

LAKWOOD VILLAGES LAKE LOT OWNERS ASSOCIATION BOARD MEETING

April 25, 2016

President Welch called the meeting to order at 7:01 p.m. Roll call was taken, and 8 of the 9 board members were present (absent was Hussman, but Darlene Hussman attended in his stead). Also in attendance was attorney Andy Simpson of Farnham and Simpson, and Terry Franks (homeowner who has talked with a contractor and an engineer about our seawall issue). Mark Schreier moved that the minutes of the last meeting (11-4-15) be approved. After a second by Frill, the minutes were approved.

REPORTS:

1. After an introduction by President Welch, Simpson led a discussion on the seawall issue. This discussion, which touched on relevant covenant and bylaw sections, was wide ranging. Items discussed included:
 - Andy's statement that the association, per the terms of the relevant documents, had an obligation to maintain and repair the seawalls.
 - A discussion on NP Dodge's possible liability for defective wall construction. While such liability was considered a possibility, the time and legal expense involved, plus the probability of a favorable outcome was enough to dissuade the board from pursuing such an action. The board left open the possibility of following up with NP Dodge after we had firmer engineering study results, cost estimates, and a plan of action.
 - A discussion about the possibility of the association ceding responsibility for seawall repair and maintenance back to the individual homeowners along the seawall side of the lakes. The fact that this would result in homeowners "owning" a structure in the HOA easement, coupled with likely inconsistent maintenance, was enough to dissuade the board from pursuing such an action.
 - A discussion about the possibility of the association getting a loan to pay for wall repair, with such loan being repaid by a special assessment spread over a number of years. While such a possibility was deemed workable from the association's perspective, we were unsure whether a bank would consider such a loan. Frill and Welch agreed to approach our bank about such a possibility.
 - Andy leading the board through his 3 possible options for addressing the seawall repairs. These were (a) increasing the annual assessment to build up a larger fund to pay for seawall repair, (b) a one-time special assessment for improvement of the seawall to be equalized amongst the owners depending on frontage or seawall benefiting property, with such special assessment to be payable either in a single sum or spread over a period of years, and (c) assessing seawall owners individually as their seawall failed. Given the problems with (a) and (c)...natural side homeowners paying for seawall side homeowners' seawalls, or the ability of homeowner to pay all their seawall replacement cost in a single sum, option (b) was the recommended option.
 - The need for an engineering study. The consensus of the board was that an engineering study would be prudent, in that the association would have a solid recommendation (with a

professional opinion) as to the best form of seawall repair, along with a list of possible contractors. The engineering cost was seen as being well worth the money, rather than just relying on a contractor's guidance. Franks agreed to seek out an engineering firm.

- Schreier distributing a graphical depiction of how the funds would flow under option (b), and a breakdown of possible costs for homeowners. The estimated average cost for a seawall side homeowner, assuming a \$1,000,000 total seawall replacement cost was about \$20,000, with sizable variations depending on the length of the lot seawall, and a possible variation depending on the length of the replacement sheets needed for any particular lot.

The cost illustration assumed the possibility of spreading the payments over 3, 5, or 7 years.

2. A motion was made, seconded, and unanimously approved to have Simpson prepare a resolution to levy a special assessment for all seawall side homeowners with such assessments varying by the length of the specific lot seawall and the length of needed replacement seawall sheets. This resolution would be presented by Simpson at the next annual meeting of the association, with a mail-out ballot to follow.
3. A discussion of the garbage collection proposal discussed at the recent SID meeting was held. Hardebeck and Schreier (who attended the SID meeting) noted that while the SID board still was very interested in a neighborhood-wide contract with a single contractor (with such garbage collection fees paid by the SID), there were some issues and dissents to overcome. The SID board indicated that a follow-up letter would be forthcoming. The association board was generally very positive about the concept.
4. Welch notified the board that, according to the best records we have as we transition from the previous treasurer, there are still 2 annual assessments unpaid from 2015. Welch will contact the relevant association members and follow up and if payment isn't verified or received, liens will be filed.
5. Hermansky and Schreier let the board know that work was proceeding on updating the website. Given the difficulty using the existing website infrastructure, an attempt was going to be made to use a different background infrastructure while maintaining the existing domain name. Schreier and Mary Hermansky will follow up on this item.
6. A recap of the board terms remaining was presented by President Welch. This information is needed to get the board back to a schedule with 3 directors being elected every year for a 3 year term.
 - At the 2016 annual meeting, 3 directors (replacing Welch, Ehrnst, and Hardebeck) will be elected for 3 year terms, and a 4th director (replacing Hussman) will be elected for a 1 year term.
 - At the 2017 annual meeting, 3 directors (replacing Stangl, Frill, and Hussman's 1 year term replacement) will be elected for 3 year terms.
 - At the 2018 annual meeting, 3 directors (replacing Hermansky, Hoy, and Schreier) will be elected for 3 year term.
7. A discussion was held on association rules. Ehrnst was to follow up on a number of issues, including the use of "set lines" on the lower lake, which is contrary to association and NE fishing rules.

8. A discussion was held on environmental issues. Stangl asked whether we needed a water quality test this year, and the Board consensus was affirmative. Additionally, Stangl will follow up on disposal of yard waste into the lakes, and the removal of the beavers causing damage along the lakes. Also, on the environmental front, Welch will locate and disseminate the board-approved rules on keeping fish (this is a change from the published lake rules of 100% “catch-and-release”) to the board, and ultimately the entire homeowner association.
9. Schreier reported that the association’s total cash balance was \$129,748.91. This is before receipt of any of the 2016 annual assessments of \$500 per lake lot, which Schreier plans to mail out in the near future.
10. The board was reminded that architectural changes are to be presented to Hermansky (and possibly the board) before they’re begun.

NEW BUSINESS

1. President Welch set the dates for the next meetings as follows. The association annual meeting (open to all association members) will be May 23, probably at the Holiday Inn Express in Bellevue. The primary topic at the meeting will be the seawall proposal, with Simpson leading the discussion.
2. Meetings set for later in the summer were set on June 20th, July 18th, and August 15th.

At 9:04 p.m. President Welch asked for a motion for adjournment. Hermansky so moved, and Hoy seconded with the motion passing unanimously.

Respectfully submitted,

Mark Schreier, Secretary/Treasurer