

Silver Firs II Homeowner's Association
Annual Homeowner's DRAFT Meeting Minutes 27-October-03

Meeting Place:
Gateway Middle School
15404 Silver Firs Drive
Everett, WA 98208

Board Member Attendees: John Elliott, Peter Truss, Debby Smith, Troy Lucas

Management Group attendees: Kate Hurlocker, Julie Gray: CWD Group

Statistics: The quorum requirement is 40% of votes available in the Association. 880- 25 (the number of lots with voting rights suspended, i.e., not in good standing) is 855. 40% of 855 is 342. So we were 285 votes short of a quorum.

(Not In Good Standing is defined as 1) more than \$220 delinquent and/or 2) Covenant Enforcement Hearing conducted and still in violation of CC&Rs.)

From the Sign-In Sheet: 57 Lots signed in; 27 by proxy and 30 in person. Nine of the lots had two signatures so 39 homeowners were present, assuming all signed in.

From the ballots cast on the 2004 Board-Approved Budget: Yes 31, No 17. A total of 48 ballots were cast.

With 57 Lots signed in and 48 ballots cast, we lost 9 ballots due to folks leaving, or not voting, or maybe not voting for the proxies they brought.

7:00pm CALL TO ORDER

John Elliott, President, called the meeting to order at 7:00 PM. John made a brief introduction to the homeowner's. Board members introduced themselves, and John introduced ACC members and CWD representatives. John announced that there were 48 proxies presented and that this fell short (342 are needed) of the number needed to officially hold a meeting.

COMMUNICATIONS COMMITTEE REPORT

Peter Truss made a PowerPoint presentation reviewing the past years accomplishments and the plan for 2004 of the Communications Committee. Information regarding locking mailboxes and the official SFHOA website were reviewed. An interactive question and answer session was held. A copy of the presentation is attached.

OPERATIONS COMMITTEE REPORT

Debby Smith (acting Operations Committee Director) made a PowerPoint presentation reviewing the past years accomplishments and the plans of the Operations Committee. An interactive question and answer session was held. A copy of the presentation is attached.

LANDSCAPE COMMITTEE

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Debby Smith made a PowerPoint presentation reviewing the past years accomplishments and the plans of the Landscape Committee. An interactive question and answer session was held. A copy of the presentation is attached.

RULES COMMITTEE

John Elliott made a verbal presentation reviewing issues of the past year and what is expected in the future. An interactive question and answer session was held.

FINANCE COMMITTEE

Troy Lucas made a verbal presentation regarding the current financial status of the association. An interactive question and answer session was held.

RATIFICATION OF 2004 BUDGET

The Board proposed a 2004 budget based upon an annual assessment of \$231 per lot, an increase of 5% over the current 2003 assessment. A vote of the membership to approve or reject the assessment could not be taken because a quorum was not present. According to the CC&R's, *"the maximum annual assessment may be increased each year without a vote of the membership as long as such increase is not more than five (5) percent above the maximum assessment for the previous year."* The increased assessment for 2004 was not more than 5% and did not require a vote of the membership.

The budget proposed by the Board is automatically ratified unless a majority of lots eligible to vote cast ballots to reject the budget. According to WAC 64.38, "Unless ... the owners of a majority of the votes in the Association ... reject the budget, the budget is ratified, whether or not a quorum is present." Jim Yourkowski, homeowner, made a motion from the floor to disapprove the 2004 budget. The motion was seconded. A vote was taken by paper ballot on whether to approve or disapprove the 2004 budget. Voting results were 31 to Approve (including proxies) versus 17 to Disapprove. A majority of the votes in the Association not having voted to reject the budget, the budget was ratified.

ELECTION TO THE BOARD OF DIRECTORS

An official vote could take place because there was no quorum present. The open seats of the board will be filled by appointment by the Board of Directors.

Lionel Galperin, Linda Galperin and Peter Truss (Peter Truss was up for re-election) were nominated for the three open positions. Each person made a brief speech on why they wish to be on the Board. The Board will make a decision at the next Board meeting in November 2003.

REPLACEMENT RESERVE FUND ROLLOVER

The Association must pay income tax on any miscellaneous income it earns (such as late fees) and interest earned in the Replacement Reserve fund. Two IRS filing methods are available to the Association; as a Corporation (1120) or as a Homeowner Association (1120H). The "best" method depends upon the Association's circumstances in a given year. In order to protect the Association's right to file as an HOA, the Owners must be on record as having approved rolling over the Association's Replacement Reserve Funds from one year to the next, rather than using them for Operations or disbursing them back to the Owners. The Board recommends approval.

Motion: To roll over Replacement Reserve Funds from 2003 into 2004.

DRAFT MEETING MINUTES

TO BE APPROVED BY THE HOMEOWNER'S AT THE 2004 ANNUAL MEETING

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Vote: This motion was approved unanimously.

9:00pm Meeting was adjourned by John Elliott, President

Board Meeting A regular Board meeting was held following the Annual Meeting.
No actions were taken.