

Carlin Bay Property Owners Association

AGM Minutes of Meeting

August 11, 2012

A. Call to Order & Introduction

The meeting was started by Phil Noel, President at 9:00 A.M.

The Fire Chief, Doug Allman, of East Side Fire Department was introduced and he recognized past and active members from our Association who have volunteered to serve with the fire department. He also invited members present to join the all volunteer fire department. Chief Allman talked about MedStar, a company that will fly patients from Carlin Bay to the nearest hospital in case of emergency and how this could be of benefit to residents. The Chief also answered questions concerning the Fire Department.

The meeting was called to order at 9:20 A.M. by Phil Noel, President.

Committee and Board Members were introduced. Phil announced that Jan Tymesen had decided not to run for this term of office. Four members volunteered to fill two positions on the BOD. They were Dick Miller, Tony Verdoia, George Atchley, and Jerry Heintzleman.

Dr. Jim Connors, Parliamentarian presiding over the AGM was introduced. Robert Rules of Order will be the parliamentary authority for the meeting and the Standing Rules for AGM 2012.

NOTE: The reason the Officers' Ballot was not included in the AGM packet was demonstrated at this AGM. Jan Tymesen decided not to run for a full term after the packet was sent to all members, subsequently, Tony Verdoia and Jerry Heintzleman were nominated from the floor.

B. Standing Rules

Election of Officers

1. Election of officers will take place at the AGM either in person or by proxy
2. Nominations from the floor are allowed
3. Ballots will be provided at the AGM Welcome Table upon registration.
4. Candidates and/or one (1) supporter may speak for three (3) minutes.
5. Up to 5 minutes will be allocated for questions

Motions in the AGM Packet

1. Ballots were included in the AGM Packet
2. The motions cannot be changed at the AGM
3. Voting will take place at the AGM either in person or by proxy.

New Motions Offered at the AGM

1. Motions can be proposed and seconded at the AGM.
2. The author of a motion will have three (3) minutes to present the motion.
3. Up to 5 minutes will be allocated for questions at the AGM
4. Motions proposed and seconded at the AGM that are submitted in written form within two weeks of the AGM will be vetted by an attorney.
5. Questions and concerns can be submitted in written form to the BOD within the same two week period.
6. Upon the attorney's approval, legal motions will be mailed to members for a vote at a later date.

Parliamentary Authority

Robert's Rules of Order Newly Revised will be the parliamentary authority for the AGM. Dr. Connors proceeded with review and acceptance of the Standing Rules for AGM 2012.

Motion was made by a member to change the wording of rule #4 concerning Election of Officers.

The rule read: **"Candidates and/or one (1) supporter may speak for three (3) minutes."**

Member wanted the Standing Rule to read: "allow people to speak pro vs. con on election of officers".

Members present and members with proxies voted. The results were 56 for the change and 62 opposed the change. Motion failed.

Motion was made by a member to change the wording of rule #4 concerning New Motions Offered at the AGM.

The rule read: **"Motions proposed and seconded at the AGM that are submitted in written form within two weeks of the AGM will be vetted by an attorney."**

Member wanted to delete the words: "will be vetted by an attorney".

Members present and members holding proxies voted. The results were 42 for the change and 74 opposed the change. Motion failed.

No more motions were submitted concerning the Standing Rules; the Membership and members holding proxies voted. The results were 41 opposed the Standing Rules and 77 voted for the Standing Rules. Standing Rules were adopted by a majority vote.

C. Treasurer's Report – Cathy Sebbby

Cathy's full report is attached.

A summary of the report follows:

Cathy indicated that she has been working with ASI to create sub-categories under the main categories to make the financial format easier to read. Cathy reported the changes to the web site that have been made and that there is now a member's only section which will include the monthly financial statements for the organization. The password for this section of the web site for the membership is "member2012". Also reported was that the CPA used by the association has retired and the new CPA firm will be Magnuson and McHugh. Cathy reported a decrease in insurance costs from \$6,555 in 2011/2012 to \$6,046, Airport insurance \$2,700 to \$2,395, D&O insurance remained the same at \$7,190 with a \$35,000 deductible. Six quotes were requested for D&O insurance, all six declined to provide a quote.

Last payment for the state water loan was due July 19th 2013 for \$11,525. The association had the last payment recalculated and paid it in full with a final payment of \$9,013.

Cathy reported the balances of various accounts; \$29,671 Operating Account, \$41,061 Pump Reserve, \$87 Marina Maintenance.

\$263,832 Capital Reserves	funds spent to date
\$55,659 Roads	\$91,519
\$95,372 Water	\$45,338
\$112,800 Wastewater	\$129,715 for Wastewater (includes \$24,450 of grant funding)

Accounts Receivables through July 2012

Bankruptcies (2) account for \$3,885 – HOA cannot pursue payment

Foreclosure (1) \$475 – HOA will pursue payment

Outside sewer \$2,562 – payments being made

Liens (3) \$5,145

Small Claims Court (1) \$4,190

Total \$16,257 reduced from \$46,400 in 2008. Total write off's between 2008 and 2011 \$5,647.

Income same since 2008/2009 except for general assessment for insurance deductible for law suit and water overages. Interest down 25% due to current interest rates. Total average income \$232,000.

<u>Expenses</u>	<u>2008</u>	<u>Current</u>	<u>Percentage Change Over Last 3-Years</u>
D&O Insurance	\$6761	\$7190	6.35%
HOA Accounting		\$8450	
HOA Administrative		\$4500	
Deductible D&O	\$8333	\$35,000	320%
Legal	\$20,000	\$36,000	80%
Postage	\$628	\$1500	138%
Printing	\$739	\$1050	42%
Property Taxes	\$6600	\$8911	35%
Road Maintenance/snow	\$4050	\$5250	29%
Water Management	\$20,260	\$37,000	78%
Weed Control	\$327	\$625	91%

All other expenses are in line except for state water test reduced by 47%
\$45 assessment ends September 2013.

Member question: What line item showed Insurance Expense?

Cathy explained that because this is paid-in-full at the end of last Fiscal Year, then it would not show up on the current report.

CBPOA's Fiscal Year ends in August so a new budget should be ready sometime in the October timeframe. A member offered to help with budgets.

Member question: If people with multiple lots would pay more than one assessment, wouldn't it help to raise funds?

Cathy could not speak to that, but suggested that the first step was to get the budget completed and then move forward.

D. Approval of the 2011 AGM Minutes of Meeting

Dr. Connors explained that this item was removed from the Agenda as the 2011 AGM Minutes of Meeting had already been approved. He further explained that you should not wait an entire year to approve meeting minutes. The 2011 Minutes of Meeting are posted on the web-site.

E. Committee Reports

Wastewater – Jerry Seby

Jerry Seby reported that a series of meetings have been held and will continue to be held to review all aspects of forming a wastewater district or joining an existing district. Jerry is planning more meetings in late September/October to discuss options. A letter will be sent out soon concerning information on joining North Kootenai and what the committee has learned so far. A series of questions were asked in regards to the wastewater project and decisions to be made by the association members.

A sheet was handed out at the AGM by a member with his opinions concerning the wastewater program. Jerry warned members that these statements were not accurate. Members were urged to bring their questions to future wastewater meetings or contact Jerry directly.

Marina – Dan Rife

NEW CODE FOR MARINA GATES: 3102 (2013 BACKWARDS).

Dan Rife reported that a total of six committee projects have been completed; beach clean-up, canopy removal/install, additional pilings installed, clean up after the lake flood and electrical repairs.

A motion had been sent to the membership earlier this year to create a marina maintenance fund where boat slip owners would pay a larger share than non slip owners. This motion failed; therefore, any future maintenance will have to be paid by all members equally from the general fund. Dan expects the maintenance costs to increase with the aging assets. The updated security code will go into effect August 13, 2012 which is 3102.

Dan also indicated that the committee has been having issues with the launch ramp gates being opened and not locked back up. It was asked why the broken automatic gates had not been repaired. This is considered maintenance and not a capital expenses which is why there have not been the funds for the repair. The residual amount voted on prior was kept for capital improvements and not maintenance, additional extra was refunded back to the members.

Water – Eastlake Water Services

A discussion of Eastlake Water Services pointed out that Eastlake operators perform many duties as needed without charging the membership as their contract allows. There has been approximately \$3,800 saved on water testing just this year. This was authorized by DEQ. Eastlake's contract will end next month and the BOD will contact two other bidders to ask if they wish to bid, but those bids usually do not compete successfully (as they are remote from CBPOA) with current services. Eastlake employees reside in the Association, drink the water, and are on call 24/7.

Questions from Members: What is the expected lifetime of the current water system? Opinion only: 5-10 years. What projects are scheduled? Probably the pipes from the water plant to Sunset Shores Circle and to the lakes would be the next major project and would cost approximately \$100,000. Would this be covered under the current approved Capital Plan? BOD was not sure if enough money would be available at the end of the capital assessment next year.

Question: Did the BOD intend to do a Water Study? Answer: Not at this time since the membership is under a mandate from Department of Environmental Quality to do the Wastewater system. It was also pointed out that if a study is done for water, then we need to have funds available to act on that study since the study would not be up-to-date in a couple of years and would have to be repeated. This would be a waste of membership money until the membership is ready, and funds are available to move forward with a water project.

Motions were presented and seconded concerning the BOD to authorize a study of the current water infrastructure.

A secondary amendment to the amendment was voted on and the results were For: 58, Opposed: 54

Primary Amendment to the main motion was voted on and the results were For: 47, Opposed: 70

Main Motion to authorize a study was voted on and the results were: For: 41, Opposed 76

Motion Failed.

Roads - BOD

Phil Noel discussed repairs and chip seal work. Chip seal is planned to arrest the deterioration of a portion of Ridgeview drive and to make selected repairs elsewhere. Other repairs already completed included the entry to Timberlane from Carlin Bay road, the mailbox area by Ridgeview and Carlin Bay road, and the washout on Edgewater where new material was brought in for the road and a load of rip rap was brought in to line the East side gully to reduce erosion. More work will be needed on Edgewater to control the flow of rainwater. A member indicated that he would like to have the so-called Hatch road chip-sealed. A discussion followed that focused on the costs and available funds. It was also mentioned that there are no residences on that road and historically roads are not chip-sealed until several houses have been built. Construction crews tear up chip-seal easily.

Airstrip – Manton Bailie – John Thiele reported for Manton

The airstrip operates easily; however, there are safety concerns related to trees. John Thiele reported that the committee had received approval from the BOD to remove trees that were alongside the runway and that discussions were desired with a property owner with property on the east corner of the airstrip to remove a cluster of four trees so that pilots needing to complete a 'go around' or 'rejected landing' could do so with greater margins of safety than that which exists currently. 'Go arounds' or 'rejected landings' can occur for a number of reasons the most common of which would be animals, people or vehicles on the runway or an approach to landing that ends up not being satisfactory due to an inadequately planned approach or shifting winds.

F. Election of Board of Directors

Nominations for officer:

Tony Verdoia by Jim Miller

Jerry Heintzelman by Rick Cramer

Dick Miller by Dan Rife

George Atchley by Rick Cramer

Election Ballots were in each envelope obtained when members sign-in at the Welcome Desk. If the member had proxies, then they were given the envelope of the person they were holding the proxy for. Therefore, all members wanting to vote had a vote in the Election of the BOD.

Two positions on the Board of Directors needed to be filled at the AGM.

According to the Standing Rules, Candidates and/or one (1) supporter may speak for three (3) minutes. Up to 5 minutes will be allocated for questions.

Tony Verdoia – Tony is an ex-plumbing contractor, experienced with underground water and wastewater. Tony feels his expertise in this area will be beneficial to the BOD/Association.

Question from member: Do you support the motion requiring 2/3 vote of all property owners or do you support 2/3 of the members wanting to vote?

Tony supports 2/3 of members wanting to vote.

Jerry Heintzleman – Jerry feels we need more transparency, and that issues need to be brought up and discussed.

Question from member: Do you support the motion requiring 2/3 vote of all property owners or do you support 2/3 of the members wanting to vote?

Jerry supports 2/3 vote of all property owners.

Question from member – Did you contribute to the Cramer lawsuit.

Yes, was his answer.

Richard (Dick) Miller – Dick feels that there are several major issues, but that working together is the answer. He offers our community 24 years of experience as a Judge in Washington state listening and then making decisions.

George Atchley – George has experience in conflict resolution. His supporter thought he would offer an objective view.

Question from member – Did you contribute to the Cramer lawsuit.

Yes, was his answer.

All ballots for BOD positions were collected and sealed by Association Services, Inc. and will be counted by them at a later date.

The parliamentarian announced that vote counting was scheduled for August 14 at 2 PM at the offices of Association Services Inc. A request for vote counting witnesses was made and three members responded. They were Jerry Heintzleman, Val Barney, and Richard Cramer.

G. Member Motions

Fourteen Member Motions were submitted for consideration after the Calling Notice was sent out to the membership. Member Motions/Ballots #1, #2, #3, #6, #7, #8, #10, #13 and #14 were sent to the membership to be voted on either by ballot or by proxy. Member Motions #4, #5, #9, #11 and #12 were not included in the packet on the advice of the Corporate Attorney and were returned to the originators.

Motions voted on are described below:

Member Motion #1 – B 16.00 Principal Duties – 2/3 vote of all eligible property owners

Member Motion #2 – B 16.00 Principal Duties – any work over \$1,000 requires a membership vote

Member Motion #3 – B16.00 Principal Duties – a bid is required for any work over \$500

Member Motion #6 – B 60.00 Surveys and Ballots – developer status

Member Motion #7 – B 60.00 Surveys and Ballots – remove proxies from the voting process

Member Motion #8 – C 16.00 Application, Durability and Redress – recoverability of attorney fees

Member Motion #10 – C99.00 Approval - 2/3 vote of all eligible property owners

Member Motion #13 – Move all water and wastewater to NKWSD

Member Motion #14 – Member speaks for 15-minutes on Cramer vs. CBPOA lawsuit

Member Motion #14 was pulled. The BOD agreed that the member could talk.

Dr. Connors presented each motion according to the Standing Rules. Members were allowed to explain why they presented the motion. BOD members read attorney's position, and the reasons for the BOD's recommendations regarding each motion. Five minutes was given to discussion and questions.

H. Vote Results

The results are attached and are also displayed on the CBPOA web-site.

I. Motions From The Floor

Three motions from the floor were submitted from Mike Riabucha.

1. Recall of Phil Noel from the CBPOA board of directors
2. Recall of John Thiele from the CBPOA board of directors
3. Recall of Cathy Sebby from the CBPOA board of directors

J. Open Forum

Members made comments regarding combined lots, weed mowing, and dues.

Meeting was adjourned 3:21 PM by Jim Connors.

ATTACHMENTS:

Treasurers Report FYTD September 1 2011 through July 31 2012

I hope that those of you who are interested in the numbers have taken the time to look at the Quarterly reports for this fiscal year. With the guidance of Association Services I have been working to make our financial statements more readable. Under my direction with board approval we are using sub category codes under main categories. This will show you where your dollars come in (income) and how they go out (expenses) broken down under each category. Please take the opportunity to look at the website cbpoa.info under the members' page (log in "member2012") under the financial tab to look at the current reports. I will be adding the monthly financials which will include the monthly expenses to vendors along with the regular monthly income and expense statement. The balance sheet will also be added as a monthly report which compares to the same period for the previous fiscal year. These reports are usually 30 to 40 days behind the closing of each month as bank reconciliation has to be done prior to the report being finalized. A summary spread sheet for the capital account is now posted on the website on the financial page under supplemental. This report shows the assessments that have been collected for capital project for Water, Wastewater and Roads, what has been spent and what the current balance is and what will be collected by the end of the assessment period of Sept 2013. This report also shows the State of Idaho Grant income and expenses for the mandated study and engineering reports for the wastewater project so far.

Please e-mail me if you have any questions in regards to the information shown on any of these reports. treasurer@cbpoa.info. If I don't know the answer to your questions I will forward it to either ASI or our CPA.

With that said, I want to announce that our past CPA Darian Panasuk sold her business earlier this year. The Board has agreed to move our year end tax preparation to Magnuson McHugh in Coeur d Alene.

The financial information included in your AGM package was this FY Sept 1, 2011 year through June 30, 2012. Now that it is August I would like to bring you up to date on some of the larger items for the month of July and August.

CBPOA insurance renews in late July and the first part of August. The following are comparison costs on the insurance policies this FY 2011-12 to what has renewed for FY 2012-2013,

	<u>2011-12</u>	<u>2012-13</u>
General Commercial Liability and Property Insurance	\$6555.00	\$6046.00
Deductable for per occurrence \$500.00		
Airport	\$2700.00	\$2395.00
No deductible		
Having no claims on these policies our cost decreased in 2012-13		
Directors and Officers Insurance	<u>\$7190.00</u>	<u>\$7190.00</u>
Deductable \$35,000.00 per occurrence		
Totals	\$16,445.00	\$15,631.00

Overall combined reduction in insurance costs for 2012-2013 is \$814.00

Our insurer of last year did renew our D & O insurance at the same price with the same deductible. Requests for quotes on the D & O insurance went out to 6 (six) insurance companies as well as our current carrier. All six declined to quote due to the following reasons, changes in their guidelines, CBPOA claims history, loss run reports or the company could not compete with the current carriers quote.

An Expense that shows as a long term liability on the balance sheet is the State Water Loan of March 1999. The original amount of the loans was \$125,000.00. The yearly current loan payment amount of \$11,525.00 was to have its annual payment in by July 19th. This was with full interest for the full year's cycle and would leave us with a small balance going into next year. The state was called and we inquired as to the pay off amount. By recalculating for an early pay off, payment of \$9,003.00 was made and we saved \$2,492 in ongoing interest. The loan does not carry over into next year; it has been paid off in full.

Bank Account Balances as of July 31, 2012

Operating MWB	\$29,671.00 (general operations and maintenance)
Water Pump MWB	\$41,061.00 (lake water pump replacement reserve)
Marina IIB	\$87.00 (Maintenance dollars left from New Marina fund)
All maintenance on Marina and beach area will now come out of the Operations account.	
Capital Improvement IIB	\$263,832.00 (capital imp reserve, water, wastewater, roads 2008-2013)

Capital account breakdown

	Available funds	Spent to date
Roads	\$55,659.00	\$91,519.00
Water	\$95,372.00	\$45,338.00
Wastewater	\$112,800.00	\$129,715.00
(\$24,450 grant dollars spent included in total)		

Receivables

This total includes

2 bankruptcies	Bankruptcy total	\$3885.00	cannot pursue
1 foreclosure	Pursuing collections	\$475.00	
Out side sewer	Making payments	<u>\$2,562.00</u>	
		\$6,922.00	
3 liens	\$5,145.00		
Small claims filed	<u>\$4,190.00</u>		
	\$9,335.00		

Overall A/R total over 90 days as of end of July is \$16,257.00

This amount is down from \$46,400.00 in FY08-09 Write offs on uncollectable funds from FY 08-09 to last FY 10-11 is was \$5647.00 overall in that 3 year period.

Total number of non compliant members at this time (7) representing (8) votes.

Property activity to date, Three (3) lots have been sold this year. The first week of August there was a Realtors caravan showing homes for sale within the association.

Increases and decreases in income and expenses FYTD:

Income has remained virtually the same since FY 08-09 except for the general assessment for insurance deductible and an income increase due to water overages paid by members, interest income on bank accounts is down by 25%. Income average since FY 08-09 to FYTD 11-12 looks to be consistent at \$232,000 per year.

Increased expenses from FY 08-09 to FY 2010-11 (3 year average) are as follows with current Fiscal Year projections:

D & O Insurance 08-09 FY \$5341.00 to \$7190.00 FY 10-11. (3 year average) \$6761.00
 Current FY projection is \$7190.00 (6.35% increase over average)

HOA Accounting \$8,450.00 from FY 10-11 new cost (100% increase)
HOA Administrative \$4,500.00 from FY 10-11 new cost (100% increase)
Current FY projection is comparable on both items.

Insurance deductibles D & O 08-09 FY \$5000.00 to 15,000.00. FY 10-11
(3 year average) \$8333.00
Current FY projection is \$35,000.00 (320 % increase over average)

Legal 08-09 FY \$5758.00 to \$30,257.00 FY 10-11 (3 year average) \$20,000.00
Current FY projection is \$36,000.00 (80% increase over average)

Postage 08-09 FY \$289.00 to \$1092.00 FY 10-11 (3 year average) \$628.00
Current FY projection is \$1500.00 (138% increase over average)

Printing 08-09 FY \$303.00 to \$1020.00 FY 10-11 (3 year average) \$739.00
Current FY projection is \$1050.00 (42% increase over average)

Property taxes 08-09 FY \$5285.00 to \$7805.00 FY 10-11 (3 year average) \$6,600.00
Current FY projection is \$8911.00 (35% increase over average)

Roads Maint & Snow 08-09 FY \$5110.00 to 5613.00 FY 10-11 (3 year average) \$4050.00
Current FY projection is \$5250.00 (29% increase over average)

Water management 08-09 FY \$20,260.00 to \$20451.00 FY10-11. (3 year average) \$20,260.00
Current FY projection is \$37,000.00 (78% increase over average)

Weed Control 08-09 FY \$240.00 to \$613.00 to FY 10-11 (3 year average) \$327.00
Current FY projection is \$625.00 (91% increase over average)

All other expenses and income are in line with the overall 3 year average for the end of this current fiscal year 2011-2012. There is one exception, State water test with a decrease of 47% to the overall average this FYTD.

The increases above need careful consideration in relationship to current incoming monthly assessments for Operation and Maintenance (\$30.00) and General Maintenance and Repair (\$15.00). The current Capital Assessment of \$45.00 will end in September 2013. There will need to be a vehicle that will continue to build a reserve account for the future capital and emergency events. Possible increases to O&M and/or General Maintenance and Repair accounts need to be looked at to avoid future short falls due to increased and new expenses and larger insurance deductibles. I look to the Board and membership for input going forward on these matters.

Thank you for your time.

Cathy Sebbby
Treasurer
CBPOA

AGM 2012				
VOTE COUNTING RESULTS				
		Approve	Reject	TOTAL
Member Motion #1	2/3 of all possible votes	49	81	130
Member Motion #2	Costs> \$1000, 2/3 of all possible votes	43	87	130
Member Motion #3	Costs> \$500, 2/3 of all possible votes	42	88	130
Member Motion #6	Developer status, legal definition of combined, simple majority of all possible votes	47	82	129
Member Motion #7	Eliminate proxy votes, counting process neutral 3rd party at the AGM	42	86	128
Member Motion #8	Eliminate D&O Policy when responding to a lawsuit against the HOA	43	84	127
Member Motion #10	2/3 of all possible property owners	48	78	126
Member Motion #13	NKWD by August 25,2012	49	79	128
Member Motion #14	Cramer 15-minutes talk	Motion PULLED- BOD granted		
BOD Ballots				
Atchley, George				46
Heintzelman, Jerry				44
Miller, Dick				73
Verdoia, Tony				73
Counter of Votes:	Sarah Ruggles, ASI <u>Li~~</u> . /			
	Jody Dion, ASI ~			
	Joan Noel /			
Observers:	Val Barney JG-			
	Rick Cramer ,			
	Jerry Heintzelman .J.J.J			
	Phil Noel #~			