

**Crystal Ridge HOA Board Meeting
Wednesday, November 6, 2019**

Email: board@crystalridgehoa.org

Website: www.crystalridgehoa.org

Board Members Attending:

Mark Crawford, Tim Evans, Fred Herber, Peggy Kloes, Patti Lundell, Chong Lam

Committee Members Attending:

Fred Herber, ACC
Tim Evans, ACC
Ann Crawford, ACC and Welcome
Peggy Kloes, R&R

Vista Representative:

Jenny Ross

Homeowners Attending:

Ann Crawford, Jan Pilcher, Chris Richardson, Mike Christiansen, Sharon Johnson, Jeff Cole

Scheduled Meetings: Held at Puyallup Public Library

Wednesday, December 4, 2019, Board Meeting, 7:00 PM Board Room
Wednesday, January 22, 2020, Annual Meeting, 7:00 - 9:00 PM,
North Meeting Room

Proceedings:

- 1. Call to order and Board Member quorum established - 6 of 7 members present.**
- 2. Minutes:** The minutes of the September 4, 2019, Board Meeting were approved via email on October 3, 2019, **VOTE 6 YES; 0 NO.**

3. Treasurer and Collections:

Cash	\$ 54,944
Reserve	<u>142,420*</u>
Total	197,364

*Includes \$117,200 reimbursement from the City for easement and CRD monument replacement.

4. Audit:

Washington State HOA law requires an audit if there are over 50 homes in an association. Bids were requested and we received one bid from Joseph H. Vandal, CPA, PS, for \$4,000 for the years 2018 and 2019. (A comparative audit needs an audit of 2 years.)

Discussion by the Board and homeowners included suggestion to audit for at least 5 years (one homeowner wanted an audit of the last 10 years).

Motion: Mark moved to approve Joseph H. Vandal as auditor so that the letter retaining his services may be signed. Number of years to be audited to be determined.

Patti seconded.

VOTE: 5 Yes; 0 No; Motion approved.

5. Crystal Ridge Drive Entrance Monument Replacement and Easement:

- Memorandum of Understanding (MOU) with the City of Puyallup and a Quit Claim Deed for the easement were recorded. The HOA has received \$117,200 from the City.
- The City will begin the Shaw Road and Crystal Ridge Drive intersection improvement in spring 2020; to be completed by next fall.
- **Motion:** Mark moved to establish a Monument Design Committee. Peggy offered a friendly amendment to limit the Design Committee to 5 members.
Mark accepted the friendly amendment.

Fred seconded.

Vote: 5 YES; 0 NO. Motion approved

- Homeowners in good standing with the HOA may volunteer for the committee and the Board will select committee members from those volunteers.

6. Reserve Report; 2020 Budget Discussion and Vote:

Reserve Report:

Following the conclusion of two large capital projects, the Play Lot and the HOA fencing, a one-year Reserve Study was completed.

The reports indicated that the Reserve Account is fully funded as of 12-31-2019, however the Account includes the proceeds received from the City of Puyallup for the CR entrance monument. Once those funds are spent to replace the monument in 2020 the Reserve Account will be less than 50% funded. The goal is to achieve 100% funding at the end of each year. To achieve that goal requires small increases in assessments each year.

2020 Budget and Assessments: (Please see Addendum)

The 2020 Budget with a 5-year projection and a 5% increase in 2020 assessments was presented.

With a 5% increase in assessments, **Projected Income** is **\$177,591**

Total Expenses **129,150**

Income Available for Capital Exp. & Reserve Funding \$ 48,441

A 5% increase in 2020 will be followed by minimum 3% increases for the next 4 years. A 3% increase will meet expected construction/maintenance/contracted cost increases in the near future.

Motion: Fred moved to approve the draft budget for 2020 increasing the audit amount to \$8,800 to audit for 4 years instead of auditing for 2 years at \$4,400 and to increase the 2020 association dues by 7% to cover the additional amount for the audit.

Peggy seconded.

Discussion: A 7% increase in the annual assessment increases the Classics from \$496 to \$531 annually and increases the Estates from \$744 to \$796 annually. Further discussion centered on the need to audit for 4 years and what benefit would a 4-year audit have over a 2-year audit.

Patti offered a friendly amendment to approve the draft budget for 2020 with a 3-year audit for \$6,600 and increasing the annual assessment by 6%.

Tim offered a friendly amendment to approve the draft budget for 2020 with an audit for the 2-year period of 2018 and 2019 and a 5% increase in assessments as originally suggested in the Budget presentation

Patti and Fred accepted Tim's friendly amendment and seconded.

Vote: 5 YES; 0 NO

Motion Approved. The draft Budget for 2020 will include \$4,400 in funds for auditing the years 2018 and 2019; the HOA assessments will increase by 5% (Classics from \$496 to approximately \$521 annually; Estates from \$744 to approximately \$781 annually).

7. Nominating Committee:

- **Article V, Section 1 of the Bylaws** states that nominations for the Board of Directors be made by a 3-member Nominating Committee with at least one Board member on the committee.
- **Motion:** Mark moved to appoint Jim Rubert, Steve Teutchner, and Tim Evans to the Nominating Committee for the purpose of evaluating candidates to serve on the Board of Directors for terms beginning commensurate with the 2020 and 2021 Annual meetings. Peggy seconded the motion.
- **Discussion:** Chong Lam does not agree that a Nominating Committee be approved to evaluate candidates for the Board. He stated he believes nominations should come from association members.
- **VOTE: 4 YES; 0 NO; 1 ABSTAIN. Motion approved.**
- If you are interested in becoming a Board Member please contact the Board for a Candidate Interest Form.

8. Discussion Regarding Board Member Chong Lam's Status:

Board Member Chong Lam's voting rights were suspended by the Board of Directors on October 2, 2018, to continue until November 26, 2019, pursuant to the By-Laws Article VII, Section 1, paragraph (b). A specific list of Mr. Lam's 7 infractions were listed in the October 2, 2018, Board Meeting minutes. The motion to suspend Mr. Lam's voting rights contained a provision allowing him to reduce the suspension in 60-day increments as he corrected the infractions. To date he has not contacted the Board nor made arrangements to correct the specific infractions.

Motion: Mark Crawford moved to suspend Chong Lam's voting rights for an additional 300 days for new and continuing violations and asks that Mr. Lam resign from the Board effective immediately. This motion constitutes (a) notice per the By-Laws Article VII, Section 1, and (b) discussion during this motion constitutes a hearing. Such suspension of voting rights is initially for 300 days (60 days per each of the 5 infractions listed below to run consecutively) pursuant to the Bylaws, Article VII, Section 1. *paragraph (b). . . . Such rights may be suspended after notice and hearing, for a period not to exceed sixty (60) days for each infraction of published rules and regulations. The Bylaws give the Board the power to suspend voting rights for sixty (60) days for each infraction.* Further, Chong Lam may not take part in any Board meeting as a Board member and may not vote either as an HOA Member (as defined in the CC&Rs) or as a Board Member during this 300 day period to begin November 27, 2019, and continue through September 22, 2020.

CHONG LAM'S SPECIFIC INFRACTIONS:

1. Continuous past due amounts for violations and fines
2. Has not signed nor has he agreed to follow the Board Code of Conduct
3. Continues to moderate a private social media site with the goal of disbanding the HOA and the Board of Directors
4. Continues to meet one-on-one with homeowners to discuss Board business in violation of Board policy
5. By virtue of these violations and inability to vote, Board Member Lam has not fulfilled the Duties and Responsibilities of a Board Member as required by the Bylaws.

Tim seconded the motion.

Fred added a friendly amendment to the motion to reinstate Chong's voting rights in 60 day increments as an infraction is corrected.

Discussion: Mr. Lam stated he has no intention of resigning and further believes he was not given the opportunity to appeal his violations. He said he had asked Jenny Ross and a member of the R&R committee about removing the violations. It was pointed out to Mr. Lam that, as a Board member, he should be familiar with the Rules and Regulations which state that (1)When a homeowner receives a violation notice, the homeowner has the right, within 10 days, to contact the Board and appeal the violation in writing. The appeal is sent to the R&R Committee for discussion and action; and (2) If a homeowner does not appeal the violation notice and the violation still exists on the following compliance drive, the homeowner is sent a Notification of Fine. An appeal of a fine must be sent to the Board in writing. A search of Board records and e-mails from Mr. Lam showed no such appeal in writing.

Mr. Lam was given the opportunity to specifically state the changes he would make to operating procedures of the Board. Generalities were addressed but no specific changes were suggested.

Mark accepted Fred's friendly amendment.

VOTE: 5 YES; 0 NO; Motion to suspend Mr. Lam's voting rights for an additional 300 days (beginning November 27, 2019; ending September 22, 2020) and ask for Mr. Lam's immediate resignation from the Board was approved.

Meeting adjourned at 9:20 PM

ADDENDUM

CRYSTAL RIDGE HOMEOWNERS' ASSOCIATION OPERATING & CAPITAL BUDGET & RESERVE FUND			BUDGET 2020
	# of Lots		
		Construction Cost Inflation	3%
		Annual Assessment Increase	5%
INCOME		"The Estates" (2019 \$744) 80	\$62,537
		"Classics" and "Janell Estates" (2019 \$496) 221	\$115,054
		TOTAL ASSESSMENT INCOME	\$177,591
EXPENSES			
		Accounting/Tax Fees (Audit for 2018 & 2019)	\$4,400
		Management Company Fee	\$24,000
		Director & Officer Insurance	\$1,900
		Property Liability Insurance	\$4,800
		Yard Sale, Welcome Cmte & Block Watch Activities	\$700
		Legal Fees - Collections	\$3,000
		Legal Fees - Association	\$2,500
		Allowance for Bad Debt (2.5% of Assessments) (1)	\$3,400
		Reserve Report	\$0
		Printing, Postage & Office Supplies	\$2,500
		Web Hosting	\$200
		Property Tax	\$700
		Landscaping	\$70,000
		Utilities (Water & Power)	\$11,250
		TOTAL EXPENSES	\$129,350
		INCOME AVAILABLE FOR CAPITAL EXP. AND RES. FUND	\$48,241

CRYSTAL RIDGE HOMEOWNERS' ASSOCIATION OPERATING & CAPITAL BUDGET & RESERVE FUND		BUDGET 2020
<u>CAPITAL BUDGET & RESERVE FUND</u>		
	RESERVE FUND BEGINNING BALANCE	\$168,090
	OPERATING FUND BEGINNING BALANCE	\$10,000
	TOTAL OPERATING AND RESERVE FUNDS	\$178,090
CAPITAL EXPENSES		
	Tree Replacement	\$45,000
	Irrigation Repair/Maintenance	\$10,000
	"Estates" Fence Repair, Staining & Concrete Sealer	\$5,500
	Repair/Replace Monument Lighting	\$5,000
	Repair/Clean 7 Monuments	\$4,000
	Remove Mailbox Structures (32 structures)	\$0
	Play Lot Equipment (Child Ages 3 to 5)	\$4,000
	CRD Entrance Monument Replacement	\$55,000
	Total	\$128,500
	NET CASH AFTER CAPITAL SPENDING	\$49,590
	PLUS NET FUNDS FROM OPERATIONS	\$48,241
	CASH BALANCE AT END OF YEAR	\$97,831
	OPERATING FUND BALANCE AT END OF YEAR (3 months Exp)	\$32,338
	RESERVE FUND BALANCE AT END OF YEAR	\$65,493
	FULLY FUNDED REQUIRED RESERVE FUNDS	\$142,231
	RESERVE FUND BALANCE OVER/(SHORT)	(\$76,738)
	FULLY FUNDED RESERVE PERCENTAGE (2)	46%