

LAKELAND VILLAGE COMMUNITY CLUB
ANNUAL TOWN MEETING MINUTES
June 20, 2017

The meeting was called to order at 7:03pm by Richard Caron, Board President. Richard welcomed the attendees of the meeting, then introduced the 2017/2018 board members:

Richard Caron, Board President – Maintenance –ACC
Leon Stevens, Vice President – Security
Teri Camus, Treasurer/Secretary
Marvin Peterson – Architectural Control Committee (ACC)
Blair Humes – Lake Management
Maureen “Mo” Allen – Public Relations
Robert Finley – Ground Authority
Diane Wilcox – Recreation
Vincent Marbella – Hearings
Laurie Swetkovich – Office Manager

There were approximately 50 people in attendance including the board members.

Richard Caron announced the June meeting is normally where we have a guest speaker, tonight I will be your guest speaker. The purpose for tonight’s meeting is the ramification or rewrite of the By-Laws. I am hoping some of you took the time to compare the old By-Laws to new By-Laws as proposed. Our By-Laws have been effect since 2003 without any amendment that is fourteen years. There are contradictions between the By-Laws and Covenants and legalities that we have been advised for the last several years by our attorney of record that they need to be updated. This is a situation or process that ever HOA has to go through from time to time. Most of the By-Laws rewrite came about because of the litigation we have had the last three years. I think most of you are aware of the lien foreclosure litigation we had in the last year and a half. Regarding a house in one of the older division that we had to foreclose on a property to solve a problem that is when a lot of the issues with the By-Laws language came about.

The majority of the changes in the By-Laws is language, the intent for the most part hasn’t changed. The definitions have been expanded the old By-Laws are very concise, if you read them they are not very long the new By-Laws are very comprehensive. Our attorney, who authored the By-Laws, is an expert in HOA law. He expanded the By-Laws and went to every definition and every expansion he thought we needed for the future to come. The By-Law rewrite we have done may not help us tomorrow or next week but in issues that come down in the next few years it probably will. It will ease the way we do business.

I am going to highlight just a few of the significant changes in the By-Laws:

1. Under the old By-Laws, if you own property in LakeLand Village, you have one vote, no matter how many properties you own, you still have only one vote. If a husband and wife own the same piece of property you have one vote.

The law has changed, in the new By-Laws, if you are a single person and you own more than one lot you still have only one vote. If you a married couple that jointly owns two lots, the husband

votes for one lot and the wife votes for the other lot. If the married couple owns three lots jointly, they still only get one vote per person.

2. The old By-Laws called for specific committees to be formed, actually listed them in the By-Laws. The Board of Directors will form these committees, Security, Public Committee, Budget, and Architectural Control.

The new By-Laws have done away with that requirement. They simply say, the Board of Directors have the authority to make and form committees as they deem fit for the community.

3. The old By-Laws said the Board of Directors will hire an Office Manager, hire a Security Team, and hire any other contractors as needed for the operation of the village.

The new By-Laws have done away with that, they state the Board of Directors will hire contractors and employees as deemed fit to run the community. This does not mean we are going to get rid of Security, it simply means ten, fifteen years down the road, if things change the board has the ability to make changes.

4. The Old By-laws state that the Board of Directors have the authority to make annual assessments. It says that the Board of Directors has the authority to raise assessments by the CPIU, in addition to that the board has the authority to raise the assessments an additional five percent. If you continue to read through the paragraph there is no mention of a vote of the people. The board could have made the increases all these past years without a vote of the people. The board has never done this and never will.

The new By-Laws state, the Board of Directors has the authority to raise the annual assessment and special assessment as deemed necessary to run the community, pending a vote of the people to approve it.

If you look at all of our governing documents Articles of Incorporation or Covenants a lot of them need updating drastically. The Covenants cannot be amended except by the homeowners. Homeowners in Division 12-2 took it upon themselves to amend the Covenants as it pertains to fencing. They collected the required signatures of homeowners in that division and the amendment was written. Homeowners in Division 1 is in the process of amending the Covenants right now as it pertains to roofing materials with something more modern like in Division 11.

This By-Laws rewrite is not going to solve every single issue administratively or otherwise with the community but it is a start. The Covenants are still above the By-Laws and homeowner still have to follow the Covenants. The Articles of Incorporation are still above the By-Laws and still have to be followed. State law is still above all that and we have to obey the law. That is why we have an attorney doing this there no way anyone on this board could have written the By-Laws without having an attorney present, it is too complicated and time consuming.

Keith McGregor asked, regarding the voting issue that you mentioned, is the attorney position based on the RCW's or in case law? Richard Caron responded, as far as I know it was from recent case law.

Keith McGregor took the floor and made the following statements, my wife and I have lived in LakeLand Village for almost twenty years now, I have sat on this board for several years, worked on a number of committees and at one time some of us tried to rewrite the Covenants and By-Law. In that I have gained a

lot of experience in these areas. Before the By-Laws came out I went through the By-Laws quite thoroughly and I have found I have even missed a few things. I have submitted a list of twenty proposed changes to the board. One of the changes is Division 11A was completely left out of the By-Laws. The second item was the developer Andersons and Company has not been exempt from being a member and paying dues, they have always been exempt. The third item involves Covenants, as you know Covenants are contracts between the property owners within a division, they are not contracts with the Community Club in any way shape or form. The Board of Directors has, I think suggestion of legal counsel, have approved thing which are not allowed by your Covenants and that is mainly with the tree cutting. There is nothing in this new document which allows the board to do that if it should put the board at risk and I think that is the rational that is used. If the decision put the board or the community club at risk then it should be approved whether it agrees with the Covenants or not.

Richard Caron responded to Keith McGregor's comments on the tree cutting issue. You and I have had this conversation by email. The amount of trees being removed or whether trees should be removed have never been an issue of the By-Laws either the old ones or the new ones. The tree cutting falls under the Covenants, the tree cutting have nothing to do with the By-Laws.

Keith McGregor continued, I would like to see put into the By-Laws the authority of the board to refuse a request which might put the association in jeopardy of a lawsuit. The other area I would like to talk about briefly do we know how many voting members we have in this community. Total number of voting members in the community. Laurie Swetkovich answered, eight hundred and thirty four. Keith asked the property owners at the meeting that were eligible to cast a ballot at tonight's meeting to raise their hand and Laurie to count them for the record. Laurie Swetkovich count the audience members that raised their hands and the total was thirty two. Keith McGregor stated he will not read from the old By-Laws, Quorum, the presence at the meeting of members entitled to cast, or of proxy ballots entitled to cast one-tenth of the votes of the entire membership shall constitute a quorum. Thirty two does not satisfy the quorum requirements of the old By-Laws therefore this meeting cannot conduct any business based on that quorum requirement.

Richard Caron responded, Keith and I disagree on this point, Keith believes the term proxy vote means they have to be here to vote. The way the By-Laws read it says ten percent of the voting members either in person or by proxy vote. According to the attorney proxy vote means they send the vote in in writing but do not attend the meeting that is a proxy vote. If we have eighty four total votes by proxy and property owners at the meeting we have met the ten percent requirement.

Keith McGregor responded, because it was done in the past it should not be done again. We need to live by our rule and regulation and the By-Laws that are written. The state level of code in Washington says the same thing and that is the law. For that reason and the twenty item I listed that is enough of to object to the vote and of the new By-Laws.

Richard Caron stated, I have answered all of Keith twenty concerns prior to this meeting. The attorney of record has told the board this is the way the By-Laws read, this is the law and this is the way things should be done.

Mary Hollan asked how many proxies have come in. With the thirty two voting people voting here tonight we don't have anywhere near the eight hundred and thirty four votes. Richard Caron responded, we only need ten percent which is about eighty four votes. That is what it says in the old By-Laws and in the new By-Laws. Think about this for a minute if we were to do what Keith suggests and have a higher percentage how much do you think we will get done.

Keith McGregor stated, proxy by definition are the authority to vote for someone else, you can issue a proxy to a neighbor or to a friend. Nowhere in any of the documentation from the RCW; s down there is no provision for absentee voting and that is what was sent out with this package. There again the board has not seemed to do in the proper manner. Richard Caron responded, Keith I disagree, the By-Laws call for proxy voting, I call it absentee because I tell you what if I get twenty seven pieces of paper that say Richard you vote for me I am not going to do it. I am not going to decide what you think needs to be done, that is your decision, and if you are not going to vote then we don't have a vote. We did that at the last Budget/Election meeting, we had people say you decide what we should do, I am not going to tell people what to do, and it is money out of your pocket the decision needs to be yours.

An audience member stated, translation a proxy vote is also a substitute vote, so you should be able to put your vote in writing and send it in because not everyone can attend the meetings. I was on swing shift for four years and was not able to make these meetings. Richard Caron asked the audience member if he ever sent in a vote giving the board permission to vote any way they wanted. The audience member answered, no.

An audience member stated, I think that the fact that there are eight hundred voters that are not here tonight shows a vote of confidence that the Board of Directors is going to do the right thing, Richard Caron stated, I would like to think that, we have done our best to show the people that we have your best interest we have to. By state law, we as sitting board members, have a fiduciary responsibility with every decision we make, large or small to be in the best interest of the people. If you will notice in the new By-Laws our attorney is very big on the ethics, fiduciary values and code of conduct. It is still for the betterment of the community.

An audience member asked what can the board place liens on. Richard Caron answered, per the Covenants we can place liens on property for failure to pay assessments and we do all the time. We cannot per the Covenants place liens on property for failure to pay fines on Covenant violations.

Patrick Conroy addressed the board, I live in Division 1 and I would like an assurance from the board that the new By-Laws do affect my Covenant rights in Division 1. Richard Caron answered, right, they don't. Patrick Conroy continued, the second thing is in regards to a quorum of nine people on this board five show up four say yea, it is a concern on my part that there is not a significant input from the community on expenditures. I have live here since 1989, I bought the property in 1988, and I have seen a lot of changes. There was a horse stable here, an airport where people flew in to play golf and a restaurant, this in my opinion was a good place to raise kids. Over the last few years I see a reassertion in the Newsletter about things that I thought people who live here should know about. That's why I am here, you see changes you feel like you are not getting input. There is a civil suit because Mason County law enforcement won't take care of a problem in the community. If there were drug, assaults whatever went down that caused a major grief to the community, the community club should have tried a harder to get County Commissioner to get law enforcement in here to take care of the problem. The community club had to take on a responsibility that shouldn't have been theirs. It put everyone here liable and someone turns around and sues us who is going to pay for that the property owners. The other beef I have is there is all these foreclosures here and it is my understanding that the banks do not pay any of the assessments. Richard Caron responded, once it goes into foreclosure everything is on hold, once it goes into the bank name they pay the assessments from that point on. The bank is not responsible for the back assessments and that is how the governing documents are written. As far as the foreclosures, we have nothing to threaten the banks with, the bank is not responsible for assessments until they take ownership. This is where the people in the division need to change the Covenants, the board cannot change the Covenants it has to be the people who do it.

Brad Hollan stated, when he bought property in LakeLand Village thirty some years ago he sign a document stating he would abide by all the Covenants you had to do that or they would not sell you the property. Say you imposed a fine for seven thousand dollars for removing trees and the board says there is no teeth in that, couldn't the board file a small claims suit against the property owner.

Richard Caron responded, the board through the attorney could file a suit in court, one of the things our attorney looks at is what the case is going to cost the community club compared to what we are going to gain. Taking someone to court for seven thousand will cost the community club twice that amount. We rarely have to fine someone, most of the time a phone call or a letter will stop the situation.

Mary Hollan asked, why the date on the front of the By-Laws was in November and why didn't I receive the document sooner. I did not receive mine until June 6th. One thing I would like to bring up the Articles of Incorporation and they call us Lake Land Village Community Club not a homeowners association. I don't think people had time to read through the new By-Laws and everyone here at the meeting votes no we could override all the proxy votes that have come in.

Keith McGregor stated, he had talked to a property owner that had not received this packet.

An audience member asked, if the By-Laws pass tonight is there an opportunity to amend them at a later date and if they do not pass will the revisions be taken into consideration in the next draft.

Richard Caron responded, if it doesn't pass we would start all over and have a meeting asking the people what changes they would like to see. This would take probably a year's time, we would have to get people together to do the amendment's take it back to the attorney for a new draft, then bring it back to the people for a vote. If the By-Laws pass there are still provision to do amendments, we would take comments from the people, we would write up the amendment send it to the attorney to check sure they are legal. Send out an amendment package to the community with only the amendment and the new language not the entire By-Laws so you can see what the change is and there will be another vote of the people.

Brad Hollan asked, what it cost to write these new By-Laws. Richard Caron stated five thousand one hundred and twenty five dollars and I have talked with several past board member that stated this was a fair price.

Rodger DeBritz stated, the cost we paid the attorney was reasonable. I was on the board in LakeLand for fourteen years and I a chairman now in an HOA in Arizona and our attorney fees are unbelievable, I propose that the minutes are published before the board approving them so the people know what is going on because the board has been working on this By-Laws revision for a long time. Then call a town meeting to explain the By-Laws prior to the vote. I do like some of the changes in the new By-Laws.

Mary Hollan wanted to know if we are holding this meeting according to Hoyle can I move that we put this off for ninety day. An audience member stated we have already voted. Richard Caron stated, the people have already voted so I am going to say no.

An audience member asked, it says in the By-Laws that LakeLand Village can own property. Richard Caron stated, those are the common areas, the community club owns the gazebo/beach area, the playground, the basketball court, the dam, Anderson Lake and the board governs them.

The same audience member stated, I do have a problem with the fact that the By-Laws state if a person annoys you more than once they will not be allowed to attend meetings, section 7 D. Richard Caron read the section of the By-Laws, Members are encouraged to support all of these in their work for the Association, which can and should include good faith suggestions for improvement offered in a reasonable and fair context. On the other hand, no member has the right to interact with any of these regarding his or her service to the Association in a way that seriously alarms, annoys, harasses, or is detrimental to him or her. The Board may adopt reasonable and fair measures that limit the ability of a member to communicate with a Director, Officer, employee, agent, contractor, committee member, or other volunteer if that member has demonstrated an inability in the past to make such communications constructive as opposed to destructive and/or personal attacks. These measures may include warnings, written and verbal; fines; exclusion from common areas and/or meetings; and any other measures reasonably calculated to protect BYLAWS OF LAKELAND VILLAGE COMMUNITY CLUB - Page 23 Association Directors, Officers, employees, agents, contractors, committee members, and volunteers from undue harassment.

There were ninety three total votes, eighty nine yes votes and four no, the By-Laws have passed as written.

The meeting was adjourned at 8:14pm.

Recorder,

Laurie Swetkovich