members present: 9 Lots represented by 14 members. Two members, Brian Blackman and Drew Sawchuck, were also present telephonically specifically to address issues related to Big Horn Ridge.

Meeting called to order at 1:02.

Meeting is audio recorded by the Board.

#### **New Business**

On December 4, 2019 the HOA was pursued in small claims court by the owner of Lot 26, Division 4 for the amount of \$1,040.00. The HOA prevailed so there was no successful claim in this matter. On the same day the HOA filed a claim against the same owner for \$4,992.70 for past due assessments. Member paid in full one week later; case filed by HOA was dropped.

In order to comply with state law that limits the number of directors on committees to less than a majority of the total number of all directors, Kirk Johnson resigned from the Voting Ballot Committee on 1/2/20.

**Motion** made by Brian Rabe to reimburse Kirk Johnson for expenses totaling to \$170.35. Seconded by Rick Lewis. Motion passed 5 yes, Kirk Johnson abstained.

Read into minutes that a notice of violation was sent to the owner of Lot 26, Division 4 for violating CCRs Article IX, Section 9 and 15, and a warning of potential violation of Watershed Rule.

**Motion** made by Kirk Johnson to appoint Todd Besaw to the Legal Committee. Second by Brett Coffman. Motion passed unanimously.

Last year the Board adopted a Committee Reimbursement/Procurement Policy on March 16, 2019. Policy requires setting mileage reimbursement rate for each year. Last year's adopted mileage rate was 34.5 cent per mile. Example of standard rates for federal, state & AAA were presented showing 58 cents a mile.

**Motion** made by Brian Rabe to commence discussion of reimbursement rate. Seconded by Kirk Johnson. Motion amended by Brian Rabe for mileage reimbursement rate be 46 cents per mile. Seconded by Rick Lewis. Discussion: to pay an outside source to perform work for the Ranch would costs far more than reimbursing mileage expenses to volunteers. The wear and tear on vehicles driving

dirt roads here is more than driving on paved roads. Added to motion that rate will be readdressed next year. Motion amended by Rick Lewis for mileage reimbursement rate for 2020 be 58 cents per mile. Seconded by Brett Coffman. Motion passed unanimously.

**Motion** made by Kirk Johnson that when using volunteers to rake the roads the mileage reimbursement rate is \$10.81 per mile, and while in transit but not dragging the rake the reimbursement rate is 58 cent per mile. Susan Stewart seconded. HOA has had a couple of volunteers showing the desire to rake the roads. A rough calculation shows that using a volunteer will cost a quarter of what it would to hire someone. Another calculation shows approx. \$50 per mile for a volunteer to rake, \$333.00 a mile to hire contractor while using their own rake. Motion passed unanimously.

**Motion** by Kirk Johnson to adopted Committees Guidelines Policy and post to website. Seconded by Rick Lewis. Motion passed unanimously.

### **Treasurer Report**

As of January 18, 2020:

Cash: \$58,723 = \$27,946 Special Assessment/ \$30,777 annual collections  
Savings: \$17,358 (includes \$3,000 savings deposit as budgeted)  
CD: \$34,369

Accounts Receivable: \$29,678

This includes past due yearly assessment, special assessments and all interest, late fees, lien fees & fines. Rounding off figures:

\$29,678	
- 9,055	Interest, Liens & Fines owed
\$20,623	All assessment owed
- 9,300	Special assessments owed
\$11,323	Annual assessments owed
- 6,750	8 Lots many years past due.
\$ 4,573	
- 4,045	This years assessments only. (\$193.60 per Lot rate)
- 528	Last years assessment only. (\$176.00 per Lot rate)
0	

80% of Special Assessment billed has been collected totaling \$27,926. \$19,000 will go to the purchase of rake. That leaves \$8,900 for gravel this spring. We will be billing the second payment of \$92.00 per Lot in May; approx. \$28,500. All funds we collect beyond the rake cost will go to gravel. Funds and expenses from the Special Assessment are being accounted for separately to guarantee all Special Assessment funds are used for what was stated in the vote.

Monthly interest on past due accounts are still being charged and end of the month statements are being sent out. Scott Griffin, Association member and CPA, and Brett Coffman, Board member, are still receiving monthly reconciliation of all bank accounts and other pertinent information. There have been no issues reported to me from their reviews.

A proposed budget for 2020-2021 was sent out prior to meeting to all Board members. At this point the proposed budget is for discussion. We will formally approve it at the March 2020 Board meeting. Changes will be made based on any discussion today and then resend for review in preparation for the March meeting.

Question: Shall we raise the assessments 10% for this coming year?

**Motion** by Kirk Johnson to open discussion. Seconded by Rick Lewis.

**Motion** made by Brett Coffman to raise the assessments by 10% for year 2020-2021. Seconded by Susan Stewart. Discussion: we need the money; every aspect to keep standard members want, more traffic on roads, costs going up, etc. We will be billing the second half of the Special Assessment with the Annual Assessment in June. Include full report, analysis and projection this year with annual announcements showing future raises and costs. We are so far behind; we need the money. Not raise dues during years there are Special Assessments. An analysis was done recently showing \$235.00 per Lot was needed just to maintain minimum current obligation, not including final reserve fund adaptations. Shall we put out a vote to the membership to raise the dues to \$235.00 per Lot, beyond the 10% of what the Board can do? Need to discuss this further in the future. Motion failed: Susan Stewart, Brett Coffman and Rick Lewis voted yes. Brian Rabe, Stacey Johnson and Kirk Johnson voted no.

Agreement that office supplies and postage will be combined in accounting books into one category called Office Supplies/Mailings/Postage.

Upcoming mailings:

**Motion** for newsletter and voting committee to create first drafts of Solicitation of Candidates letter and newsletter with deadline of mailing by Feb. 15 with a \$200 cap for mailing expenses. The letters will be approved via email by the majority of the Board prior to mailing. Seconded by Rick Lewis. Motion passed unanimously.

**Motion** to purchase supplies for the upcoming May 1<sup>st</sup> mailings with a cap of \$500. Seconded by Brett Coffman. Treasurer will make lists of supplies needed for those who wish can donate what is needed. Motion passed unanimously.

The ballot, at this moment, will be for new Board members and the annual “waiving of an audit”. By the March Board meeting we will need to approve the annual budget and decide whether there will be any other additional items added to the ballot.

### **Road Report**

Winter maintenance is estimated to be \$7,000 at this point including Tim Roberts recently submitted invoice for \$140 to delivery HOA sand that was in his yard up to a couple spots on the Ranch. Budget is \$15,000 for winter maintenance. Whatever is left from that will go into gravel.

Will be ordering the road rake in February. A member sent us an email asking us to make sure the HOA is not in legal liability for using a special assessment to purchase the road rake. He cited:

- CCRs Article IV, Section 2: “The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Property, and for the improvements and maintenance of Association easements and rights of way and for the payment of taxes, insurance, maintenance, and repairs of any common area.”

Road manager 'opinion' is that the Special Assessment falls under 'for the improvements and maintenance of Association easements'; purpose for the purchase of the rake is for maintenance of the easement. However, this clause may prevent the HOA from renting/loaning the rake to private owners. It is expected a court would liberally construe this interpretation inasmuch as the HOA exists primarily to maintain the roads and that it would therefore be unreasonable to interpret that the HOA would have no right to purchase gear used for maintaining roads.

Two areas in the Ranch were designated as 'no plow areas'; end of Blue Grouse Road and Gold Rush Ridge Road. Road is riddled with huge boulders. Prior plower did not want to plow and current plowers have concern. Letters were sent out to members whose portion of their road is affected. One Lot Owner, Division 5, Lot 29 responded saying that she was fine with situation. She also offered that the Ranch could use rock/shale from that area to improve our roads in the future.

On October 12, 2019 motion for \$3000.00 for last of season road expenditures went over-budget by \$310.92: Billings were:

- \$806.09 expense to Garrett Construction for gravel placement on Point Drive to create crown in road where road was gullied and therefore eroding.
- \$2504.83 expense to Mason Excavation regarding a work order that involved final fall maintenance, including ditching and grading lower West Corral, ditching Crest Drive, ditching Longhorn Drive, placing rip rap rock on roadside embankment for erosion prevention (used rip rap already owned), ditching Canyon View Lane entrance to Big Horn Ridge, water/mechanical wash through of completely plugged culverts on Wagon Wheel (Div. 3), Point Drive and Sunset Ridge Road in Division 1 and 4.

### **Other Business**

"There are a series of interrelated motions and discussions regarding CCR enforcement and policies. For everyone's memory jog and for the audience to be able to understand this, I will read aloud some descriptions along with the proposed motions:

You may recall that at the October 12, 2019 meeting we approved a Motion that created the Dispute Resolution Committee and it also included empowering that committee to be able to take enforcement investigations and work related to our Enforcement Rules and Fines Schedule. This committee was created with the intent to facilitate Board work being able to be accomplished between meetings with respect to the Enforcement Rules and Fines Schedule. Then after that meeting the ACC and Legal Committee discussed that between their committees they already had the power to accomplish work between meetings, so it was widely agreed that there was no reason for yet another committee to exist and which would also be redundant - the Dispute Resolution Committee. So this leads to proposed motion #1:

**Motion** by Kirk Johnson to rescind the motion adopted at the October 12, 2019 BOD meeting regarding creating the Dispute Resolution Committee. Seconded by Rick Lewis. Motion passed unanimously.

"Now with that rescinded motion above we will have no committee to fulfill the Enforcement Rules and Fines Schedule language that guarantees an alleged violating Lot Owner they will be heard at a hearing. So to deal with that, motion #2 is:

**Motion** by Kirk Johnson to create a Hearing Panel in order to facilitate the RCW64.38.020(11) requirement that an alleged violating Lot Owner have the opportunity to be heard before the Board of

Directors before any fines are levied. The Panel will consist of (2) Board members and (1) Association member that is not an Officer or member of the Board of Directors. I hereby elect Board members Susan Stewart and Brian Rabe, and HOA member Bill Burman, to the Panel. Seconded by Brett Coffman. Motion passed unanimously.

“Now we will need to amend the original Enforcement Rules and Fines Schedule to omit reference to the Dispute Resolution Committee and to replace it with reference to the Hearing Panel.”

**Motion** by Kirk Johnson to amend the Enforcement Rules and Fines Schedule, originally adopted on September 10, 2019, to omit the term "Dispute Resolution Committee" and insert in its place "Hearing Panel". Seconded by Rick Lewis. Motion passed unanimously.

“Now comes the last proposed action, approving the attached draft of a CCR Enforcement Guidelines and Procedures Policy. This was created recently by Stacey out of some of the discussions between the ACC and Legal Committee, addressing the need to include all enforcement procedures and committees interactions into one clear informational and procedural document. The intent of this document as I perceive it that it is essentially an instruction sheet for any BOD or ACC from here forward to easily follow and thereby achieve complete proper enforcement procedures that comply with all statutes, CCRs, and enacted Board policies/rules. This proposed policy makes it easy for new BOD/ACC members to effectively quickly step into enforcement while also assuring liability to the HOA due to enforcement mistakes is minimized. I really applaud Stacey and the ACC/Legal Committee's excellent work about all this; it stands in my mind as a hugely important culmination of being able to effectively and safely enforce the CCRs, now and in the future.”

**Motion** made by Kirk Johnson:

WHEREAS the act of effectively enforcing protective covenants and HOA rules is complicated and fraught with legal liability for the HOA, and

WHEREAS it is important that existing and new Board and ACC members be able to quickly step into the ability to properly enforce and have committees work effectively together,

THEREFORE BE IT RESOLVED to adopt the CCR Enforcement Guidelines and Procedures Policy. Seconded by Rick Lewis. Amend motion to post policy to website. Motion passed unanimously.

Discussion regarding how the forthcoming formation of the Big Horn Ridge (BHR) Management Committee may affect a variety of policies relative to CCR enforcement. It has been proposed that that Committee be brought under 9MR HOA Board control. BHR member Drew Sawchuck reported that he is in agreement that the BHR committee be under the HOA Board to avoid conflicts or working cross purposes, and for continuity of decisions. BHR is formed for maintenance of paved road and gate. Maintenance overlaps as the HOA takes care of ditching and sides of roads. Drew will send email to Board stating his position. Brian Blackman, member of BHR, also reported that before action is taken more considerations need to be considered. Brian will also send the Board his thoughts in email. Topic tabled for more consideration.

Lynn Barnett has recently blocked a drainage ditch on Canyon View Lane in the BHR development due to installation of a gate. This issue involves the ACC. This is in violation of Article V, Section 1. Remedies would be to install culverts to redirect ditch or install ditch and embankment bolstering around the backside of the gate foundation. Moving gate is not an option. Rough pricing is just under \$5,000 for repair. Kirk Johnson will contact Lynn Barnett hoping to have Lynn take responsibility for the cost of fix. Small Claim Court is an option if necessary.

### **ACC Committee Report**

Rick Lewis reported that due to lack of ACC records Todd Besaw and Rick Lewis used public records to create record of approval for all existing structures on members' Lots. No-objection/approval letters were sent to Lot Owners. This is for HOA records as well as the members' records.

Todd Besaw brought up discussion regarding 'Rentals'. Consideration for creating a form to require Lot Owners to provide the ACC contact information of the renters and signed copy of CCRs stating that renters have read the CCRs, this as required in the CCRs. ACC & Legal Committee will write a draft concerning this for Board approval.

Todd Besaw brought up discussion concerning long term RV/Trailers on Lots; whether we have jurisdiction to required proper sewage disposal. It was determined that the Board has no jurisdiction on this subject until or if there is a health department violation. The health department would be the agency to deal with this if there was an issue.

Todd Besaw brought up discussion concerning domesticated farm animal maximum allowed per Lot. There are limits on four types of animals in CCRs. Beyond that each situation will be looked at independently as member proposes to ACC/Board or ACC/Board become aware of a situation. Researching other guidelines and limits from other sources is beneficial (which Todd has been doing) and the ACC/Board will use them if needed in the future.

Kirk Johnson reported that there are two spurs on the end of Old Tressle Road that show on the HOA plat maps and that they should be maintained by the HOA. A member who uses these spurs for access to his Lots reported that they are not being maintained. There is potential that they have not ever been fully constructed. It is the HOA responsibility to maintain easement, not construct. Brett Coffman will diagnose spurs after spring melt to determine condition. Confirmation of whether it is the HOA's responsibility will be researched as well.

Reserve Study has been completed. "Having this study done fulfilled the legal obligation of our HOA to have an independent person throw down some numbers." The report suggest approx. \$600 yearly increase in assessments per Lot to bring Reserve Account to reporters suggested amount. A summary of report will be pulled together by the Reserve Committee. "A proper study that is specific to us is much more complicated." Kirk Johnson and Brett Coffman will glean pertinent info from study and apply more pertinent information to create a plausible plan for our reserve account.

Open session to members commenced at 3:04. Open meeting adjourned at 3:18. Board of Directors convened in executive session at 3:29. Session is regarding actual violations and possible violations of CCRs.

**Motion** made by Kirk Johnson to move forward sending no-objection letters to 2 Association members for in-home business. Letter will be approved via email by the majority of the Board. Seconded by Rick Lewis. Motion passed unanimously.

Direction to ACC and Legal Committee to write first draft of response letter, for the BOD to approved by majority via email, to Lot owner regarding current business proposal.

**Motion** made by Kirk Johnson to approve court cost, plus additional administration office costs & mileage (estimated at \$120) to file small claims court for unpaid fines charges on Lot Owner's

violation of CCRs. Seconded by Brett Coffman. A draft of case plan and court filing will be given to the BOD and ACC for approval via email. Motion passed unanimously.

Executive session adjourned at 4:20.