



Clearwood Community Association  
21603 N. Clear Lake Blvd SE  
Yelm WA98597

# 2019 SPECIAL MEETING VOTER PAMPHLET

## From the Board of Directors

### ***TIMELINE***

- December 14, 2019 - All assessments/fines must be paid or payments up to date on promissory note.
- **DECEMBER 14, 2019 10AM -All ballots must be received.**
- DECEMBER 14, 2019 - Ballots will be registered.
- DECEMBER 14, 2019 - Annual Membership Meeting/Election.

### **I NEED ANOTHER BALLOT!**

Contact the  
Office at  
(360) 894-2941  
and the staff will  
work with you  
to get  
another ballot.

### **REMINDER**

Only one ballot per lot.

Clearwood Members,

Our Special Membership Meeting is December 14th. This year, ballots may be delivered right up until 10:00am at the Admin Office. The day of the election, ballots may be brought to Lackamas Elementary School Gym, 16240 Bald Hill Rd SE, where the Special Membership Meeting is being held, until 10am. Results of the election will be announced at the meeting, and the results will also be posted on our web site, [www.clearwood-yelm.com](http://www.clearwood-yelm.com).

Clearwood, as a community, is governed by our Covenants (commonly referred to as the "Blue Book"), By-Laws ("Yellow Book") and Rules and Regulations ("Red Book"). With the exception of the Covenants, each year both the Board of Directors and the membership have the opportunity to add to, amend, or remove policies in these books. These issues, called Resolutions, are to be voted upon, and all of them are important and need your attention. Please take the time to read them over, do your research, ask questions and vote as you feel will serve both your needs and the needs of Clearwood as a whole.

In accordance with our By-Laws, *you must be* "in good standing" in order to vote. The definition as printed in Section I, 5 of our By-Laws is "Members in good standing means assessments, special assessments and all fines caused by violations are paid in full prior to registration at a meeting or election, and payments are current on a promissory note, submitted at least 30 days prior to a meeting or election, which pays off all assessments by December 1st of the year of the meeting or election."

Voting will not be restricted for budget ratification or changes in Assessments.

Voting is one of our most important privileges. We urge you all to exercise your right to vote.

Board of Directors

Clearwood Community Association

## VOTING INSTRUCTIONS

- This pamphlet is not your ballot. Your ballot and a pre-addressed envelope are included in this mailing.
- You must use a no. 2 pencil to mark your ballot. Otherwise the machine will not read the ballot.
- Be careful when filling in the blocks. You must mark inside the block. Marks outside the block could cause the Scantron machine to not read that block. The volunteers and staff, who assist with the election process cannot correct those areas that you have marked outside of the box.
- You are voting to agree (APPROVE) or disagree (REJECT) each resolution.
- Your ballot must be enclosed in the provided envelope before mailing it, dropping it off at the office or at Lackamas Elementary Gym (on December 14th only between 9:00 & 10:00am).
- Do not enclose either cash or check payments in your ballot envelope.

## VOTING INFORMATION

- The ballot box lock will be cut and the unopened ballots sorted by Division and Lot number on December 14th in the office by a Clearwood employee. Once sorted, the unopened ballots will be returned to the lock box and the box will be locked with a new lock and those keys will be destroyed.
- Ballots may be delivered right up until 10:00am at the admin office December 14<sup>th</sup>, the day of the election. Also, the day of the election, ballots may be brought to Lackamas Elementary School Gym, 16240 Bald Hill Rd SE until 10am. These ballots will be collected and sorted at 10:00am. The ballot box lock will be cut and these newly sorted ballots will be interfiled with the previously sorted ballots. All of the ballots will be registered by Clearwood employees at that time. Note that no envelopes will be opened as part of the registration.
- The ballots will be opened at the Special Membership Meeting by a Board approved volunteer.
- The ballots will be counted by a Board approved volunteer using the Scantron machine.
- Each "number" on the ballot must be counted by the machine at least two (2) times and those figures must be the same. If they are not, then further counts must be taken until there are two (2) matching counts for that "number".
- Employees who are involved in the ballot counting will validate the figures prior to the election results being presented to the membership.



## Clearwood Community Association

### NOTICE OF SPECIAL MEMBERSHIP MEETING

**December 14, 2019 – 9:00am – Lackamas Elementary Gym**

Notice is hereby given that the Special Membership Meeting of the Clearwood Community Association, hereinafter referred to as Clearwood, will be held at the Lackamas Elementary Gym located at 16240 Bald Hill Road SE, Yelm, WA 98597, the 14<sup>th</sup> of December, 2019 at 09:00AM, the purpose of which shall be to conduct Association business.

#### AGENDA

- I. Call to Order
- II. Certificate of Quorum
- III. Proof of Notice of Special Membership Meeting
- IV. 2020 Budget
  - a. Board Resolution 2019-11-01  
A Resolution to Ratify the 2020 Budget
    - i. Presentation of Budget by the Treasurer
    - ii. Discussion\*
    - iii. Voting Process
- V. Bylaw Resolutions
  - a. Board Resolution 2019-11-02  
A Resolution to Amend the Bylaws for the Budget and Election Process
    - i. Discussion\*
    - ii. Voting Process
  - b. Board Resolution 2019-11-03  
A Resolution to amend the Bylaw Definitions
    - i. Discussion\*
    - ii. Voting Process
  - c. Board Resolution 2019-11-04  
A Resolution to Amend the Bylaws to Allow for the Reallocation of Assessments
    - i. Discussion\*
    - ii. Voting Process
- VI. Legally Required Notice
  - a. Board Resolution 2019-11-05  
A Resolution Concerning a loan from General Reserves to Operations
    - i. Discussion\* (no voting)
- VII. Property Owner Comments
- VIII. Election Results/ Announcements
- IX. Adjournment

\*In order to give all members who wish to speak an opportunity to do so, member comments may be limited by the Presiding Officer to 2-3 minutes in duration.

[ 1 ] Approve  
[ 2 ] Reject

**BOARD RESOLUTION NO. 2019-11-01**  
**A Resolution to Ratify the 2020 Budget**

**WHEREAS**, according to the Amended Protective Covenants of the Clearwood Community Association, the Board of Directors is responsible for the enforcement of same; and,

**WHEREAS**, the Board of Directors has designated December 14, 2019 as the date of the owners meeting (Special Membership Meeting) to consider ratification of the 2020 budget and 2020 major reserve projects; and,

**WHEREAS**, we are voting on the budget in accordance with the Revised Code of Washington (RCW) 64.90.525, the result of the vote of this measure provides that the budget is ratified if not rejected by owners holding a majority of votes in the Association.

**THEREFORE, BE IT RESOLVED** that the Board adopted 2020 budget be ratified by the membership.

Board adopted the following 2020 Budget on November 9, 2019. If this resolution does not pass, then the budget and assessments noted therein ratified at the December 14, 2019 Annual Membership Meeting, will control.

The proposed 2020 Consolidated Budget includes an operations special assessment. This special assessment, if voted in, will be for 12 months starting January 1, 2020, is a General Operations Special Assessment. This Special Assessment is needed to timely repay the loan from the reserve account but is not used to fund reserves.

**2020 Consolidated Budget - Total Assessment Revenue**

**Assumes Resolution 2019-11-04 is APPROVED**

General Operations Assessment, including \$94,000 for 1 month operating cash	\$ 701,270
General Operations Special Assessment, to Fund 2019 Projected Cash Shortfall	198,073
General Reserve Fund	33,875
Future Reserve Fund	-
Water Reserve Fund	250,675
<b>Total 2020 Consolidated Budget- Total Assessment Revenue</b>	<b><u>\$ 1,183,893</u></b>

**2020 Proposed Annual Assessment Summary**  
**Based on 1,246 Dues Payors**  
 which is 92% Collections

	<b>2020 Assessments if Resolution 2019-11-04 is APPROVED</b>	<b>2020 Assessments if Resolution 2019-11-04 is REJECTED</b>
General Operations Assessment	\$ 562.88	\$ 562.88
Operations Special Assessment	24.00	159.00
Operations Special Assessment Funded by Reallocation	135.00	-
General Reserves	25.00	145.00
Future Reserves	-	15.00
Water Reserves	185.00	185.00
<b>Total Proposed 2020 Dues Options</b>	<b>\$ 931.88</b>	<b>\$ 1,066.88</b>
<i>Dollar change from 12/31/2019 Dues</i>	<i>\$ 191.88</i>	<i>\$ 326.88</i>
<i>Percent Change from 12/31/2019 Dues</i>	<i>25.9%</i>	<i>44.2%</i>

**Water Usage Calculated and Billed Quarterly**

<b>TIER</b>	<b>FROM</b>	<b>PER # CUBIC FEET (CF)</b>	<b>COST</b>
1	0-2500	100	\$2.30
2	2501-3500	100	\$3.45
3	> 3500	100	\$4.55
<b>NEW Starting 1/1/2020</b> Water Service Fee	Each Meter	Quarterly	\$35.00

**Historical Annual Per Lot Assessments**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Operations	\$300	\$310	\$310	\$310	\$310	\$395	\$395
General Reserves	145	145	145	145	145	145	145
Future Reserves	15	15	15	15	15	15	15
Water Reserves	185	185	185	185	185	185	185
<b>Total</b>	<b>\$645</b>	<b>\$655</b>	<b>\$655</b>	<b>\$655</b>	<b>\$655</b>	<b>\$740</b>	<b>\$740</b>

## Clearwood Community Association Proposed 2020 Consolidated Budget

**Assumes Resolution 2019-11-04 is APPROVED**

	General Operations		Water System Operations	
	2019 Projected Income & Expense Detail	2020 Budget Income & Expense Detail	2019 Projected Income & Expense Detail	2020 Budget Income & Expense Detail
<b><u>Income, Operations:</u></b>				
Dues, Operations	\$ 505,305	\$ 701,270	\$ -	\$ -
Water Consumption Rate	-	-	176,256	169,675
Water Service Fee	-	-	-	176,421
Special Assessment, Operations	-	198,073	-	-
Fees/ Liens/ Transfers/ Renters	47,204	82,750	-	-
Finance Charge Income	3,869	14,725	-	-
Other Income	21,003	13,020	-	-
<b>Total Income, Operations</b>	<b>\$ 577,381</b>	<b>\$ 1,009,838</b>	<b>\$ 176,256</b>	<b>\$ 346,096</b>
<b><u>Anticipated Expenditures, Operations:</u></b>				
Salaries & Wages, by Department:				
Maintenance	\$ 164,597	\$ 219,443	\$ 35,365	\$ 47,105
Administration	97,594	97,838	<i>allocated</i>	<i>allocated</i>
Pool	38,351	50,277	-	-
Security/ Compliance	1,438	5,174	-	-
Total Salaries & Wages, by Department	\$ 301,980	\$ 372,732	\$ 35,365	\$ 47,105
Other Expenditures:				
Reserve Loan Repayment	\$ -	\$ 201,704	\$ -	\$ -
Professional Management Contracts	146,357	155,500	<i>allocated</i>	<i>allocated</i>
General Administrative and Board	160,977	145,574	<i>allocated</i>	<i>allocated</i>
Water System Operations & Maintenance	-	-	102,048	105,864
Maintenance and Grounds	49,826	65,227	-	-
Business Insurance	29,260	36,551	29,260	33,051
Swimming Pool Operations	22,526	29,989	-	-
Security/ Compliance Expenses	18,438	20,148	-	-
Hazard Tree & Snow Removal	4,528	20,000	-	-
Other Expenses	10,303	14,590	-	-
Fish and Lakes	8,931	11,500	-	-
Fraud Investigation Expense	149,704	-	-	-
Total Other Expenditures	\$ 600,850	\$ 700,783	\$ 131,308	\$ 138,915
Allocated Expenses to Water System Operations	\$ (160,278)	\$ (157,677)	\$ 160,278	\$ 157,677
<b>Total Expenses, Operations</b>	<b>\$ 742,552</b>	<b>\$ 915,838</b>	<b>\$ 326,951</b>	<b>\$ 343,697</b>
<b>Total Net Income from Operations</b>	<b>\$ (165,171)</b>	<b>\$ 94,000</b>	<b>\$ (150,695)</b>	<b>\$ 2,399</b>

**Assumes Resolution 2019-11-04 is APPROVED**

	<b>2019 Projected</b>	<b>2020 Budget</b>	<b>Fully Funded*</b>	<b>Percent Funded*</b>
<b><u>General Reserves Fund</u></b>				
Forecasted Beginning Cash Balance**	1,845,876	1,970,010	2,512,157	78.4%
Dues Income	196,475	33,875		
2017 and 2018 Reserve Activity Transfer	220,007	-		
Anticipated Loan from Reserves to Operations to Fund 2019 Operating Cash Deficit	(198,073)	-		
Anticipated Repayment of Reserve Loan	-	201,704		
Anticipated Investment Income	6,927	20,000		
Anticipated Expenditures				
Backhoe	(9,120)	-		
RV Dump	(31,762)	-		
Security System Gate	(54,191)	-		
New Computers	(6,129)	-		
Bridge - Arch	-	(13,250)		
Cabana - Longmire	-	(17,450)		
Cabana - Vine Lane	-	(16,900)		
Trails - Maintain/Repair	-	(6,200)		
Tennis - Longmire (seal)	-	(8,250)		
Roads - Local Repairs/Patching	-	(20,650)		
Pool - Winter Cover/Blanket	-	(17,500)		
Forecasted Ending Cash Balance	<b>1,970,010</b>	<b>2,125,389</b>	2,803,179	75.8%
<b><u>Water System Reserves</u></b>				
Forecasted Beginning Cash Balance**	546,197	981,866	6,226,761	15.8%
Dues Income	250,675	250,675		
2017 and 2018 Reserve Activity Transfer	227,940	-		
Anticipated Expenditures				
Well 5	(42,946)	(437,845)		
Storage Reservoirs - Dive Inspect		(7,600)		
Water Hammer Surge Tanks		(14,600)		
Water Service Meters -Rplc(Phase7)		(7,600)		
Water Service Meters -Rplc(Phase8)		(7,600)		
Water Service Meters -Rplc(Phase9)		(7,600)		
Water Meter Setters -Rplc(Phase7)		(25,200)		
Water Meter Setters -Rplc(Phase8)		(25,200)		
Water Meter Setters -Rplc(Phase9)		(25,200)		
Leak Detection		(7,600)		
Forecasted Ending Cash Balance	<b>981,866</b>	<b>666,496</b>	6,239,465	10.7%

\*2020 "No-Site-Visit" Reserve Study, 06/13/2019

\*\*2019 Cash Balance is as of 09/30/2019

**Assumes Resolution 2019-11-04 is APPROVED****Future Reserves**

Forecasted Beginning Cash Balance**	137,648	198,906
Dues Income	20,325	-
2017 and 2018 Reserve Activity Transfer	40,933	-
Anticipated Investment Income	-	995
Forecasted Ending Cash Balance	<u>198,906</u>	<u>199,901</u>

**Impact Fees**

Forecasted Beginning Cash Balance**	177,718	119,402
Impact Fee Income	17,520	-
2017 and 2018 Reserve Activity Transfer	(47,750)	-
Anticipated Investment Income	-	995
Anticipated Expenditures		
Otter Beach	(28,086)	-
Forecasted Ending Cash Balance	<u>119,402</u>	<u>120,397</u>

\*2020 "No-Site-Visit" Reserve Study, 06/13/2019

\*\*2019 Cash Balance is as of 09/30/2019

**Notes:**

- Assessments and Special Assessments are billed on January 1 and due January 30<sup>th</sup>.
  - Per article IV section 4 of the Bylaws 4 "payment shall be due within thirty (30) days after notice of assessment. Thereafter, unpaid assessments shall bear interest at the rate of 12 percent (12%) per annum until paid."
- Figures shown Above are Pre-Audit and Could Change According to Audit Findings
- General Reserves & Future Reserve budgets assume that Resolution 2019-11-05, included with this election, is approved, so that assessments may be reallocated from General and Future Reserves to Operations in 2020. If Resolution 2019-11-05 is rejected then the Dues Income in each General Reserves and Future Reserves will increase (see Reserve Study Disclosure below).

**Significant Increases/ Decreases:**

- This budget includes one (1) new five (5) month seasonal employee in maintenance to clean the bathrooms during the summer months.
- This budget does not include any funds for Fraud Investigation Expenses.
- This budget includes an additional ~\$15,000 for hazardous tree and snow removal.
- This budget includes a projected \$201,704 for the required loan repayment from reserves to operations.

**Recommendation:** The Board of Directors recommends approval of this resolution.

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***Assumes Resolution 2019-11-04 is APPROVED*****Future Reserves**

Forecasted Beginning Cash Balance**	137,648	198,906
Dues Income	20,325	-
2017 and 2018 Reserve Activity Transfer	40,933	-
Anticipated Investment Income	-	995
Forecasted Ending Cash Balance	<u>198,906</u>	<u>199,901</u>

**Impact Fees**

Forecasted Beginning Cash Balance**	177,718	119,402
Impact Fee Income	17,520	-
2017 and 2018 Reserve Activity Transfer	(47,750)	-
Anticipated Investment Income	-	995
Anticipated Expenditures		
Otter Beach	(28,086)	-
Forecasted Ending Cash Balance	<u>119,402</u>	<u>120,397</u>

\*2020 "No-Site-Visit" Reserve Study, 06/13/2019

\*\*2019 Cash Balance is as of 09/30/2019

This is a correction of page 8 of the Voter Pamphlet.  
Correct reference is Resolution 2019-11-04,  
not Resolution 2019-11-05 as stated in the Voter Pamphlet.

**Notes:**

- Assessments and Special Assessments are billed on January 1 and due January 30<sup>th</sup>.
  - Per article IV section 4 of the Bylaws 4 "payment shall be due within thirty (30) days after notice of assessment. Thereafter, unpaid assessments shall bear interest at the rate of 12 percent (12%) per annum until paid."
- Figures shown Above are Pre-Audit and Could Change According to Audit Findings
- General Reserves & Future Reserve budgets assume that Resolution 2019-11-045, included with this election, is approved, so that assessments may be reallocated from General and Future Reserves to Operations in 2020. If Resolution 2019-11-045 is rejected then the Dues Income in each General Reserves and Future Reserves will increase (see Reserve Study Disclosure below).

**Significant Increases/ Decreases:**

- This budget includes one (1) new five (5) month seasonal employee in maintenance to clean the bathrooms during the summer months.
- This budget does not include any funds for Fraud Investigation Expenses.
- This budget includes an additional ~\$15,000 for hazardous tree and snow removal.
- This budget includes a projected \$201,704 for the required loan repayment from reserves to operations.

**Recommendation:** The Board of Directors recommends approval of this resolution.

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**The following information from the 2020 Reserve Study is required by law to be included in the Budget Measure.**

The 2020 Level III “No-Site-Visit” Reserve Study dated 06/13/2019, currently meets the requirements of RCW 64.90.550. The 2020 “No-Site-Visit” Reserve Study does not include a visual on-site inspection. The Association has two separate Reserve Studies; one (1) for the General Reserve Fund and one (1) for the Water System Reserve Fund.

These Reserve Studies are supplemental to the general operating/ maintenance budget and water system operating/ maintenance budget of the Association and are used to create dues and assessment projections to fund the Reserve Study as well as set the schedule for operational repair and replacement.

The current Level III “No-Site-Visit” Reserve Study was performed by Association Reserves, a professional Reserve Study Analyst certified by the Association of Professional Reserve Analysts (APRA). Association Reserves used an interest rate of 1% and inflation of 3%. Association Reserves is an independent firm not affiliated with Clearwood Community Association.

Special Assessments: The Association is proposing (1) special assessment in this Special Membership Meeting. This special assessment if voted in will be for 12 months starting January 1, 2020, is a General Operations Special Assessment is needed to timely repay the loan from Reserves to Operations and does not in any part fund the reserves.

Percent Funded: Per the reserve study, “There is a high risk of special assessments and deferred maintenance when the Percent Funded is weak, below 30%. Approximately 30% of all associations are in this high risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the value of deterioration), a Reserve Fund in the 70% - 130% range is considered strong (low risk of special assessment).

General Reserves			
Budgeted Amounts	Total	Per Unit	Percent Funded
<b>Resolution 2019-11-04 is APPROVED</b>			
General Reserve Contributions	\$ 33,875	\$ 25.00	75.8%
Reserve Funding Deficiency Per Unit		\$(293.52)	
<b>Resolution 2019-11-04 is REJECTED</b>			
General Reserve Contributions	\$ 196,475	\$ 145.00	81.6%
Reserve Funding Deficiency Per Unit		\$(173.52)	
<b>Recommended Amounts</b>	<b>Total</b>	<b>Per Unit</b>	<b>Percent Funded</b>
Reserve Contributions	\$ 431,600	\$ 318.52	74.2%
Funding Plan Objective	Full Funding		

Water Reserves			
Budgeted Amounts	Total	Per Unit	Percent Funded
<b>Resolution 2019-11-04 is APPROVED</b>			
Water Reserve Contributions	\$ 250,675	\$ 185.00	10.7%
Reserve Funding Deficiency Per Unit		\$ (214.11)	
<b>Resolution 2019-11-04 is REJECTED</b>			
Water Reserve Contributions	\$ 250,675	\$ 185.00	10.7%
Reserve Funding Deficiency Per Unit		\$ (214.11)	
<b>Recommended Amounts</b>	<b>Total</b>	<b>Per Unit</b>	<b>Percent Funded</b>
Reserve Contributions	\$ 540,800	\$ 399.11	11.9%
Funding Plan Objective	Full Funding		

[ 3 ] Approve

[ 4 ] Reject

**BOARD RESOLUTION 2019-11-02****A Resolution to Amend the Bylaws for the Budget and Election Process**

**WHEREAS**, according to RCW (Revised Code of Washington) 64.38.025 (1), "Except as provided in the association's governing documents or this chapter, the board of directors shall act in all instances on behalf of the association.", and

**WHEREAS**, our current Bylaws do not outline an accurate and informed method for voting in regard to Board of Directors, Measures, and Budget.

**WHEREAS**, our current Bylaws do not include specific information regarding the voting process for budget, measures and Board of Directors in a single section; creating confusion and inaccuracy.

**WHEREAS**, this resolution requires a change to the most current Bylaws to reorganize and accurately define voting and the voting process for the Association under one clear concise Article; and

**WHEREAS**, the effect of this Bylaw amendment, if approved, will be to extend the term of the current directors for three months.

**THEREFORE, BE IT RESOLVED** the Bylaws of the Association be amended as follows under section V. Board of Directors and VI. Meetings. Note that the areas struck through are to be removed and the new language to be added is underlined.

**V. BOARD OF DIRECTORS**

1. The Board of Directors shall not act on behalf of the Association to amend the Articles of Incorporation, to take any action that requires the vote or approval of the owners, to terminate the Association, to elect members of the Board of Directors, or to determine the qualifications, powers, and duties, or terms of office of members of the Board of Directors, and duties of office of members of the Board of Directors, but the Board of Directors may fill vacancies in its membership pursuant to these bylaws. ~~of the unexpired portion of any term. (This paragraph is quoted from RCW 64.38.025 (2)).~~

2. The powers of the Association shall be vested in a Board of Directors. It is the responsibility of the Board of Directors to enforce the protective covenants and restrictions of the Association. The Board of Directors are responsible for implementing policies and procedures to ensure the continuing enforcement of the protective covenants and restrictions of the Association.

To run or serve as a Clearwood Board Director one must be a current Clearwood member in good standing. The number of directors who shall govern/manage the Association shall be seven (7). At any annual general meeting or at any special general meeting called therefore the members may increase or decrease the number of directors to any number not more than nine nor less than three.

It is a responsibility of the Board of Directors to ensure that all volunteers must pass a Clearwood Community Association (CCA) criminal background check prior to being seated, elected or otherwise volunteering. And it is a further responsibility of the Board to ensure that those candidates for vacant seats on the Board of Directors must pass a CCA criminal background check prior to their name being presented to the membership for election. This goes into effect immediately upon the affirmative vote of the membership at the 2015 annual membership meeting.

- ~~3. Directors shall be elected at the annual meetings of the members by mail and drop-in ballot, or failing~~

that, at any special meeting of the members called for that purpose, to serve three years or until their successors are duly elected.

4. The election of director(s) shall be done in accordance with the following procedure:
  - a. Candidates for all vacant director positions will be presented at the Informational Meeting.
  - b. Members will select from the list of candidates no more than the number of vacant director positions. Member(s) not on the list of candidates may be written in. Selecting and/or writing in more than the number of vacant director positions invalidates that section of the ballot. A candidate can only be voted once per ballot regardless of the number of vacant director positions.
  - c. Candidates elected with the most votes fill vacant director positions.
  - d. In case of tie(s), the incumbent (currently seated) Board of Directors, including outgoing directors, will immediately convene and decide for each remaining vacant director position by simple majority vote until all remaining vacant director positions are filled.
5. Any vacancy occurring in the Board of Directors shall be filled by appointment by a majority of the remaining directors. The person so appointed shall hold office until his successor has been duly elected and qualified.
6. At least one, but not more than two members of the Board of Directors not seeking or not re-elected to another term of office be appointed, with their acceptance, by the President of the Board to serve one year as an 'ex officio member' of the Board. These members may sit with the Board at all meetings, but shall have no vote.
7. The owners by a majority vote of the voting power in the Association present, in person or by his or her authorized agent, and entitled to vote at any meeting of the owners at which a quorum is present, may (as provided for in VI Meetings) remove any member of the Board of Directors with or without cause. A proposal to remove a director shall be brought by a group of members in good standing equaling 10% of the membership present, either in person or by his or her authorized agent, at the previous meeting of the Association at which a quorum was present.

## **VI. ELECTIONS, BUDGET, VOTING, & MEETINGS**

### **1. Election(s).**

#### **a. Schedule of Election Process**

- i. The annual Association election process ends with an election on the first Saturday each November. The annual election will include the voting for all measures, election of directors, and ratification of the budget.
- ii. The annual budgeting cycle will begin in June. The final draft proposed budget will be presented to the Board for adoption no less than eighty (80) days prior to the Annual or Special General Meeting.
- iii. Within thirty (30) days after adoption of the proposed budget the Board must provide a copy of the budget to the owners and set a date for a meeting of the owners to consider ratification of the budget. The meeting must not be less than fourteen (14) nor more than fifty (50) days after providing the budget to the owners.
- iv. The Board will begin open discussion on proposed measures at regularly scheduled board meetings in June and will finalize these for mailing to the membership with the budget.
- v. The Board Secretary shall begin soliciting for eligible Board candidates no less than eighty (80) days prior to the Annual General Meeting, and the candidates' information will be included in the

mailed ballot materials.

- vi. The Board shall schedule and hold sufficient informational meeting(s) (i.e. Town Halls) to communicate with the membership and obtain their input on the budget, proposed measures, and presentations by candidate(s) running for office.

**2. Nomination, Election, & Term of Directors.** Nomination and election of members to the Board shall be governed by the following:

- a. Solicitation and Filings. The term "solicitation" means posting on the Clearwood Community Association website. The Board Secretary shall solicit eligible candidates for the Board no less than eighty (80) days prior to the Annual General Meeting. If a vacancy occurs at any other time, the Board Secretary shall solicit candidates at least thirty (30) days prior to appointment by the Board.
- i. Nominations: Any member desiring to nominate an eligible member shall submit to the Association's principal office by the Filing Deadline the following:
1. The name(s) of eligible nominees for the Board,
  2. Disclosure of Interest Statement for each nominee and
  3. A written consent signed by each nominee.
- ii. Candidate Filing. Eligible members may file directly for a Board position by submitting a completed Disclosure of Interest Statement to the Association's principal office by the Filing Deadline.
- b. Submission and Deadline. Any nomination or candidate filing must be in writing and received Via US Postal service mail or delivered in person at the Association's principal office no later than the close of business (5:00 p.m. PST) the day after Labor Day ("Filing Deadline").
- c. Eligibility. In order to be eligible for election to the Board, a candidate must meet all of the following requirements:
- i. Be a member in good standing as of the date of filing and remain so through the date of the Annual General meeting.
  - ii. Timely submit a Disclosure of Interest Statement to the Association's principal office by the Filing Deadline. The Disclosure of Interest Statement shall contain the business and financial interests of the candidate together with an agreement to disclose potential conflicts of interest in any action under consideration by the Association. (Note: Board members shall recuse themselves from discussion of the action at issue and abstain from discussing or voting on any motion in which they have a direct or substantial interest not common to other members of the Association.)
  - iii. No candidate shall have served more than two (2) consecutive terms, in addition to the time served as appointed. After the expirations of one (1) year, the member shall again be eligible for election to the Board.
- d. Communications. All eligible candidates for elected position shall be invited to attend and fully participate in Association informational meetings (i.e. Town Halls) and such eligible candidates shall have an equal opportunity at such meetings to communicate their qualifications to the members and solicit votes.
- e. Election Process. All eligible members of the Association shall be entitled to vote in the manner set forth in these Bylaws for all directors to be elected, and the candidate(s) receiving a plurality vote shall be elected. No more than three (3) directors shall be elected each year, except when additional directors are necessary to fill vacancies otherwise existing on the Board.

- i. Candidates elected with the most votes fill vacant Director positions.
  - ii. In case of ties(s), the successful candidate will be determined by lot (draw straws).
  - iii. A Board approved volunteer shall supervise the handling of mailed ballots, supervise the counting of all ballots, and submit a written report to the President of the Board detailing the results of the election.
  - iv. No candidate for election to the Board, nor their family members nor persons living in their household, shall assist in counting ballots.
- f. Directors shall be elected and hold office as follows:
  - i. The term of office of each elected director shall be three (3) years or until their respective successors have been elected by the Association. However, a Director who has been appointed to fill a vacancy shall serve until the conclusion of the following Annual General Meeting at which a successor is elected.
  - ii. Newly elected Directors shall take office immediately following the Annual General Meeting.
  - iii. Any vacancy occurring in the Board of Directors shall be filled by appointment by a majority vote of remaining Directors. The person so appointed shall hold office until their successor has been duly elected and qualified at the next Annual General Meeting. If two (2) or more successors are to be elected at the same Annual General Meeting, the candidates receiving the most votes shall be awarded the longest available term.
  - iv. At least one, but not more than two (2) members of the Board of Directors not seeking re-election or not re-elected to another term of office may be appointed, with their acceptance, by a majority vote of the Board of Directors to serve one additional year as an 'ex-officio member' of the Board. These members may sit with the Board at all meetings but shall have no vote. The Board, by majority vote, may subsequently remove any such ex officio member prior to the end of the one year. Ex officio members may be excluded from closed sessions at the discretion of the Board.

### **3. Budget Development & Member Vote.**

- a. The Treasurer through the Board will initiate the annual schedule/process for budget development and submission to the membership. The annual budget will be submitted to the membership for ratification at the same time as voting for Directors and other measures.
- b. The annual budget shall be established after evaluating all contracts, operating costs, insurance, staffing levels (etc.). The budget shall annually establish a specific amount to be assigned to the Reserve Funds which shall include:
  - i. Water Reserve Fund
  - ii. General Reserve Fund
  - iii. Futures Reserve Fund
- c. If the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the voting Membership continues until the membership ratifies a subsequent budget proposed by the Board.

### **4. Meetings.**

- a. Place of Meetings. Meetings of the Association shall be held at the Association's principal office or such

other suitable place as may be designated by the Board.

b. Annual General & Special Meetings. The Board shall set the Annual General Meeting to occur on the first Saturday of November of each year to commence at 9:00 a.m. The President shall have the authority to call Special General Meetings of the Association. In addition, it shall be the duty of the President to call a Special General Meeting of the Association if so directed by resolution of a majority of the Board or upon a petition signed by members in good standing having ten percent (10%) of the votes in the Association, said petition specifying the purpose of the Special General Meeting. The President, upon receipt of the petition, shall cause notice to be given as herein provided for a Special General Meeting to be held within fifty (50) days of the President's receipt of the petition.

i. Notice of Meetings. It shall be the duty of the Secretary to mail or cause to be delivered to each member, at the address set forth in the Association's records, a notice of each Annual or Special General Meeting of the Association stating the date, time and place of such meeting, and the agenda for the meeting as adopted by the Board. In addition, all matters to be presented for a vote of the members at any such Annual or Special General Meeting shall be generally described in the notice including; any proposed amendment to the Articles of Incorporation, By-Laws, any budget or changes in the previously approved budget that result in a change in assessment obligation and any proposal to remove a director. No business shall be transacted at any such Annual or Special General Meeting except as stated in the notice. Within thirty (30) days after adoption by the Board of any proposed budget, notice shall be given to all Members of the date for the Annual or Special Meeting at which that proposed budget shall be considered, which date shall be not less than fourteen (14) nor more than fifty (50) days after notice is provided. The notice shall include any information required by RCW 64.90.525(2), shall be posted at the Association's offices, and shall be considered served if delivered personally, mailed, or handled as more fully described in RCW 64.38.035(2)(c).

ii. Waiver of Notice. Waiver of notice of an Annual or Special General Meeting shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any Annual or Special General Meeting, either before or after such meeting. Attendance at a meeting by a member or submission of a ballot shall be deemed a waiver by such member of notice of the meeting, unless such member specifically objects to lack of proper notice at the time the meeting is called to order.

iii. Quorum. The presence of 10% of the votes in the Association in person and through timely received ballots shall constitute a quorum at any Annual or Special General Meeting of the Association. Once a quorum is established at a meeting, a quorum shall be deemed to exist throughout the meeting regardless of whether a quorum shall cease to exist.

iv. Adjournment of Meeting. If any Annual or Special General Meeting of the Association cannot be held because a quorum is not present at the time called, the meeting shall be automatically continued to a specified time and place to occur within thirty (30) days of the initially scheduled meeting. A quorum must be present at this adjourned meeting. At such adjourned meeting, no business shall be transacted other than the business which was originally scheduled to be considered at the meeting originally called.

c. Meetings of the Board

i. Organizational Meeting. The first meeting of the Board following each Annual General Meeting shall be held immediately following the annual election. The purpose of the Organizational meeting will be to elect officers. The assembled Directors will elect a person to initiate the meeting, and then turn the meeting over to the Board President once elected.

ii. Regular Board Meeting(s). Regular meetings of the Board shall be held at the Principal office of the Association or at such other suitable place at a time to be determined by the majority of the Directors. At least four (4) such meetings shall be held during each fiscal year. If such meetings are scheduled by the Board on a routine basis pursuant to a Board approved resolution, notice of the prearranged schedule shall be posted on the Association website and no further notice need be given. Alternately, at least forty-eight (48) hours prior to each meeting, the Secretary shall cause to be given to each Board Member notice of the meeting and shall cause to be provided public notice, including the agenda, by posting the meeting notice on the Association website. A majority of the Directors shall constitute a quorum at all meetings.

iii. Special Board Meeting(s). Special meetings of the Board may be held when requested by the President or by a majority of the Board. At least forty-eight (48) hours prior to each meeting, the Secretary shall give each Board Member notice of the meeting and shall provide public notice, including the agenda posted on the website. A majority of the directors shall constitute a quorum at all meetings.

~~1. **Annual Meetings.** Annual Meetings of the members shall be held at such place as the directors may designate on the third Saturday of August. Notice thereof, informational material on candidates and issues to be voted upon, and ballots shall be hand delivered or sent prepaid by first class United States mail by the Secretary to each member not less than fourteen (14) days, nor more than sixty (60) days before the meeting.~~

~~An informational Meeting will be held on the Saturday of the week before Memorial Day to introduce candidates for vacant board positions and issues to be voted upon. The meeting is held mainly for informational purposes. A quorum is not required unless new voting issues are to be added to the election at the Annual Meeting.~~

~~Member ballots shall be received at the CCA office or at the Annual Meeting no later than the close of the voting period on the day of the Annual Meeting. Ballots will be registered and counted at the Annual Meeting.~~

~~2. **Special Meetings.** Special Meetings of the members may be called at any time by the President, by a majority of the Directors, or by the holders of ten percent (10%) of the Association's membership. Notice of special meetings, stating the object thereof, shall be hand delivered or sent prepaid by first class United States mail by the Secretary, or other Board designated official, to each member not less than fourteen (14) days before the meeting nor more than sixty (60) days in advance of any meetings.~~

~~3. **Notice of Meetings.** The notice of any meeting shall state the time and place of the meeting and the business to be placed on the agenda by the Board of Directors for a vote by the owners including the general nature of any proposed amendment to the Articles of Incorporation, By Laws, any budget or changes in the previously approved budget that result in a change in assessment obligation and any proposal to remove a director.~~

~~4. **At all meetings** members present (in good standing), which total 50% of the number of members present at the last annual meeting at which a quorum was present shall constitute a quorum.~~

~~Once established at the beginning of a meeting a quorum shall be considered present throughout the meeting. However, should a quorum not be present at any meeting, the members attending said meeting shall have power to adjourn it from time to time until a quorum can be secured.~~

**5. Voting:**

a. Elections at the any membership Meeting shall solely be by electronic transmission, mail or drop in ballots received no later than the close of the voting period on the day of the Membership Meeting



~~from members of good standing, or their authorized agents.~~

- ~~1) The only exception to this rule would be if all or a majority of the Board of Directors resigns or are removed, then a membership meeting with member present, nominating new directors and voting at the meeting, would be avoidable.~~

- ~~b. The ballots received for the elections at any Membership Meeting will determine the outcome regardless of whether a quorum was present at the Informational Meeting.~~

- ~~6. All voting issues, including candidates for vacant board positions, proposed amendments to the Articles of Incorporation, Bylaws, rules, regulations, and budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director, to be submitted, either by members or by the Board of Directors, for election at the Annual Meeting must be given to the Board of Directors by the March Board Meeting and included in the mailing to the membership with the notice of the Informational Meeting. Only voting issues submitted at the March Board Meeting shall be presented at the Informational Meeting for inclusion in the mailing of the Annual Meeting ballot to the membership.~~

~~A signed petition from members of good standing, who number at least 10% of members present at the last meeting which had a quorum, is required for members to submit a voting issue.~~

- ~~7. The Board of Directors shall have a regular annual meeting immediately following the annual meeting of the members and any number of other regular meetings at such place and time as may be fixed by resolution of the Board. Special meetings of the Board may be called at any time by the President or by a majority of the directors. The Secretary shall give notice of all special meetings to each director in person or by telephone at least one (1) day prior or by mail at least two (2) days prior to the meeting. A majority of the directors shall constitute a quorum at all meetings.~~

- ~~g. iv. Conduct of Board meetings. Except as provided in this subsection, all meetings of the Board of Directors shall be open for observation by all owners of record and their authorized agents. The Board of Directors shall keep minutes of all actions taken by the Board, which shall be available to all owners. Upon the affirmative vote in open meeting to assemble in closed session, the Board of Directors may convene in closed executive session to consider personnel matters, consult with legal counsel or consider communications with legal counsel, and discuss likely or pending litigation, matters involving possible violations of the governing documents of the Association, and matters involving the possible liability of any owner to the Association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes.~~

~~The Board of Directors shall restrict the consideration of matters during the closed portions of meetings only to those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the Board of Directors, following the closed session, reconvenes in open meeting and votes in the open meeting on such motion, or other action which is reasonable identified. The requirements of this subsection shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure. (This paragraph is quoted from RCW 64.38.035-(2).~~

~~The initial draft of the board meeting minutes, as prepared by the Secretary, Executive Secretary, or Assistant Secretary, as the case may be, shall conform to Robert's Rules of Order and shall be published and made available to the membership within seven days after each and all board meetings so as to provide immediate information to the membership.~~

~~The final draft of the board meeting minutes shall be approved no later than the next scheduled regular monthly board meeting.~~

- 9 d. Non-Members, Renters or other non-member occupants shall not be on committees unless they are deemed an authorized agent via a notarized letter from the lot owner. Renter or other non-member occupants shall be allowed to help with committee work parties, at the committee chair's discretion.

#### **5. Member Voting.**

- a. A member shall be entitled to one (1) vote for each lot which he/she owns as prescribed in paragraph (b) below.
- b. At duly constituted Annual or Special General Meetings, each member in good standing may vote for candidates for the Board and any other items set forth on the Agenda. Voting shall be by ballot based on the number of lots owned at the meeting based on the number of lots owned. All members, including those who are not in good standing, may vote on the Budget. Voting for election of candidates to the Board shall also be subject to the terms otherwise set forth in these Bylaws. No member shall be entitled to cumulate votes, such that a member is entitled to no more than one (1) vote per lot for any single candidate.
- c. If a lot is owned by two (2) or more persons, the several owners shall designate one (1) person to cast the vote for each lot so owned. If a lot owner owns more than one (1) lot, such owner may cast one (1) vote for each lot owned. A corporation, partnership, trust or other legal entity which owns an interest in any lot must designate one (1) person to cast the vote for each lot owned. Each person who has the right to cast the one (1) vote for each lot owned shall be called the voting member. The voting member is hereby designated as the proper party to receive notices of meetings and other notices as provided hereunder. The Association shall designate the voting member for each lot which has failed to designate a voting member on its behalf.
- d. Any member in good standing may cast a vote by ballot provided that: (i) the ballot is on a form authorized by, and the original provided by, the Association; and (ii) the ballot, whether delivered or mailed, shall be sealed within a special recognizable ballot envelope with the signature, division and lot number of the member on the outside, with no other ballot inside. Selecting and/or writing in more than the number of vacant director positions invalidates that section of the ballot. A candidate can only be voted once per ballot regardless of the number of vacant director positions. All mailed ballots must be received by the day prior to the election in order to be valid.
- e. Once a vote is cast, it may not be changed.
- f. Notwithstanding anything to the contrary herein, the Association may institute and utilize electronic voting through a third-party vendor selected by the Board. If the Board authorizes such voting for any election, the Board shall adopt a resolution and state whether such method of voting shall be the sole, or an additional, method of voting in such election. Electronic voting shall be deemed the equivalent of voting by ballot for all purposes.
- g. The Association shall not be allowed to cast votes for lots owned by it.
- h. In the event all the Board of Directors resign or are removed, then the Board shall appoint such number of Directors as necessary to constitute a quorum. Once a quorum is constituted, the Board shall call a Special General Meeting to elect directors to fill the remaining vacancies and to serve the unexpired terms of the vacant positions. Those candidates receiving the greatest number of votes will be assigned the longest terms.
- i. All measures to be submitted to the membership for a vote shall be reviewed by the Association's General Legal Counsel prior to being approved by the Board for placement on the agenda. The Board of Directors is required to adopt proposed amendments to the Articles of Incorporation, Bylaws, Rules and Regulations, and the Association's annual budget by a vote no less than eighty

(80) days prior to the date of the Annual or Special General Meeting where it will be submitted to the membership for a vote.

- i. The Membership may submit a proposed amendment to the Articles of Incorporation, Bylaws, Rules & Regulations by submitting to the President a petition signed by members in good standing comprising at least 10% of the voting power in the Association.
- j. The Board shall set the schedule for informational meetings (i.e. Town Halls) during the budget development process and communicate the time and place of those meetings providing the membership with 7 days' notice through posting on the website.

#### **6. Board of Directors.**

- a. Each December, no later than 45 days after the Annual election, the Board of Directors shall be assembled for annual Board Orientation and Training.
- b. At Orientation the Directors shall:
  - i. Receive legal and insurance training for Corporate Officers, including fiduciary responsibilities (provided by the CCA Attorney and Insurance Agent).
  - ii. Review all roles and responsibilities of Board, Committees, and Staff.
  - iii. Receive a thorough review of Association finances including the status of the latest Audit and Reserve Study.
  - iv. Receive training on Roberts Rules of Order Newly Revised (most current edition), which shall be utilized during all Board and Committee meetings.
  - v. Sign the Board Member Code of Conduct and Authority on contracting and submit to the Board Secretary.

[ 5 ] Approve

[ 6 ] Reject

#### **BOARD RESOLUTION 2019-11-03**

#### **A Resolution to Amend the Bylaw Definitions**

**WHEREAS**, according to RCW (Revised Code of Washington) 64.38.025 (1), "Except as provided in the association's governing documents or this chapter, the board of directors shall act in all instances on behalf of the association.", and

**WHEREAS**, RCW 64.90.525 requires the Board of Clearwood Community Association (the "Association") to adopt a budget and to submit it to the members for ratification; and

**WHEREAS**, the Bylaws do not define the term Budget.

**THEREFORE, BE IT RESOLVED** the Bylaws of the Association be amended as follows under Article I. Definitions and to incorporate a Section 7. Note that the areas struck through are to be removed and the new language to be added is underlined.

#### **I. DEFINITIONS**

1. **Clearwood** means, Clearwood Division I through XIX, as identified and described by the plats thereof recorded in the land records of Thurston County, Washington.

2. **Association** means, Clearwood Community Association, a Washington corporation organized under the Washington Nonprofit Corporation Act.
3. **Members Present** means, members of the Association, in good standing ~~attending in person, voting by ballot (hand delivered, mailed in and/or electronically)~~ at a meeting.
4. **Residential Lot** means, any lot in Clearwood, whether referred to as "residential" or "recreational".
5. **Members in good standing** means assessments, special assessments and all fines caused by violations are paid in full prior to registration at a meeting or election, and payments are current on a promissory note, submitted at least 30 days prior to a meeting or election, ~~which pays off all assessments by December 1<sup>st</sup> of the year of the meeting or election.~~
6. **Authorized agent** means an individual or firm authorized by a member to act in his or her behalf in CCA matters including voting at meetings and elections. Each matter of authority shall be identified specifically in writing, notarized and filed at the CCA office.
7. **Budget** shall mean a statement approved by the Board and proposed to the members for ratification in accordance with RCW 64.90.525 containing the following information:
  - i. Projected operational expenses;
  - ii. Projected income by category;
  - iii. The amount of assessments per Residential Lot and the date the assessments are due;
  - iv. The current amount of regular assessments budgeted for contribution to the reserve account;
  - v. A statement of whether Clearwood has a reserve study that meets the requirements of RCW 64.90.550 and, if so, the extent to which the budget meets or deviates from the recommendations of the reserve study;
  - vi. The current deficiency or surplus in reserve funding expressed on a per Residential Lot basis; and
  - vii. Such other information as may be required by law.
8. **General Meeting** shall mean meeting of the membership.

[ 7 ] Approve  
[ 8 ] Reject

**BOARD RESOLUTION 2019-11-04**  
A Resolution to Amend the Bylaws to  
Allow for the Reallocation of Assessments

**WHEREAS**, according to RCW (Revised Code of Washington) 64.38.025 (1), "Except as provided in the Association's governing documents or this chapter, the Board of Directors shall act in all instances on behalf of the Association.", and

**WHEREAS**, certain changes to the Bylaws are desired to improve the operations of Clearwood Community Association.

**THEREFORE, BE IT RESOLVED** the Bylaws if the Association be amended as follows under section IV. Assessments. Note that the areas struck through are to be removed and the new language to be added is underlined.

#### IV. ASSESSMENTS

1. In order to enable the Association to secure the funds necessary for the accomplishment of its corporate purposes, including but not limited to the construction, maintenance and improvement of community park and recreation facilities and other common areas of whatsoever description, the payment of taxes and assessments (if and when levied by any municipal corporation or assessing district), and interpretation and enforcement of the protective covenants and restrictions governing the use of land in Clearwood each and every residential/ recreational lot in Clearwood and the owner thereof, shall be subject to such assessment or assessments as the Board of Directors may from time to time levy. The amount assessed against each member shall bear the same proportion to the total amount assessed against all members as the number of residential/recreational lots subject to assessments. If any residential lot is owned by several persons holding undivided interests therein, it may be assessed to anyone of them.
2. The Association consists of 1356 lots (including the Association owned lot on which the Windy Beach mailboxes are located).
3. Members, who choose to combine lots for the purpose of tax and building convenience, will be responsible for all assessments and water usage bills for each individual lot as identified in the Association's original governing documents to include plats.
4. Payment shall be due within thirty (30) days after notice of assessment. Thereafter, unpaid assessments shall bear interest at the rate of 12 percent (12%) per annum until paid. Members facing difficulty in making timely payments may sign a promissory note committing to making 12 equal monthly payments to cure the arrearage, ~~the last payment due on December 1<sup>st</sup> of the year involved.~~
5. The amount of any assessment and all fines from violations, together with reasonable costs incurred in enforcing or collecting the same, including but not limited to reasonable attorney's fees, shall be a personal obligation of the Member/assessee and shall be enforceable by the Association by court action. Such assessment, attorney's fees and other costs shall also constitute a lien upon the residential/recreational lot with respect to which the assessment was made. Such lien shall be enforceable by foreclosure proceedings in the manner provided by law for foreclosure of mortgages upon land. Such liens shall be superior to any and all other liens except mortgage liens recorded prior to the date of assessment.
- ~~6. Within thirty days after adoption by the Board of Directors of any proposed regular or special budget of the Association, the Board shall set a date for a meeting of the owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the owners of a majority of the votes in the Association are allocated or any large percentage specified in the governing documents reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the owners shall be continued until such time as the owners ratify a subsequent budget proposed by the Board of Directors.~~
- ~~7.~~ 6. General assessments shall not exceed the last adopted limit without a vote of the lot owners at the annual meeting or any special meeting called for that purpose.

- a) **General Reserve Account** - A reserve account shall be maintained by the Association to be used for the repair and/or replacement of existing roads, structures and operating equipment. The amount of general assessments allocated to the General Reserve Account shall be set annually by the Board of Directors of the Association, with the advice of the Finance Committee, with ratification by the members at the annual meeting or any special meeting called for this purpose.~~An amount of 145.00 from the annual general assessment for each lot shall be set aside in this account.~~ The Board of Directors, with the advice of the Finance Committee, shall determine expenditures from this account
- b) **Futures Reserve Account** - A reserve account shall be maintained by the Association to be used for the construction and/or the acquisition of new equipment, amenities or facilities that will serve the needs of the membership. This account shall also be used for the enhancement of amenities, such as the beaches, forests and other common areas, that are not included in the repair/replacement schedule. The amount of general assessments allocated to the Future Reserve Account shall be set annually by the Board of Directors of the Association, with the advice of the Finance Committee, with ratification by the members at the annual meeting or any special meeting called for this purpose.~~An amount of \$15.00 from the annual general assessment for each lot shall be set aside in this account.~~ The Board of Directors, with the advice of the Finance Committee, shall determine expenditures from this account.
- c) **Water Reserve Account** – A reserve account shall be maintained by the Association to be used for repair or replacement of components of our Water Distributions System according to the Water Reserves Study. The amount of general assessments allocated to the Water Reserve Account shall be set annually by the Board of Directors of the Association, with the advice of the Finance Committee, with ratification by the members at the annual meeting or any special meeting called for this purpose.~~The full amount of the Water Base Rate Assessment will be applied to this account.~~ The Board of Directors with advice of the Water Committee and Finance Committee shall determine expenditures from this account.

**8.7. Water Service Charge and Reserve** - shall be based on regular and fixed costs associated with the maintenance and operation of the water system, with consideration given to the costs of meeting all regulations, debt service or any other long term financial viability of the physical plant. These charges shall be set by the Board of Directors of the Association, with the advice of the Finance Committee, with ratification by the members at the annual meeting or any special meeting called for this purpose.

**9.8. Deposit and Disposition of Funds:**

- a. The Funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with the funds of any other association or any other person responsible for the custody of such funds, nor with the funds of any manager of the Association or any other person responsible for the custody of such funds. (This paragraph quoted from RCW 64.38.045-(4).
- b. The Treasurer, with the advice of the finance Committee and approval of the Board of Directors, shall deposit all the funds of the Association in ~~a Federally insured bank or Federally-insured banks~~ (FDIC) or National Credit Union Association-insured credit unions (NCUA) (which accounts may exceed the ~~\$100,000~~ FDIC or NCUA insured limits, but, in which case the Association's ~~our~~ funds are backed by U.S. Treasury bills).
- c. Disposition of funds shall be by check, signed by two (2) persons, at least one of whom shall be a Director, except for a small operation petty cash fund and the Clearwood Patrol Reimbursement Account (both of which shall not require a Director's signature).
- d. No funds of the Association may be invested with members, Directors, officers or employees of the Association or any person related to them.

**Non-Voting****BOARD RESOLUTION 2019-11-05****A Resolution Concerning a loan from General Reserves to Operations**

**WHEREAS**, according to RCW (Revised Code of Washington) 64.38.075, "An association may withdraw funds from its reserve account to pay for unforeseen or unbudgeted costs that are unrelated to maintenance, repair, or replacement of the reserve components. The board of directors shall record any such withdrawal in the minute books of the association, cause notice of any such withdrawal to be hand delivered or sent prepaid by first-class United States mail to the mailing address of each owner or to any other mailing address designated in writing by the owner, and adopt a repayment schedule not to exceed twenty-four months unless it determines that repayment within twenty-four months would impose an unreasonable burden on the owners. Payment for major maintenance, repair, or replacement of the reserve components out of cycle with the reserve study projections or not included in the reserve study may be made from the reserve account without meeting the notification or repayment requirements under this section," and

**WHEREAS**, the Association needs to fund operational unforeseen or unbudgeted costs which are unrelated to capital maintenance, repair, and replacement ("Unforeseen Costs") in the amount of \$220,000, and

**WHEREAS**, the Association has sufficient funds within its capital reserve fund to pay for the Unforeseen Costs, leaving the capital reserve fund with a sufficient balance to meet the Association's reserve expense requirements in 2020; and

**WHEREAS**, the Board deems it more advantageous to borrow from the capital reserve fund than obtaining a bank loan, thereby avoiding loan origination, interest charges and other related costs.

**NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:**

1. The Board hereby authorizes the withdrawal of up to \$220,000 from the capital reserve fund to pay for Unforeseen Costs. Such withdrawal may be accomplished in installment withdrawals as needed by the Association through December 31, 2019, but the aggregate amount to be withdrawn from the capital reserve fund shall not exceed \$220,000.
2. Funds withdrawn from the capital reserve fund shall bear interest at the rate of five and one-half percent (5.5%) per annum from the date of withdrawal.
3. The principal amount of the withdrawal, plus interest, will be paid in full to the capital reserve fund no later than December 31, 2020 based upon an operations special assessment of the same timeline. It is intended that equal monthly payments will be made into the capital reserve fund commencing in February, 2020 with a balloon payment to be made on or before December, 2020. If the special assessment fails to receive member approval at the Special General Member Meeting in December, 2019, the foregoing repayment schedule will be extended and/or modified via subsequent Board action.

**Per Washington State law the Board has formally approved this action.**

**This Resolution is notification only.**

**No action is required by the membership.**