

Westridge Place Homeowners Association
Board Meeting
September 30, 2004

The meeting of the Westridge Place Homeowners Association Board of Directors was called to order at 7:00PM and held in One Pacific Corporation Design Center.

ATTENDANCE: Present – Directors: Rick Bowler, Lance Boyce, Anita Anjoubault, Jim Cochran, James Bangert, Miron Washington and Catherine Reneau. Property Manager Invest West Management represented by Steve Barber and note taker, Pam Lenz.

ESTABLISHMENT OF QUORUM:

Rick Bowler opened meeting announcing a quorum is present.

REVIEW, AMEND AND APPROVE PRIOR BOARD MINUTES:

The minutes of the August 26, 2004 Board meeting were presented and reviewed by the Directors. No amendments were proposed and,

Rick Bowler motioned to approve the prior minutes. Seconded by Lance Boyce and the motion was carried.

FINANCE REPORT;

Catherine Reneau reported on the Association finances. The Association's bank balance has been reduced to \$444.70 on hand. Since July, \$1800.00 in delinquent dues have been collected, however we still have a significant sum outstanding. Catherine presented a Projected Cash analysis forecasting income and expenses through December 2004, which shows at least a \$7,500 deficit. Even if all unpaid dues were collected, the Association will be unable to meet nearly all of its obligations over the next three months.

Invest West Management also presented a projection of income and expenses for the rest of the year that was similar to Catherine's report. The Board then discussed possible options that included asking the Homeowners to approve a special assessment as well as possible termination of contracts for the remainder of the year

Rick Bowler then represented to the Board that One Pacific Corporation was owed money for expenses incurred for Westridge Homeowners Association. Rick presented the Board with Board of Director's Meeting Minutes dated December 18, 2002 and a Demand Note from One Pacific Corporation dated January 13, 2003 totaling \$52,548.66.

As part of his presentation, Mr. Bowler indicated that he and Marilee would be willing to forgive \$14,375 of the above amount on the condition that the Board agreed to reimburse One Pacific Corporation for the balance. Mr. Bowler stated that the homeowners had enjoyed substantial appreciation in value of their homes and it was unfair of the Association to expect One Pacific to bear the burden of these costs. A contentious discussion then ensued and several Directors asked why the Board is just now seeing this

information. Lance Boyce stated that this “lack of disclosure gives him a bit of heartburn”. When he bought his home, he certainly did not expect the Association to be in debt and for that obligation to be undisclosed. Mr. Bowler stated it was the responsibility of the homeowner to determine that status of the HOA. Catherine Reneau read from her notes from her attendance at the March 15, 2003 Board Meeting at which there was no mention of a Board meeting held in December 2002, no minutes presented for approval of a December 18, 2002 meeting, no mention of any obligation to One Pacific and further noted that minutes dated December 18, 2002 were not provided in her document request the previous year. She further indicated that she had asked for a financial statement of the Association that day and was denied that information. Further, there is no indication in the minutes of the Board of the Directors for the past several years of such indebtedness to One Pacific nor do they indicate that the Board authorized and approved any borrowing, incursion of expense or the signing of any Demand Note to the benefit of One Pacific Corporation. Jim Cochran challenged the validity of Rick signing a note due and payable to himself and that One Pacific Corporation had four votes on the Board at that time. Jim also noted that the courts had found that “It is illegal for a corporation, especially a non profit to keep debt off the books”. Several Board members agreed with this view. Invest West Management and two former Board members (Alan Pordes and Jim Mizera) stated that they have no knowledge of any debt in a Special Meeting of the Homeowners on December 17, 2003 and the financial statements and 2004 budget prepared by Invest West Management do not disclose any debt obligation. Anita Anjoubault asked Rick if One Pacific would consider a payment plan if it came to that. One Pacific was agreeable. *At this point, Mr. Bowler tabled this topic.*

The Board then discussed a way to fill in the shortfall of money for the rest of the year. The question was asked, “can any expenses be cut?” Suggestion was made that perhaps Landscape Management and Invest West Management (IWM) would be willing to put off payment until January 1, 2005 as long as the Board is making moves to become solvent. IWM brought up the point that the Board does not have any reserves built up and there will be items that need to be addressed in the future such as fences and trees. Catherine Reneau made the point that it is, in her opinion, irresponsible to continue to incur expenses with no assurance of passage of a special assessment. She pointed out that any deficit must be made up out of next year’s dues if the special assessment does not pass.

The Board discussed the possibility of changing the base dues. Catherine Reneau reminded the Board that they would need a 67% vote of all homeowners to change the base dues. Jim Cochran pointed out that we need a capital budget in order to change the base rate and have an accurate idea of 2005 needs. Miron Washington clarified that the Board cannot increase dues beyond the 6% rate provided in the CC&Rs.

Lance Boyce asked about the possibility of a loan. IWM stated that other communities have done this. Catherine pointed out that the only asset the Association has is its ability to assess the homeowners and that borrowing will not change our future situation if a special assessment does not pass because we will also be incurring interest cost.

Invest West Management presented a proposal for asking the Homeowners for a \$10,000 special assessment which would also provide for an estimated \$2500 reserve.

Rick Bowler motioned for a Special Assessment for \$10,000.00 Jim Bangert seconded. All agree. Motion carried.

Catherine Reneau would like it noted that she feels this is irresponsible without cutting expenses first. She suggested that a budget committee should get together and formally discuss the budget needs. Catherine pointed out that even if the full dues of \$45,444 are collected next year and with a 6% increase on top of that it still doesn't address actual or potential expenses.

Jim Cochran motioned to put together a committee to review a change to change the base rates and align dues by phase. Rick Bowler seconded. All agree. Motion carried.

The Board discussed that in order to change the base dues the Board needs an accurate idea of the 2005 budget and this should include capitol expenses and a reserve. A reserve study should be done. Catherine indicated that she already had much of this work done with the exception of having a clear understanding of the Gated Community dues rate and expenses.

The Board assigned Catherine Reneau the task of scheduling a meeting room for a Special Meeting of the Homeowners and preparing the notice to the homeowners of the Special Assessment during the week of November 10th to November 18th. Our CC&Rs require 30 days notice of a Special Meeting of the Homeowners and all information must be ready to mail by October 12, 2004.

OLD BUSINESS:

Rick Bowler tabled discussion of the Gazebo lot transfer. Board members expressed concern about access to this lot and Jim Cochran suggested the best alternative at this point would be to put a locked gate up and restrict access to the area. Rick indicated that he could do this.

Catherine Reneau reported on her visit with Phil Foster attorney. She stated his cost is \$145 per hour for communities managed by a professional company and \$165 per hour for self managed associations. She felt he was well versed in HOA issues. Rick Bowler suggested that Phil Foster pay a visit to the board in the future. Catherine reported that the attorney charges \$270 to file a lien.

Catherine Reneau asked since Rick Bowler's resignation was expected tonight, when Rick Bowler intends to complete his resignation as previously agreed. Rick Bowler stated that his resignation "will be effective when he delivers it and not until."

NEW BUSINESS:

Rick Bowler added items for discussion at next Board meeting. These items are information on correct flag flying procedures and information on satellite dishes. Catherine Reneau suggests the ACC develop these into a guideline for the homeowners. Rick Bowler would like to have some of the other board members walk the community with him. Catherine Reneau and Miron Washington agreed to do this.

The two violations letters that were mailed by certified mail on September 9, 2004 were discussed. They have 30 days to respond.

Meeting was adjourned at 8:30pm

These minutes were unanimously approved at a meeting of the Board of Directors held at the Design Center, 313 SE 199th St, Camas, WA on December 16, 2004.

Submitted by

Catherine R. Reneau, Secretary/ Treasurer for Westridge Place HOA