



**Scott Lake Maintenance Company
Homeowners' Association Annual Meeting
December 5, 2020**

Due to public health concerns and pursuant to the Governor's Safe Start Proclamation, this meeting was conducted remotely

1. Call to Order, Welcome, and Introductions

President Suzanne Fromme called the meeting to order at 10:00 AM. The Scott Lake Maintenance Company Board of Trustees introduced themselves. A quorum of the Board of Trustees was present. There was not a quorum of the Scott Lake Maintenance Company membership present.

2. Meeting Overview – Procedures and Guidelines

Executive Secretary Caitlin Magee notified all participants that the meeting was being recorded for the purposes of producing accurate meeting minutes. Magee noted that the recording would not be publicized and would be deleted after the draft minutes are approved at the next Annual Meeting.

Executive Secretary Magee provided an overview of the meeting procedures and guidelines with instructions on how to request the floor to speak and how to cast votes.

3. Minutes of the May 18, 2019 Annual Meeting

The draft minutes of the May 19, 2019 Scott Lake Maintenance Company Annual Meeting were presented for review.

Motion:

Motion by Tom Culleton to approve the May 19, 2019 Scott Lake Maintenance Company Annual Meeting minutes, second by Dave Peeler. A roll-call vote was conducted; the motion passed with 27 yes votes and 1 abstention.

4. President's Message

President Suzanne Fromme gave a report. President Fromme explained that the board members are volunteers and stewards for the business of the community. President Fromme thanked the members of the board for their work and thanked Executive Secretary Magee for her work. President Fromme acknowledged that this past year has been difficult for everyone and many have experienced hardships that have come from the pandemic. President Fromme encouraged attendees to become involved with the community and to attend the monthly Board of Trustees meetings for Scott Lake Maintenance Company information.

5. Executive Secretary's Message

Executive Secretary Magee gave a report. Magee introduced herself and provided an overview of her professional background. Magee explained that her role as the Executive Secretary is to manage the daily operations including strategic and operational plans, financial management, administrative services, contract management, communications, and board guidance. Magee encouraged attendees to contact the office for information relating to the Scott Lake Maintenance Company.

6. Property Owner Comment: Non-Agenda Topics

Property owners were afforded an opportunity to provide comment on topics not otherwise included on the meeting agenda.

Janis Snyder raised concerns about ongoing issues with non-residents using the private Scott Lake park and being destructive. Janis Snyder suggested that a program addressing park security be developed.

Brian Vogel echoed concerns about ongoing issues with non-residents using the private Scott Lake park as well as safety concerns with people abusing the floating dock. Brian Vogel suggested the possibility of charging non-residents a fee to use the Scott Lake park to increase revenue and enforce the park rules.

Loren Bures stated that the Scott Lake park is not truly accessible to disabled people and that the park should be usable by all residents. Loren Bures stated that when updates to the Scott Lake park are considered they need to be made truly accessible for disabled people.

Executive Secretary Magee advised attendees to contact the Scott Lake Maintenance Company office with any questions.

7. Water System & Water System Plan Update

Executive Secretary Magee gave a report on the water system. Magee provided a brief history of the Scott Lake Maintenance Company. Magee explained that Scott Lake Maintenance Company owns and operates a Group A water system and is regulated by the Department of Health and the Washington Administrative Code. Magee explained the contractual relationship with Northwest Water Systems and the partnership with KCL Excavating. Magee explained the importance of continually making updates to the water system and replacing aged components to ensure ongoing operations and safe drinking water. Magee reviewed information from the 2007 Water System Plan and provided that an updated plan is being developed, which will include a reserve study and rate study. Magee reported that water rates and assessments have not been increased in over a decade and are inadequate to fully fund reserves in addition to business operations and regular ongoing maintenance. Magee stated that more information will be made available after the Water System Plan is updated.

a. Property Owner Comment: Water System

Property owners were afforded an opportunity to provide comment relating to the water system.

Dave Peeler stated that a few years prior, Scott Lake Maintenance Company got a quote from another engineering firm on replacing only the lines in the courts which was roughly \$450,000. Dave Peeler stated that since he has lived in Scott Lake there has not been a single rate increase and if you look at any other service provider or water system their rates generally go up annually and we cannot keep up with our costs without an increase.

Theresa Parsons thanked the Board of Trustees for their service. Theresa Parsons stated that she has lived in Scott Lake nearly her entire life and knows that the water system is aging and supports taking a good look at what the system condition is and what needs to be done to improve it.

Larry Braun stated that when the streets were repaved a few years ago Thurston County had paved over a number of valves and wanted to know if those valves had been located. Tom Culleton responded to the question raised by Larry and confirmed that Thurston County did pave over several valves and that there is a map that provides a rough estimate of valve and pipe locations.

Executive Secretary Magee reminded attendees that questions should be directed to the office for response and that the comment portions of the meeting are not intended to be question and answer.

Zack Tharp stated that it makes sense that rates need to be raised and that the cost is there. Zack Tharp would like to see the cost and rates analyzed annually or bi-annually so that property owners are not regularly hit with large increases.

Mark Leffingwell asked for clarification on if the budget increase is just for replacement of the reserve for the emergency items that money has been spent on or if it is for future work. Mark Leffingwell asked if the discussion is just for replacing

isolation valves or for the piping as well. Executive Secretary Magee responded that the financial piece will be discussed under the following agenda item and that the updated Water System Plan will provide the information on work that needs to be done going forward.

Loran Bures stated that he has a concern with scheduled system interruptions and not emergencies. Loran Bures stated that it has not been made clear to him on whether arrangements have been made with contractor on having rush turn around on lab samples for scheduled shutdowns. Executive Secretary Magee responded that the decision on rush orders is not made by the contractor, that it is made by the Scott Lake Maintenance Company, and that an additional fee is paid for rush results which are provided within 24 to 48 hours which is what is conveyed to the community with each shutdown.

Taylor Dobson stated that she is new to the neighborhood and understands the need for the rate increase and repairs but would like to know how we got to this point that we are dealing with emergencies and whether maintenance was performed in prior years. Executive Secretary Magee provided a response identifying that replacement of major components has not happened and that the infrastructure has aged and that rates have not been steadily raised over the years to cover the costs now.

Puna Clark asked about the updated water system plan and how many projects from the past plan will be included in the new plan and whether it was a 6-year plan or a 10-year plan. Executive Secretary Magee stated that an answer is not readily available but will be available as the updating of the water system plan develops.

Marisa Thompson asked if there is any restitution or assistance from Thurston County for paving over our valves. Tom Culleton responded that Thurston County owns the roads and technically they could charge Scott Lake fees for maintaining the roads.

Erika Jenkins asked if there is a calendar for future maintenance and shutdowns. Executive Secretary Magee responded that there are not currently any scheduled shutdowns and as soon as a schedule is developed that information will be distributed in the community.

Robert Summers asked if anyone has tried applying for grant funding to help with water system costs. Executive Secretary Magee responded that Scott Lake Maintenance Company has not utilized grant funding and would not likely be eligible to receive a number of grants that may be available.

Dave Peeler stated that everyone should be aware that our water system does not have any inter-ties with any nearby water systems and if we have major failure there is nobody nearby to provide water, meaning that we can only rely on ourselves and must take care of our water system. Dave Peeler stated that he has attended meetings with local water suppliers and the Department of Health and that there is not grant funding available to Scott Lake Maintenance Company and if we took out a loan, we would have to pay it back with an interest rate.

Mark Leffingwell stated that one time during a shutdown later in the week we had to wait over the weekend with a boil order and wonders if a shutdown earlier in the week would prevent having to have a boil order over a weekend.

8. Financial Report

Treasurer Ruth Elder gave a report. Treasurer Elder stated that some questions may require additional follow-up after the meeting. Treasurer Elder reported that the current water rates and homeowners' association assessments are not adequate to fund the necessary replacement of system components. Treasurer Elder identified that the rates have remained unchanged while the cost of doing business has increased substantially over time. Treasurer Elder explained the proposed 2020-2021 budget, reserve withdrawal and repayment plan, and proposed special assessment.

a. Property Owner Comment: Financial Report

Property owners were afforded an opportunity to provide comment relating to the financial report.

Marisa Thompson asked about the specific line items on the proposed budget relating to the cell tower lease, payroll expenses, and reserves. Executive Secretary Magee provided a response. Magee provided that a Certified Public Accountant is performing a forensic review of the reserve fund.

Treasurer Elder stated that this proposed budget is an absolute bare bones operating budget and that there is nothing extra included.

Robin Youngquist asked for clarification on how the monies have been spent from the reserves and if the funds have been kept separate. Executive Secretary Magee provided a response. Magee reiterated that a Certified Public Accountant is performing a forensic review with includes any reserve funds. Magee directed Robin Youngquist to contact the office with this question and that a response can be provided when the accounting review is complete.

Dave Peeler stated that the reserve account has never been fully funded because we have not charged enough.

Theresa Parsons asked if there is a way to get more detail on the reserve allocation. Executive Secretary Magee provided a response listing the areas in which the reserve fund withdrawal monies will be spent.

Dave Tracy asked if a property sells who will be responsible to pay the balance of the special assessment. Executive Secretary Magee provided a response explaining the HOA payoff requests that are received during the sale of a property.

Larry Braun asked if it is possible to pay the entire special assessment amount rather than monthly payments. Executive Secretary Magee provided a response confirming that property owners may opt to pay the entire special assessment in full rather than in monthly payments.

Treasurer Elder explained the purpose of the reserve fund and the need to replenish the reserve fund withdrawal.

Brian Vogel stated that he has no issue with the monthly fee increase or replenishment of the fund and believes that the charges are still far less than what a city would charge. Brian Vogel asked for clarification on second lots being charged the full assessments, if there is a plan being put together for preventative maintenance going forward, and if after the two-year special assessment whether the rates will go back down or increase to fund preventative maintenance. Brian Vogel asked if there is any other way to generate additional income. Executive Secretary Magee provided a response explaining the application of assessments equally to each lot. Magee responded that preventative maintenance is imperative, and that work and necessary funding will be addressed by the updated Water System Plan. Magee responded that additional sources of revenue will be evaluated.

President Fromme stated that due to the pandemic and public safety concerns Scott Lake Maintenance Company has not been able to rent facilities and has not been bringing in that usual source of revenue.

Marisa Thompson stated that some properties have multiple trailers with secondary families utilizing the system. Marisa Thompson asked if there is a plan regarding more than one usage on a particular property. Executive Secretary Magee provided a response addressing issues with compliance with the Protective Covenants. Marisa Thompson asked where a copy of the Protective Covenants could be obtained. Magee provided a response identifying that the Protective Covenants are recorded with Thurston County, are available on the Scott Lake Maintenance Company website, and can be requested directly from the office.

Treasurer Elder explained that there is a basic charge with an allotted base usage and that if any property utilizes water above the basic allotment that they are charged accordingly.

Executive Secretary Magee reviewed the applicable RCW's and process for budget and special assessment ratification.

Magee referenced RCW 64.38.025 (3) and RCW 64.90.525

b. Proposed Special Assessment

The proposed special assessment was presented for review.

c. Proposed 2020-2021 Budget

The proposed 2020-2021 budget was presented for review.

Main Motion:

Motion by Ruth Elder to approve the 2020-2021 budget including the special assessment and reserve repayment plan, second by Tom Culleton, discussion was held. A roll-call vote was conducted; the motion passed with 24 yes votes and 2 no votes.

Incidental Motion:

Motion for division of the question that the ratification of the budget be considered separate from ratification of the assessment made by Loren Bures. Treasurer Elder responded that the two issues are inextricably linked and that the budget will not be balanced without the reserve allocation and the reserve allocation is an integral part of the budget. No second provided; the motion failed.

Subsidiary Motion:

Motion to table the main motion for lack of clear and full information to the voters made by Loren Bures. No second provided; the motion failed.

Incidental Motion:

Point of Order by Ruth Elder identifying that a main motion and second had been made and opened for discussion followed by a subsidiary motion being made and needing clarification on the order in which we will proceed.

Incidental Motion:

Point of Order by Loren Bures stating that no vote can be taken until debate is allowed on the main motion. Executive Secretary Magee responded that discussion was asked for after the original motion and second was provided. Loren Bures restated that no debate of the motion was called for on the main motion. President Fromme responded ruling that discussion had been called for and held.

Subsidiary Motion:

Motion to move to end debate by Larry Braun, second by Ruth Elder. A roll-call vote was conducted; the motion passed with 23 yes votes, 1 abstention, and 1 no vote.

In accordance with RCW 64.38.025 and RCW 64.90.525 a majority of the votes in the association were not allocated and did not reject the budget, either in-person or by proxy, and a quorum of the membership was not present. Therefore, the 2020-2021 Budget and Special Assessment were ratified.

9. 2021 SLMC Annual Meeting: Saturday, May 8, 2021 10:00 AM

all meetings will be conducted remotely until further notice

President Fromme stated that the 2021 Scott Lake Maintenance Company Annual Meeting will be held on Saturday, May 8th, 2021 at 10:00 AM. President Fromme stated it will be determined at an appropriate date whether that meeting will be held remotely or in-person.

10. Adjourn

President Suzanne Fromme thanked everyone for attending and participating in the meeting.

President Fromme adjourned the meeting at 11:50 AM.