

Westridge Place Homeowners Association Inc.
Board of Directors Meeting Minutes
July 20, 2006

The meeting of the Board of Directors of Westridge Place Homeowners Association was called to order at 6:35 p.m. at the home of James Cochran.

ATTENDANCE:

Present: President: James Cochran, Vice President Miron Washington Secretary Treasurer, Catherine Reneau, Appointed Directors – Mark Benson, Greg Sellers, Ray Tatum, Declarant-Rick Bowler

Homeowners: Mr. and Mrs. Bailey, Mr. Rucsinski, Mr. Fontannette, Mr. Cogut, Mr. and Mrs. Tubbs

ESTABLISHMENT OF QUORUM:

James Cochran called the meeting to order and established that a quorum was present.

INTRODUCTION OF DIRECTORS

Each Board member introduced themselves as this is the first time the three newly appointed directors have attended a meeting and we have several homeowners observing the meeting as well.

REVIEW OF FINANCIAL INFORMATION

Treasurer Catherine Reneau presented the quarterly financial statements as of June 30, 2006 and a cash flow projection through the end of the year. She usually begins such a projection about this time of year so the Board can see the expected cash position after planned expenditures through December. In addition, she has split that cash balance into available cash and reserved cash. Mrs. Reneau also presented a month-by-month comparison of our actual expenditures and our budget.

To catch everyone up, the Association has three members who owe dues. One is current, one is 90 days past due and one owes more than four years of dues. The member who owes more than four years of dues was liened and that lien has been recorded. We have collected \$200 from her but it is doubtful that we will collect more unless she sells her home or refinances. The 90-day receivable is a builder in the Gated Community who has received a 90-day letter, which is according to Board policy. As a point of clarification, Mrs. Reneau was asked to identify the Builder. She noted the amount due is \$677.05 and that will increase by \$50 per month late fee plus 12% interest.

To catch the new Board members up, Mrs. Reneau reviewed the Board policy that was adopted a couple of years ago to charge a \$50 per month late fee and the 12% interest (which is in our CC&Rs). She also noted that the Board has been generous in the past and has waived those fees for those who have been cooperative.

Rick Bowler stated we should lien this builder and wanted to know if there was any reason they should not be liened immediately. Mrs. Reneau responded this was not in conformance with Board Policy. President James Cochran noted that we have been very good at getting the title company to collect for us at closing when we provide notice that the dues have not been paid. This has not been an issue for us to date with the exception of the one homeowner with multiple years unpaid. *(As a side note: the Board adopted a policy on February 28, 2005 of sending a 90-day letter and recording a lien at 180 days).* As of June 1st, the Association has 276 assessable homes; 24 of which are in the Gated Community.

Director Greg Sellers asked what the legal fees expense was for on the financial statement. Mrs. Reneau answered that was for the research performed at the request of the Gated Community homeowners on the Gated Community CC&Rs.

Mrs. Reneau reported that she had no outstanding invoices requiring approval. All payments made have been those under contract or previously approved by the Board.

INSURANCE RENEWAL

President James Cochran passed out copies of the insurance renewal application. The Association's two insurance policies are up for renewal and the Board needs to take action on this item tonight. The Association has two policies, a general liability policy and a directors and officers (D&O) policy. They renew each year on July 29th. The hand out is the new bid on the policies we currently have. Mr. Cochran informed the Board that he also asked for bids from State Farm and Farmers and one other insurance company whose name is not coming to mind. All of those insurance agents declined to give us bids, given that we are still a declarant-controlled association. CAU is the only one willing to underwrite policies in this situation.

So, continuing with the same policies that we have with St. Paul and Traveler's looks like our only option at this point. We have not made any changes to limit amounts, coverage to property or any other items. The cost of the package is as follows:

General Liability -	\$5043
Directors & Officers -	<u>2616</u> = <u>\$7669</u>

Mr. Cochran also noted that he asked CAU to quote different levels of coverage so we have the option of going up or down on the levels of coverage. Mrs. Reneau noted the amount of the general liability insurance coverage is written into our CC&Rs and she budgeted \$9600 for insurance in anticipation of possible premium increases. Our 2005 premium was about \$7400 so a \$200 increase is quite remarkable. Mrs. Reneau pointed out the insurance must be renewed right away. Mr. Bowler asked if we were in the grace period and if we have more time than the 22nd. Mr. Cochran replied that the 29th is the renewal but the insurance company wants the application back by the 24th. Mr. Bowler wanted to know if we did not come back by the 24th, would we fall into the 30-day grace period? Mr. Cochran said we would fall into the grace period if we commit to bind the policies.

Mr. Bowler than commented that, on page 5, we need to change the answer to the question about a wetlands study. One Pacific has commissioned several studies. They are a requirement. Mr. Cochran asked if those studies had shown any grown water contamination or anything identified in the studies? Mr. Cochran asked to have a copy of those wetland studies.

Mr. Bowler motioned to accept the application as changed above so long as it does not change the balance of coverage. Mr. Sellers seconded. There was no discussion. Motioned carried unanimously.

As a point of clarification, Mrs. Reneau asked if this was authority to pay the premium billing when it came due. Answer, yes.

REVIEW OF APRIL 2006 BOARD MINUTES

Mr. Cochran handed out the minutes from the April board meeting. He noted that we typically review the prior meeting minutes at the beginning of the meeting. Since the new directors were not at that meeting, we can still go through the review and approval process.

Mr. Bowler recommended to table the review of the April Board minutes to the next Board meeting.

OTHER BUSINESS

Mr. Bowler announced that he felt the Board had not seen fit to give an adequate response to overtures he had made and he believes that we need to make a changed in the direction of the Board.

Director Greg Sellers motioned to re-elect the slate of officers of the board in the best interests of the Homeowners Association. I think there have been some bad business judgments and decisions on the board's part. Director Mark Benson seconded.

Mrs. Reneau asked for discussion. Mr. Washington asked Mr. Sellers to elaborate on the bad business decisions from his perspective. Mr. Sellers replied that no, he was not prepared to discuss his reasons, that from what he had read, he thinks it is a very good business decision right now to change direction. Mrs. Reneau asked "are you prepared to serve as an officer and to take on the duties and fiduciary responsibilities of all of the homeowners and not just the Declarant?" Mr. Sellers replied, "If I need to, yes, I am."

Mr. Cochran handed out copies of the December 10, 2003 Homeowners Meeting and Washington State Law from the Homeowners Association Act and a copy of an email from Mr. Bowler's attorney stating that Mr. Bowler will resign. Mr. Cochran pointed out that the homeowners recalled Mr. Bowler from the Board at a properly called meeting of the Homeowners on December 10, 2003 and that Washington State Law provides that any director may be recalled from the board by a majority vote of the homeowners present in person or by proxy. Mr. Cochran then reviewed the email from Mr. Mark Stoker stating that Mr. Bowler would resign from the Board. It is our view that we have three homeowner-elected Directors and three Declarant-appointed Directors on the

Board. The Declarant was removed from the Board on December 10, 2003 and we do not recognize the authority of the Declarant on this board.

Mr. Bowler replied “Well, that’s unfortunate because I am sitting here at the table. And I am on the Board. And I will continue on the Board. And the sooner you recognize that, the sooner that things can be cured and this HOA can get on a very solid footing and get the personalities over and get back to having good business. And that’s what it is going to take. And that’s all I am going to say about it. The motion is on the table and now it’s your turn.”

Mr. Cochran then replied, “ And I am pointing out to the other board members that per State Law, last paragraph of State Law, “The owners by a majority vote of the voting power in the association present, in person or by proxy, and entitled to vote at any meeting of the owners at which a quorum is present, may remove any member of the board of directors with or without cause.” We have a motion on the table and I am pointing out we have only six official members of the board here tonight.

Mr. Bowler: “That’s your opinion”.

Mr. Cochran: The Homeowner Group, The Voices of Westridge have a legal opinions stating Mr. Bowler was legally removed.

Mr. Benson asked if they could get a copy of that opinion.

Mrs. Reneau replied that the opinion does not belong to the the HOA or Board and could not be distributed.

Mr. Cochran: “Without any other information, that’s the way it stands at the moment. So, with that motion on the table any other discussion?”

Mr. Cochran called for the vote.

All in favor? Aye-Sellers, Benson, Tatum

Opposed? Cochran, Washington and Reneau

Mr. Cochran: “Officially it is a 3-3 tie.”

Mr. Bowler: “Officially it is 4-3 and the meeting is adjourned because you have lost your quorum. Good evening.”

At this point, Mssrs. Bowler, Sellers, Tatum and Benson left the meeting. There was no motion to adjourn the meeting. The remainder of the Board took a short recess and then reconvened the meeting at 8:10 pm.

President James Cochran noted that the remaining directors were present and that our Bylaws provide that a quorum is established at the beginning of a meeting and that the exit of the appointed directors did not adjourn the meeting as a proper adjournment was not motioned and that the Board meeting is still in session.

Miron Washington noted that the presence of Mr. Benson on the Board of directors has caused an ethical conflict with the Board's attorney who has withdrawn and the Board needs to engage new legal representation.

Miron Washington motioned to engage a new attorney to represent the Board as soon as possible. Catherine Reneau seconded. There was no discussion. Motion passed unanimously.

Adjournment

There being no further business before the board:

Catherine Reneau motioned to adjourn the meeting and Miron Washington seconded. There was no discussion. Motion passed unanimously.

The meeting adjourned at 8:15 pm.