

Quiet Water Special Meeting Saturday September 3, 2011

The meeting will be held at 9:00 AM in Room 3 of the Yachats Commons. The information in the enclosed packet will help you understand the purpose and scope of this special meeting. There are issues that require the vote of the membership and some that need to be discussed. Please come if you can. All the documents pertaining to the meeting are enclosed.

Letter to the Membership from President of the Board Wally Orchard concerning the termination of the NWCM financial contract and the purpose for the special meeting

The meeting agenda

The 2010 and 2011 Annual Meeting Minutes for approval

The new General Fund Budget for approval

The LCA Fund Balances and Reserves for discussion

The motions to amend the QW Bylaws for vote

A proxy form for members who cannot attend the meeting

Please return contact update sheet and proxy form to:

Quiet Water Homeowners Association
PO Box 34
Yachats, OR 97498-0034

August 11, 2011

Dear Quiet Water Property Owner

The response to the recent survey of QW owners on the subject of our management contract with Northwest Community Management was overwhelmingly in favor (18 for, 3 against) of terminating the contract and restoring in-house financial management. As a result, the Board has written a letter to NWCM, terminating the contract. Since sixty (60) days' notice is required, the termination will only become fully effective on October 1, 2011. The termination has so far been friendly, and NWCM have indicated that they will accommodate our request that outlines the steps we need for an orderly transition of the management back to QW. Meanwhile, our Treasurer, Nan Scott, has been working tirelessly to ensure that things go smoothly, that no important financial data go astray as a result of the different accounting system that is used by NWCM, and that a new, realistic budget for the current financial year can be drafted.

Bob Noble and Greg Scott have recently completed a comprehensive reserve study. There have been some unusually high expenses in the past year, including the new landscaping contract that is not a one-time increase. The LCA path repaving was another big expense. As a result, the reserves in some areas are under-funded. The Board is making every effort to contain costs, and a number of members have been doing unpaid volunteer work on the grounds and buildings. However, we do need to maintain adequate balances in our reserves to cater for future repair and replacement costs. Members should be prepared for some increases in quarterly assessments so that the reserve balances can be restored. There will be opportunity to discuss assessments at the upcoming Special Meeting (see below).

One of the more important reasons for terminating the NWCM contract is the accounting system used by them, which does not cater for the individual funds (different LCAs, etc) that need to be kept separate in our own record keeping. The consequence is that the financial statements we get from NWCM are bulky and of little use whereas our own statements are concise and easy to understand. Samples of the two types of statement have been posted on the QW website at the address shown at the foot of this letter.

Some important business still remains to be done after our Annual Meeting in June. Therefore the Board has decided to call a Special Meeting of the membership for September 3. The notice of meeting, agenda items and other important documents accompany this letter. We hope you are able to attend and, if not, that you will submit a proxy form.

In the future, the Board has decided to use the US Mail just once a year for communication with members, which will be to provide notice of the Annual Meeting. For all other communication (notices and minutes of Board meetings, Ripples, QW news, etc) we will be using e-mail and/or the QW website. Electronic communication is the way of the future and it saves time and money for us all. Please ensure that Paul Haley, the QW Secretary, has your correct e-mail address so that you continue to receive communications. We respect your privacy and will ensure that your email address is not visible on bulk email communication. And please bookmark the QW website, which is <http://www.yachats.info/qw/>

Sincerely,



Walter Orchard, President

Quiet Water Special Meeting September 3, 2011

Agenda

1. Determination of quorum
2. Adoption of minutes from 2010 & 2011 Annual Meetings
3. Bylaw Amendments vote
4. New 2010-2011 Budget adoption vote
5. Design Review Committee nominations and vote
6. LCA Fund Balances and Reserve Study discussion
7. LCA assessments discussion

DRAFT-JUNE 5, 2010
ANNUAL MEETING MINUTES
OWHA

Board President, Linda Tweto-Johnson, opened the meeting and welcomed the member-owners. She reviewed the 2009-2010 Board Goals: Complete Reserve Study, Revise Community Rules, update job descriptions and to review progress with the riverbank mulching and planting by volunteers.

The June 5, 2009 Annual Meeting Minutes were approved as presented.

Mari Irwin, owner-member and member of Yachats Parks & Commons Commission, discussed issues of access to the river across Quiet Water property.

Jeanine Janson requested information regarding the change in on-site managers. Linda Tweto-Johnson responded that the Board had changed directions for cost savings purposes.

Mary Haffner, On-Site Manager/Grounds Manager gave a report to the membership. She explained that with Bob Haffner's death, she and Linda Tweto-Johnson were attempting to fulfill Bob's duties. A new professional mower was purchased to replace the old mower. The old orange Husquvarna mower is available to members, but the new mower will not be available. Dry rot was found on the pool enclosure siding and has been replaced. Trex boards were installed on the tops of the wooden benches (no more splinters!). The pool house needs to be painted and Mary will be seeking volunteers. A new basketball hoop will be installed soon.

Board Member Steve McGhehey reported on the Reserve Study completed in the spring. Local contractors (Quale Builders) provided an evaluation of future costs. The carport structures are in good repair and do not need attention at this time. The path pavement between the cottages in LCA 1, LCA 2 and LCA 3 are in serious need of repair and represent a liability issue for the Association. A bid prepared for the Board, from a contractor in the Sisters, OR area, was for \$40,000 to complete the paving repairs and gravel the riverbank path. Given the poor condition of the pavement, cutting out patches for a limited replacement was not believed, by Steve and the Board, to be in the best financial or liability interests of the Association.

Discussion by the members followed Steve's report with one member suggesting a raised wooden path or gravel. Another expressed concern was that repairs take place with the least disruption to renters and before the rainy season begins. With respect to funding the proposed pavement repairs, Linda noted that the 3 major banks in the area, which she contacted, indicated that they do not loan money to HOAs for construction as there is no real property to use as collateral. Mary Aebi pointed out that the HOA in Portland she is familiar with has received a loan from a major bank. Christine Orchard stated that we have \$53,000 in the reserves and do not have to get a loan. Dan Wybenga offered to contact Bank of the West (where the QWHA funds are deposited) to discuss the possibility of a loan or line of credit secured by QWHA's reserves. He will report back to the Board by July 30th. By a show of hands there was a clear majority consensus from the membership for the Board to secure funding for the repairs, arrange for the repairs and report back to the membership by August 1st.

Christine Orchard, Financial Secretary, provided a financial review to the membership. Assessments remain unchanged for both the general assessment amounts and LCA assessments. The new budget reflects the addition of three (3) new line items for riparian expenses dealing with the riverbank.

Kathryn Shaw reported that our quorum has been met.

A motion was made to accept the 2010-2011 budget as presented. Jim Maxwell seconded the motion. Motion carried. Board Member Karen Beshears asked if there was any interest in forming a committee to review "renter's rules". There were no concerns noted so there will be no committee formed at this time.

Patty Cole presented information to the association about the proposed paint color choices. Several members commented on the choices presented with additional suggestions for trim colors. The vote on the proposal offer (4) main color choices was 27 NO votes and 11 YES votes. The color options currently in place will continue. The Design Review Committee (DRC) was requested to designate a few choices for grey paint to provide a more consistent use of grey paint.

Board member Kathryn Shaw asked for additional nominees from the floor for Board Member and Design Review Committee (DRC) positions. Having no other nominations from the floor, the ballot nominations were closed. A secret ballot vote was conducted.

Other Business: Steve McGhehey revisited the path discussion. The consensus was to get competitive bids and then talk to the banks. Loren Dickinson suggested taking some money from the reserves. Dennis Murphy suggested bidding the cottage paths and regravelling of the riverbank path together. There was a majority show of hands in support.

Charlie Beshears brought up discussion about the cost concerning the riverbank and the need to hire a company or crew to cut the reed canary grass. He noted that a special assessment or increase in monthly assessments would require consent of a two-thirds majority vote.

Linda Tweto-Johnson answered questions about the riverbank problems. She asked for a show of hands for getting bids for landscaping to complete Section A of the riverbank. The vote was split evenly. Homeowners wanted to look at the whole picture.

The secret ballot voting results were returned. Linda Tweto-Johnson and Pat Murphy were elected to serve a two-year term on the Board of Directors. Dennis Murphy, Suzette Payne, Linda Tweto-Johnson, Marilyn Wybenga, and Robert and Rosalinda Case (sharing one vote) were elected to the Design Review Committee.

Homeowners were invited to meet with the Riverbank Committee on the trail at 2:00 p.m. Linda invited everyone to join the potluck at the pool following the meeting. The meeting was adjourned.

QUIETWATER ANNUAL MEETING MINUTES

June 4, 2011

The meeting was called to order at 10:17am. Geri Mercurio, VP and Bob Mulkey, community manager from Northwest Community Management facilitated the meeting at the request of the current board of Directors.

Report on Quorum

Geri began the meeting stating we needed 50% of all home owners, present or in proxy to reach a quorum. Nan Scott asked for the number of votes present. 64 votes present.

Geri asked if Linda Tweto-Johnson had comments.

Linda thanked all volunteers who have worked on the last projects, pool etc. Linda then introduced Chad McQuade, on-site manager to give his report.

Vote to Recall current Board of Director - Results of Vote

In favor of recall - 51

Against recall - 11

Nominations from Mail-Ins & Floor

Geri announced those who had submitted their name for consideration for new Board.

Jim Hudson, Paul Haley and Wally Orchard

Next nominations from the floor - which were

Dennis Schuelke, Pat Murphy, Ken Aebi and Bob Noble

New directors elected Ken Aebi, Bob Noble, Paul Haley and Wally Orchard.

Financial Report

Geri began to review financial report - however was not allowed to proceed.

I.R.S Revenue Ruling 70-604 Election

Geri read the wording for the IRS ruling. Bob Nobel made a motion to accept the resolution, seconded by Linda Tweto-Johnson. Resolution adopted

The annual meeting was adjourned at 11:50am, and all were invited to attend the potluck by the pool.

Respectfully submitted,

Pat Murphy, secretary
Quiet Water Board of Directors

	A	B	D	E	F	G	H
1	General Fund	Account Name	09-10 Actual	10-11 Actual	11-12 Budget	Comments	11-12 Budget NWCM
2	INCOME	Beginning Balance			6,356		
3		Donations	290	55			
4		Interest Income	2,610	422	200		
5		Late Fees	24	30			
6		General Operating Assessments	46,898	44,853	47,580		48,457
7		General Prior Year Assessments	0	98	3,900	Delayed payment because of transition	
8		Fines	0	0	80		
9		General Fund Income	49,822	45,457	58,116		48,457
10	EXPENSE	Pool/Spa Electricity	693	669	800		1250
11		Pool/Spa License	530	530	530		530
12		Pool/Spa Liquid Petroleum	1,901	2,926	3500		4250
13		Pool/Spa Water and Sewer	1,397	1,034	1400	Out of operation part of year last year	1400
14		Pool/Spa Telephone	149	185	420	Extending service year-round	230
15		Pool/Spa Supplies	1,859	913	1200		1200
16		Pool/Spa Maintenance	1,166	5,158	2500	Includes pool furniture \$800 and \$473 for light/alarm	
17		Pool/Spa Wages	3,913	2,453		Included in on-site manager	
18		Tennis Court & Basketball Maintenance		1,502			250
19		Recreational Area Operations	11,608	15,369	10,350		9,110
20		Property & Liability Insurance	1,722	1,871	2000		2000
21		Flood Insurance	0	0	500	What happened to FEMA policy?	
22		Annual Meeting Expense	114	429	250		
23		Dues, Fees, and Subscriptions	90	50	175	Board membership in Community Associations	150
24		Director's Expense	6	50	50		70
25		Bookkeeping Services	5,145	4,545	2400	Calculation is for \$300 per month Oct-May	
26		On-Site Manager	1,936	1,260	6300	Chad - On-site Manager	6540
27		Professional Services	131	300	2730	NWCM contract and termination fee \$2430	6300
28		Federal Income Taxes	530	753	400	Filing form 1120H	1500
29		Bank Charges	61	32	0		
30		Administrative Expenses	9,734	9,290	14,805		16,560
31		Copy and Duplication	20	359	300		
32		Postage	58	200	200	Quarterly invoices and meeting packet mailings	
33		Office Supplies	607	224	300	Paper and envelopes	400
34		Telephone	30	0	0		50
35		Software and Maintenance	428	399	400	Accounting Software Maintenance	
36		Office Equipment	590	0	0		
37		Office Expenses	1,733	1,183	1,200		450

	A	B	D	E	F	G	H
1	General Fund	Account Name	09-10 Actual	10-11 Actual	11-12 Budget	Comments	11-12 Budget NWCM
38		SAIF	403	397	250		
39		Federal Payroll Taxes	1,591	1,478	184		550
40		Workers Comp Contribution	15	8	5		
41		Oregon Unemployment Tax	316	371	53		
42		Payroll Expenses	2,326	2,254	491		550
43		Contingency	241	0	2,000	Any unspent becomes the GF beginning balance	
44		Landscaping -- General	31	2,500	0		
45		Equipment Maintenance	802	417	400		1000
46		Equipment Replacement	2,699	0	0		
47		Garbage Disposal	6,474	5,612	6,000	Rate increase	
48		General Fuel and Oil	479	349	400		7250
49		Grounds Supplies and Rentals	746	931	1,000	Renting chipper/debris removal	350
50		Commons Development Exp.	0	333	0		400
51		Small Equipment Purchase	0	0	500		400
52		Grounds Maintenance Wages	7,838	4,433	15,000		6300
53		Common Area Operations	19,311	14,574	25,300		15,700
54		Riparian Area Wages	0	565	0		
55		Landscaping -- Riparian	0	0	2,000		750
56		Riparian Supplies and Rentals	28	100	500		400
57		Riparian Small Equipment Purchase	0	0	0		
58		Riparian Area Maintenance	28	665	2,500		1,150
59							
60		Total General Fund Expense	44,740	43,335	54,646		43,520
61							
62		Transfer to General Reserve	0	0	3,469	Does not reflect actuals in previous years	0
63							
64		Balance Budget (Income-Expense-Transfers=0)	5,082	2,122	0		4,937

	A	B	D	E	F	G	H
1	LCA / Reserves	Account Name	09-10 Actual	10-11 Actual	11-12 Budget	Comments	
2	INCOME	LCA I				Current rate is \$111/quarter	
3		LCA I Reserve Balance	20,098	22,825	13,769		
4		LCA I Assessment	3,885	3,330	3,996		
5		LCA I Prior Year Assessments	0	0	1,221		
6		LCA I Income	23,983	26,155	18,986		
7	EXPENSE						
8		LCA I Electricity	473	372	400		
9		LCA I Maintenance	187	0	200		
10		LCA I Repair/Replace	498	12,015	1,600	11 lights, 1 photo cell	
11		LCA I Expense	1,158	12,386	2,200		
12		LCA I Ending Balance	22,825	13,769	16,786		
13		Recommended by Reserve Study			18,835		
14							
15	INCOME	LCA II				Current rate is \$102/quarter \$55/quarter w/o garage	
16		LCA II Reserve Balance	16,438	18,751	14,705		
17		LCA II Assessment	3,076	2,762	2,762		
18		LCA II Prior Year Assessments	0	0	306		
19		LCA II Income	19,514	21,513	17,773		
20	EXPENSE						
21		LCA II Electricity	359	285	300		
22		LCA II Maintenance	404	0	200		
23		LCA II Repair/Replace	0	6,531	1,050	6 lights, 1 new, 2 photo cells	
24		LCA II Expense	763	6,816	1,550		
25		LCA II Ending Balance	18,751	14,697	16,223		
26		Recommended by Reserve Study			17,618		
27							
28	INCOME	LCA III				Current rate is \$80/quarter \$57/quarter w/o garage	
29		LCA III Reserve Balance	12,312	13,479	11,720		
30		LCA III Assessment	1,552	1,472	1,472		
31		LCA III Prior Year Assessments	0	0	80		
32		LCA III Income	13,864	14,951	13,272		
33	EXPENSE						
34		LCA III Electricity	255	203	200		
35		LCA III Maintenance	130	183	200		
36		LCA III Repair/Replace	0	2,845	450	2 lights, 1 new, 1 photo cell	
37		LCA III Expense	385	3,232	850		
38		LCA III Ending Balance	13,479	11,719	12,422		
39		Recommended by Reserve Study			12,604		
40							

	A	B	D	E	F	G	H
1	LCA / Reserves	Account Name	09-10 Actual	10-11 Actual	11-12 Budget	Comments	
41	INCOME	LCA IV				Current rate is \$99/quarter	
42		LCA IV Reserve Balance	5,705	6,953	8186		
43		LCA IV Assessment	1,248	1,233	1233		
44		LCA IV Prior Year Assessments	0	0	15		
45		LCA IV Income	6,953	8,186	9,434		
46	EXPENSE						
47		LCA IV Maintenance			200		
48		LCA IV Repair/Replace					
49		LCA IV Expense			200		
50		LCA IV Ending Balance	6,953	8,186	9,234		
51		Recommended by Reserve Study			8,992		
52							
53	INCOME	GENERAL RESERVE					
54		General Reserve Balance	40,043	43,231	47,623		
55		Transfers	5,121	4,392	3,469		
56		General Reserve Income	45,164	47,623	51,092		
57	EXPENSE						
58		Pool/Spa Repair	1,933	0	2,000		
59		River Path Repair					
60		Tennis Court Repair					
61		General Reserve Expenses	1,933	0	2,000		
62		General Reserve Ending Balance	43,231	47,623	49,092		
63		Recommended by Reserve Study			54,240		
64							
65	INCOME	COMMONS DEVELOPMENT					
66		Commons Development Fund Balance			613		
67		Assessments upon completion					
68		Commons Development Fund Income			613		
69	EXPENSE						
70		Commons Development Expense					
71		Commons Development Ending Balance			613		
72							
73							
74		RESERVE SUMMARY	Revenue	Expenses	Transfers	Fund Balance	Should Be
75		General Fund	58,116	54,646	-3,469		
76		General Reserve	47,623	2,000	3,469	49,092	54,240
77		LCA I	18,986	2,200		16,786	18,835
78		LCA II	17,773	1,550		16,223	17,618
79		LCA III	13,272	850		12,422	12,604
80		LCA IV	9,434	200		9,234	8,992

Motions for Amendments to the Bylaws

In accordance with Article IX of the Bylaws of the Quiet Water Homeowners Association and to ensure more openness, transparency and accountability in the governance of QWHA, 11 amendments to the bylaws are presented below to be voted on in total. The exact wording of the change is highlighted below. An explanation of the change is given in a parallel column to the right.

- 1 2.2.1 Motions from the floor
- 2 2.10 Informal actions of members
- 3 3.3.1a Matters requiring a vote of the membership
- 4 3.3.1b Matters requiring a vote of the membership
- 5 3.3.1c Matters requiring a vote of the membership
- 6 3.6, 3.7 Notification to members
- 7 3.12 Reports to the membership
- 8 4.3 Removal
- 9 5.1 Budget
- 10 5.6 Authorization to spend
- 11 6.4 Contracts

2.2.1 New Business. All new business requiring a vote of the membership, whether initiated by the Board or an association member, must be listed on the agenda, and information concerning the new business must be part of the annual meeting packet circulated to members prior to the meeting.

The intent is that property owners unable to attend the meeting will have an opportunity to study all motions before giving their proxy to another member. This allows the property owner to make an informed decision when giving instruction to the person exercising the proxy. This is a new section.

2.10 Electronic Notification and Electronic Voting. Any action requiring the vote of the membership---with the exception of the initial adoption of the annual budget and election of the Board---may be done by electronic voting, without a formal meeting, if all members entitled to a vote are notified by electronic means not less than 10 days nor more than 60 days before the date of the action requested. An action shall be considered valid if at least 51% of the eligible voting membership responds either by vote on the action, or by abstention.

Given the desire to move our governance process to a more collaborative model and given the increasing complexity of and volume of QW affairs, it is both prudent and desirable to take advantage of new technology that allows the board to solicit both input and decisions from members virtually using secure systems. The need for this

3.1.1 Matters requiring a vote of the membership

a. Any contract with an individual or entity that is longer than one year in duration.

b. Any change of procedure or governance that requires reallocation of funds approved in the annual budget.

c. Any change in a long standing policy or practice or in one that was previously approved by the membership.

option becomes clear as you read some of the other motions. This change adds to existing language to add an electronic option based on technology that did not exist when the by-laws were initially written.

This is an expansion of the General Powers section. It includes three sub-sections. The first concerns contracts. If the board wants to enter into a contract that is longer than one year, it requires membership approval. The intent is that a board should not obligate a future board without concurrence from the membership.

The second sub-section assumes that changes in procedures or governance that require budget reallocation are important enough to warrant membership involvement.

The third item addresses changes in policies and practices previously approved by the membership. This would include things like the DRC policies, procedures, and practices. In short, if the membership has approved a contract or action the board may not reverse that approval on their own.

3.6 Regular Meetings. The regular meeting of the Board of Directors shall be held immediately following the annual members' meeting. No notice shall be required for this meeting. The Board may provide, by resolution, the time and place either within or without the State of Oregon, for the holding of additional regular meetings. ~~without other notice than a resolution.~~

3.7 Notification to Members. The time and place and agenda of all Board Meetings shall be published on a web calendar for the association at least 5 days in advance of the meeting. Members may attend any Board Meeting except those called for executive session involving personnel matters, lawsuits, fines, or liens. Members may participate in discussion if invited to do so by any director; however members have no vote in executive board decisions.

3.12 Reports to the Membership. The Board shall publish via e-mail or other electronic means the Treasurer's Report and minutes of all Board Meetings (except executive session) on a quarterly basis. Printed copies shall be provided upon a member's request.

4.3 Removal. All officers and agents shall be subject to removal by the affirmative vote of a majority of the Board of Directors at any time that the Board deems that the best interests of the Association will be served thereby. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed. A minimum of 2 weeks' notice shall be given for any salaried position except in the case of removal for cause. Furthermore, any officer who ceases to be a member of the Association shall automatically cease to be an officer and that position shall be filled as provided in these Bylaws.

This mandates that the board shall keep members informed about the time and place of board meetings and specifies use of a web site for universal access. This is a new section.

In keeping with the concept of transparency, the board shall make available copies of the treasurer's report and minutes of board meetings on a quarterly basis. The objective is to make the internal administrative working of the organization more accessible to members. This is a new section.

People employed by the association shall be given a minimum of two weeks notices before termination. The intent is that this basic personnel practice should be extended to Quiet Water workers. This is an addition to an existing section.

5.1 Budget. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Association, estimate the common expenses expected to be incurred and expected assessment receipts. The budget shall provide for an adequate reserve fund for maintenance, repairs and replacement of those common and limited common elements which must be replaced on a periodic basis and that exterior building maintenance to be performed by the Association. The reserve study shall be updated at least every three years.

Specifies that a reserve study shall be updated at least every three years. The study shall be used to calculate adjustments in member assessments. This is an addition to an existing section.

5.6 Authorization to Spend. The annual budget as presented and accepted by the membership in an Annual or Special Meeting is the only authorization to spend funds of the association. A vote of the membership is required if any line item is expected to exceed the budgeted amount by more than 30% or \$2,000 whichever is greater. The only exception is in the case of property destruction or a safety issue requiring immediate action. Membership approval by secure electronic means is permitted.

The board's authority to spend is limited to an accepted budget document. An accepted budget may be amended by a vote of the members. This is a new section.

6.4 Contracts. The Board of Directors may authorize the President and Secretary or other officer to enter into any contract not to exceed one year or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances.

— limits the authority of the board to enter into contracts to one year unless approved by a vote of the membership. Contracts may be renewed but only for one year. See section 3.1.1a above. This is an addition to an existing section.