

Klamath Falls Forest Estates, Unit 1

Homeowners Association, Inc.

P.O. Box 56

Bonanza, OR. 97623-0056

MINUTES OF MEETING AUGUST 18, 2018

Location: Pump House

Time: 5:00 p.m.

Date: August 18, 2018

Reason for Meeting: Annual Meeting for the election of Board Members

Meeting called to order at 5:13 p.m. Twenty-seven (27) people present Eight (8) members signed in

The following representatives were present at this meeting:

President: Mr. James Vaughan

Vice President: Ms. Michelle Vaughan

Treasurer: Mr. Eric Goritz

President James Vaughan welcomed everyone, saying we have a lot to cover today and we have two (2) positions up for election on the Board. He then turned the meeting over to Treasurer Eric Goritz.

Mr. Goritz had copies of the Pro forma Operating Budget for the ensuing accounting year 2018-2019 and the Annual Financial Statement for the last accounting year 08/01/2017 – 07/31/2018 passed out to the members. He reviewed the Annual Financial Statement with them then moved on to the Pro-forma Operating Budget. Eric pointed out that some things don't change like Pacific Power at \$1,400 for the year. However the insurance might change, last year we spent \$417, this year we are going to go with Board and Officers Insurance to protect the Board and Officers for potential litigation. We are going to incur at least \$1,500 in legal expenses because of the lawsuit. Mr. Goritz asked for a paper to be handed out for classes, explaining "It's from a specialty law firm in Lake Oswego, near Portland. They specialize in legal paperwork and making sure the CC&R's and By Laws are all straight. They can help guide and tell us how to navigate the paperwork for running an H.O.A. They are the best resource I have found. They offer classes that we can send people to every year, to get some education, get some knowledge."

Mr. Goritz then continued on with the Pro forma Budget. Security \$100, office supply \$250, post office \$100 which might change, taxes are fairly stable at \$140, well maintenance \$400, locks \$80, Dept. of forestry doesn't change at \$100, State renewal stays the same at \$50, education expense is \$600 to send two (2) people up to the class in Lake Oswego.

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Website creation was put at \$100 but should come in under that. Eric wanted to go over the Pro forma Operating Budget once again, to make sure everyone understood the anticipated expenses for the upcoming year. Power expenses don't change. We have to have Insurance for the Directors, as well as the pump house. The legal expenses could be a little bit lower or a little bit higher but we are going to have to move forward with the lawsuit. Security, we may have to put another camera up. Post office, he wanted to discuss more when he got to the Income. Taxes don't change. Water testing at \$160 is four (4) times a year at \$40 each test or we could go with two (2) smaller tests and one (1) major test to find out exactly what all might be in the water. Locks cost \$80. Department of Forestry doesn't change. State Renewal doesn't change. So really the two bigger items on the Pro forma Operating Budget are the Education which we will vote on and the Website. The vision for the website is that you will be able to use it to go on line to pay your bill. Less checks, less paper, it's easier and people could still pay in checks if they wanted to. Online the money could come in quicker and be deposited directly, nobody would have to touch it, you don't have to talk with anyone directly to hand them a check or mail it. Eric said "As for the Education expense, we need to be more informed on how to properly run the board as far as the rules and regulations."

The Total Estimated Expenses are \$5,980 for the upcoming year 2018-2019. Eric went on to say, "Now with the Post Office, in the CC&R's, can anyone remember when we last had the \$10 fee?" Aaron Mackey said "It's still in there." Eric said, "It IS still in there but does anybody here know when the last time was that we billed out for it?" Bob Booth said 2001 which everyone seemed to agree on. Matt Pusateri said "The membership was claiming that the money collected from property fees was being wasted on the well." Matt said "I have letters from back in 2001 to the commissioners stating that the membership felt that the KRA was collecting the dues and wasting them on the well that only catered to seven (7) people, and they didn't even live in the area."

Mr. Goritz said we can put that into place, set it aside in a separate fund. Only the \$150 goes to the well for whoever owns a key. You can separate the \$10 fee put it towards either developing another well or a community building. Bob Booth stated that the \$10 was gone, we're losing money. "They collect less than \$10 on most of the properties now, before we used to get \$10 per lot plus you got \$25 assessment on the lots. We used to get some money here. Well then they got smart and said no, let's just have the county collect." Eric pointed out that the assessment goes through the Road District. Eric said "I'm just trying to get a little clarity, some historical information. So they stopped doing it because the money that they collected from everybody was going towards specifically the well?" Bob said no, they were spending \$18,000 a year on the roads. Eric responded that the roads are a different story because the roads have been separated. Matt Pusateri replied that no, back then it was owned by the KRA. Eric said "What I'm asking is, if you still have a document in 2012 that states there should be a \$10 fee on all..." At this point Bob Booth broke in saying "That went away when they made a Road District." Jerry Hagg asked what the \$10 fee was for. Bob Booth answered that it was for the water. Eric and several other people said "No." Bob said "Well what it actually was, was, your \$10 Dues to be a Member of the Unit. If you didn't pay your Dues you weren't a Member in good standing."

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Matt Pusateri said "It went from the Klamath Recreation Association to the Klamath Road Association and they kept the fee going for the Road Association but it was being abused they said." Eric replied "But that's been divorced from each other. The Roads are now on your tax bill. What I'm trying to get at is if you're a member of the Homeowners Association, and we wanted to direct or guide some other funds toward something else. What we have now is \$150 per person about \$6,100 per year coming in for the well. If you wanted to direct funds to do anything else, you're kind of violating those people who pay for the well, whereas these additional funds could be used for improvements to the community. It's something we're putting out there right now." Eric said "What I'm trying to see is, if anybody would be on board with having the well and then having above that, the Homeowners Association. Right now we have a well association that's called a Homeowners Association. It's not serving everybody in the community and to take money away from specifically the well, we have \$23,000 right now; maybe we can fix a problem with the well if it goes down right now. But if you have a separate fund you can also service the people who reside in Unit 1, who recreate in Unit 1 and people who are trying to develop in Unit 1."

Jerry Hagg said "If people are paying their \$10 are they going to be able to get water from the well?" Eric said no. Jerry said "Then, why ask anyone?" Eric said "Because I wanted to throw it out there, right now we have the one well." Jerry said "You just said a minute ago, that it's for the people who are developing." Eric said "Right, but it wouldn't be specifically for the well it would be above, for future projects."

Jerry said "I have a question about these legal and insurance expenses and I know you don't really want to talk about it because it's going to cause controversy." Eric said "No, go ahead." Jerry continued "Where does this money come from?" Eric answered "From the key holders." Jerry said "Some of the key holders are the ones that are pursuing you guys in court, yes?" Eric responded "No, Don (Ricard) doesn't have a key, but he's pursuing us in court." Jerry said "All the key holders know that they are funding the lawyer for you guys." Eric said "Well we're defending the Homeowners Association." Aaron Mackey asked "Is it used to defend the Homeowners Association or you guys personally?" Eric replied "No we're defending the Homeowners Association." Aaron said "There's a lawsuit against you guys personally I think, right? Eric said "They're all combined." Aaron said "So does that mean that \$1,500 is to..." Eric broke in saying "Well what do I want to protect? I'll protect the Homeowners Association." Aaron said "Your protecting the money that's in there or are you protecting you guy's assets?" Matt Pusateri spoke saying "They're protecting the H.O.A. from the membership." David Pierson spoke saying "The membership is the H.O.A." Matt said "There's fifteen people that voted them off and now they've all signed on to a potential suit, which hasn't taken effect yet, waiting the outcome of Don's (Ricard) lawsuit."

President James Vaughan interrupted at this point saying "We're not at liberty to talk about this, it's in litigation." Eric agreed "Yes, we're really not at liberty." Rebecca Williams said "But the Association is being sued along with the Board."

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Jerry Hagg asked "If you're not allowed to talk about it then why are we served these papers with the money, how much is being spent on your guy's legal matters." Eric responded "Well because I'm being transparent." Jerry said "I understand that but if you're not allowed to talk about it then why are we..?" Eric broke in saying "It's in litigation there is only a certain amount of things I can say."

Bob Booth said "I've been hearing things about people have to have finalizing permits..." Eric said "Okay, we're off script." Bob replied "Isn't this the biggest part of this whole meeting, the water and the people who are developing property here because once you pay the \$10, once you actually buy the property, you become a member and a member has right to water." Matt Pusateri spoke saying "Thank you, under a Mutual Benefit." Bob continued "I do understand, we don't want EVERY SINGLE person buying property to have the key to the pump house because then we have problems all the time." James Vaughan stated "So we don't want to give everybody a key but we just want to give these people keys." Bob continued "That's pretty much what I've been hearing. A lot of people want to steal the water because it's their water but yet they don't get it. They are paying their \$150 a year. From \$10 a year, what a ****ing jump that was for me!! I'm on SSI, it's like a kick in the ****ing teeth for me, it's like really, I have to pay that!!?" Eric said "Okay I take back the floor." Bob said "Go ahead and take it, I'm finished."

Aaron Mackey said "My question never did get answered though. The \$1,500 is it going to be used to defend you guys personally not just the H.O.A.'s money but you guys personally, your own assets?" Eric patiently explained again "By defending the H.O.A. first, which I have to do. If I have to defend the H.O.A. we don't have any Board and Officers Insurance, so if you're in a volunteer position, you wake up one morning and you find out you're getting sued and you go to the insurance company, which we have an insurance company, but it only covers if say, someone blows themselves up in the well, it doesn't cover us (the H.O.A.) personally. To put our time out there and effort out there and we get what!?!?... Sued for it. I don't know. So I'm going to take the H.O.A. I'm going to put them up first and the H.O.A. is going to defend itself. Because we have to keep the money clear for the membership the best we can, we will try to recuperate the money that we're spending the best we can. And then because the H.O.A. is being sued along with the Board, we use the H.O.A. which is the primary goal, to keep money in the H.O.A. to keep that solvent. Everything else falls in behind it." Aaron asked "So this thing is only being used to defend the H.O.A.s Assets?" Eric said yes, "We're all included in that lawsuit."

Aaron Mackey said "But for you guys personally, like say your homes, your assets which you're personally being sued against, are you using this money to defend yourselves?" Eric replied "Well, if push comes to shove, I'll spend every dime I have personally to defend it but if that happens I'm going to do the best I can to recuperate that money the best I can." Aaron said "I still haven't had the question answered, I don't think." Eric said "If the H.O.A. wasn't sued specifically in that lawsuit then I would not be using H.O.A. money to defend myself." Aaron said "You guys are also named personally in the lawsuit." Eric said "Right." Aaron said "Is that money being used to defend you guys personally?" Eric said "No." Aaron said "Okay good." Eric stated "Nor, should it." Aaron said "That's all I wanted to know."

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Mr. Goritz said "So for the Pro forma Budget, back to that, are we in agreement yes or no? Raise your hands for the No's." Six (6) members raised their hand. Eric said "Raise your hands for the Yes's." Ten (10) Members raised their hand. President James Vaughan said "Looks like the yes's got it." Eric stated "The yes's have it." Eric went on to the next item. "The yearly maintenance fees, should we reinstate the yearly maintenance fees, yes or no?" Jerry Hagg asked "Under what, what's the maintenance?" Eric answered \$10 per lot. Aaron Mackey said we are going to have to decide what it's going to go for. Eric said we can table it until next meeting and talk about it then. Matt Pusateri said "I don't think we can do that without all 900 members." Eric responded "I know but the thing is, if it's in the CC&Rs which were voted on back in 2012... we could keep limping along that's fine or we could reinstate this, maybe we'll get half maybe we'll get I don't know, a bunch of ****ty Dollars or maybe we'll get a bunch of phone calls saying how much we suck. But if it's in there and it was passed in 2012 which they did have a big mailing out and there was a bunch of votes, I don't know why we wouldn't want to move forward with even just trying it. I know it's like \$10 what's that going to go for? But if we keep the funds separate later on we could have a discussion about how we want to guide those funds."

Matt spoke saying "I just think the property owners that are going to be charged the \$10 fee are going to object to it when they come here and they can't get water, even an appropriated amount." Jerry Hagg spoke up saying "**** I'll donate \$500 if you guys turn on that spigot in the back, seriously, there's people that need the water." Aaron asked "Why was it shut off in the beginning?" Eric replied "I don't know." Jerry asked "Bob, why was it?" Bob responded "The Wagner's. We used to have springs that came from up the hill here, and we had holding tanks down here and the well would assist the tanks to be filled up whenever the tanks went down. When they put the well head straight in and stopped off the springs the well had to work so damn hard that within two (2) years the well went out." Sapphira Pfipher asked Bob "That's when the well blew up?" Bob replied "The well motor burned out and then it collapsed on the bottom. They had to re-drill it." James Vaughan said that was Bob Eli and not the Wagner's.

David Pierson raised his hand and asked Eric "I still want to know what the maintenance fee is all about, reinstating a maintenance fee?" Eric said the \$10 maintenance fee is in the CC&Rs. I'll read it. Eric read from the CC&Rs and realized he had misspoken calling it a maintenance fee instead of Membership Dues. Bob Booth spoke up saying "That dissolved in 2012, in 2012 that died." Matt Pusateri said "That was put in there from when we were a Recreation Association." Eric said "It's what is filed. It's in what is filed." Bob said "Those aren't filed anymore." David Pierson said "I'm still asking the same question what is the maintenance fee for?" Eric said "Well say if we wanted to build a building here, if we wanted to develop another well in the Unit that everyone could have access to, the members would direct it." David asked "And it's not a maintenance fee?" Eric said "It's a Membership Fee." David said "Well you were calling it a maintenance fee." Eric said "I'm sorry, I misspoke I apologize."

President James Vaughan then took over saying "The reason we're here today is we have two (2) positions up for election on the Board. I would like to make some comments. Sam Marquez is not here but Thank You Sam. He has done a really great job."

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We have two (2) positions one is the Well guy and the other is Vice President for Michelle Vaughan, Michelle do you want to say anything?" Michelle said "I'm willing to run again if no one else is willing to step up. I feel I've done a good job working for the Unit. I believe in following the rules and the laws. I have lived up here twenty-seven (27) years and I have fought against the Board in court. I have never been on this side of the table before. I've been on the Board less than a year and we're trying to get things straightened out. There have been discrepancies with past Boards. I believe in following the law and the rules and if you vote for me that's what I'll do, follow the laws and the rules. I think this Board has done a good job in trying to get things straightened out, in trying to work with the members. In understanding what's required by the Covenants and the By Laws, the rules and the laws, so that there is an understanding of what is required of you, the Members and what is required of us, the Board. So I would like to thank the Board for all of their hard work this past year." President James Vaughan and Treasurer Eric Goritz thanked Michelle for her efforts.

Mr. Goritz then explained that "In the By Laws for the vote to happen you have to have your name on the County Tax roll. The most recent tax roll we were able to get was from February 2018 because the County had switched over the system. If you came here after that your name wouldn't be on it so we will have to talk with you about that but if your name is on the tax roll you can come up, we'll find your name, give you a ballot and we can start talking about electing new Board Members." President James Vaughan wanted to say something on behalf of Sam Marquez since he was unable to be there. He said "Sam has done a good job and I would like to Thank him, the Board would like to Thank him. He is up for re-election."

Aaron Mackey asked "Are we going to have to notify 900 people who got voted on." Eric said "No only the people present get to vote, it's in the By Laws." Aaron replied "So when we voted you guys off the same rules applied." President James Vaughan asked who "We guys?" is. Don Ricard said "The majority of the membership voted you off!!" Aaron said "You guys said we needed 900 members to vote you off so now what?" Eric said "So you want to send out a mailing to 900 people?" Aaron said "That's what you guys were supposed to do at that last meeting." Sapphira Pfipher shouted "That's your job why aren't you doing it, do your job!!" Eric responded "Because I'm not getting paid to do it. That's a ton of time." Aaron said "You're not getting paid for your position anyway." Sapphira said "But yet you want to use our money to back you in court." Jerry Hagg said "But that's why they volunteered right?" Sapphira said "That's right so volunteer your ***es right off the Board!!" Vice President Michelle Vaughan told Sapphira "You shouldn't be talking you're not even a Member." Sapphira responded "Oh I am, I rent, Thank you!! I am a Member!!" Michelle replied "But you don't own anything you're not on the tax roll." Sapphira said "It doesn't matter!!" President James Vaughan spoke up saying "It does matter!! Now let's get back to business. We have two (2) Board openings so if you want to come up and vote for them." Dennis Gibbs asked "Mr. Vaughan can you clarify who the nominees are, Sam and Michelle are willing to be re-elected?" President James Vaughan asked "Does anyone want to be on the Board?" Aaron Mackey yelled out "Anybody wanna get sued?" Sapphira Pfipher chimed in "Nobody wants to get sued." Michelle Vaughan and Sam Marquez were the only nominees to run for the Board.

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The badgering, shouting out and general rude behavior from Aaron Mackey, Sapphira Pfipher, Don Ricard and Matt Pusateri continued during the voting. Gayle Marquez and Rebecca Williams helped with ballots, Tammy Schultz helped with tallying the votes, Thank You ladies. President James Vaughan announced "We got the votes all in I guess you guys know who's in, Michelle and Sam, thank you guys." There was a round of applause from many Members. The total votes were, Ten (10) votes for Sam Marquez and Ten (10) votes for Michelle Vaughan. President James Vaughan stated "The next meeting will be held at the pump house on September 22, at 10:00am. Thank you for attending. Meeting Adjourned." Dennis Gibbs said "Thank you for all your efforts." Several people clapped again.

Meeting Adjourned at 6:00pm

The next Board Meeting will be held on September 22, 2018 at the pump house at 10:00am

Minutes prepared by,

Michelle Vaughan

Vice President for the KFFE, Unit 1

Homeowners Association, Inc.