

## SEVEN LAKES WATER ASSOCIATION, INC.

### Annual Board Meeting Minutes – November 05, 2022

The meeting called to order AT 1:00 PM by Board of Trustees President, Kim Gudgel

#### **IN ATTENDANCE:**

Board Members: Kim Gudgel, Craig Thompson, Ron Crow, Marc Lebeau

GUESTS/Members: Ron Erue, Sherri Klotz, Andrew Springer, Mary Jo Lake, Keith Krueger

Employees: Paul Lucas (OPS Manager) Deana Sweet (Office Manager)

**ABSENT:** Karri Chase (Excused for family funeral attendance)

Kim Gudgel made a brief introduction. As a consequence of a severe wind storm on 11/04, electricity, internet and some cellular providers have experienced outages. This includes the SLWA Offices. The conference room had been re-arranged to accommodate 25 Guest/Members, w/additional folding chairs available. The Snohomish County Assistant Fire Marshal had granted a written waiver for maximum building occupancy to "49."

#### **MINUTES:**

The minutes for the November 06, 2021 meeting were reviewed and a motion to approve was submitted by Ron Crow, it was seconded by Craig Thompson. The **vote** was unanimous for approval and the Motion was carried.

#### **TREASURERS REPORT:**

I was appointed to the SLWA Board of Trustees on April 19th, 2022. At the May 17th meeting, I was voted by the Board to become the Secretary-Treasurer. The position was vacant, so I did not receive notes or information from a predecessor. I cannot speak to actions of the Associations Secretary-Treasurer before that date.

In May, the bookkeeper was fired for cause, leaving us without any office staff. After reviewing the misconduct, the Board approved the creation of a new position of Office Manager. With a future-hire bookkeeper, these two positions and the separation of duties between them will mitigate the opportunity to steal funds or time from the Association. The Board is also actively pursuing termination of benefits that the employee may *not* have been entitled to receive.

The new Office Manager Ms. Deana Sweet, joined the Association on 10/31. After she has settled in, we will resume our search for a bookkeeper to join her. Organizationally, the Office Manager will answer to the Board of Trustees directly.

Had some volunteer members help to "keep Association afloat" in the period that we had no bookkeeper/office worker. The Board expressed grateful appreciation for their assistance.

We currently have \$1.9M in banking assets between Savings, Checking and Certificates of Deposit.

Our 2021 Audit is being prepared by Langabeer, McKernan, Burnett & Co. (Stanwood Office), with Mr. Paul Hernandez, CPA assigned our account. He has reported that we should have the 2021 report by Thanksgiving (11/25)

**SECRETARY'S REPORT**

The ballots for this year were reviewed and mailed in ample time to effect delivery and response before the 04 November deadline. The Secretary found the Ballot and the associated directions to be confusing. In the interest of time, a Process Improvement initiative was not implemented before they went to the printers. However, it is seen as a suitable topic for a committee to redesign before voting again in November 2023.

**WEBSITE REPORT:**

None

**ELECTION OF TRUSTEES:**

Kim Gudgel reported out on the Mail-in proxy ballots received. 148 ballots were returned. (Approximately 6.5% of our membership) 22 ballots were received without signatures and the data was recorded, but not included in the official count. 1 ballot was received with a signature, but no vote. Mr. Adam Bursell received 126 votes, but had, at the last meeting – submitted his resignation from the Board. Mr. Erue suggested that perhaps the Association should contact Mr. Bursell to confirm his desire to resign in light of the large number of votes received. Kim Gudgel agreed to reach out.

All the votes were counted and certified by Kim Gudgel, Ron Crow, Mary Jo Lake and Paul Lucas. The results are outlined below:

Position	Person with Most Votes	Number of Votes
3 YR (Write-in)	Keith Krueger	3
2 YR (Incumbent)	Karri Chase	128
1 YR (Incumbent)	Marc Lebeau	138
2 YR (Write-in)	Mary Jo Lake	6
2 YR (Write-in)	Andrew Springer	5
1 YR (Write-in)	Bruce Holen	4
VACANT	VACANT	

Kim Gudgel congratulated the newly-elected members of the Board. In order to fill the 7<sup>th</sup> vacant position, the Board may consider an appointment from the 13 ballots received for an individual with a single vote. A future appointment to the Board of Trustees and the voting of Board Officers will be held during the next Regular meeting, scheduled for 15 November, 2022.

**OLD BUSINESS:**

Kim Gudgel went through a short list of on-going projects and a few words about each. Notably, the new SLWA Street Sign has been received and pends installation. Member/Guest Mr. Ron Erue suggested that the sign be coated with a clear plastic film that could be removed if it is vandalized again with graffiti

The Security Camera system has been installed by volunteers (Marc Lebeau & Kim Gudgel), but cannot be showcased due to the lack of electricity in the building.

Guest/Member Mr. Ron Erue brought up his concern that the SLWA was operating in a manner that was in violation of the RCW's governing non-profits. Specifically, he noted that according to the newest version (Jan 2022), there was a distinction between a Trustee and an Officer. It was his interpretation that only a *Trustee* can vote and *Officers* cannot. He said his worry is that the Association could get audited by County representatives and if they discovered that we were in violation – it could render null, any previous vote by the Board of Trustees that included Officer votes, and in particular votes that authorized the expenditure of large sums of money.

Ms. Sherri Klotz offered that RCW 24.030A.590 (4) “Standards of Conduct of Officers” cites that “An Officer is not a Trustee with respect to the non-profit corporation or with respect to any property held or administered by the corporation and property that may be subject to restrictions imposed by the doner or transferor of the property.”

Marc Lebeau responded that according to (98%) the new RCW Title 23.03A, the SLWA Articles of Incorporation and the By-laws were the reigning authority. He pointed out that neither the By-laws or the RCW's specifically prevented Officers from voting. The SLWA has been permitting the Officers of the Board of Trustees to be included in every vote over the last decade or more. RCW Title 24.06.030(11) specifies that “...each corporation shall have the power to elect or appoint officers and agents of the corporation and define their duties and fix their compensations.”

Further that RCW Title 24.06.155 states that “...the Articles of Incorporation and the By-laws may provide that any one or more officers of the corporation shall be ex officio members of the Board of Directors.” Therefore, in the eyes of the RCW, it is reasoned that they see their duties somewhat interchangeable.

Marc Lebeau said that after reviewing all 193 Sections over 23 Articles of the Title 23.03A Statute, he was comfortable with the provisions of the new RCW and the Association's compliance; thought the risk exposure to the Association was very low.

### **NEW BUSINESS:**

Kim Gudgel announced the next Regular Board Meeting and thanked those present for their support over the last year that he has been President. He thanked those Board Members present that had resigned effective after this Annual Meeting (Mr. Thompson and Mr. Crow).

For future Annual or Regular meetings – some thought the 10-day notice might be too restrictive. There was effort by the Board to locate a venue that could accommodate a larger attendance, but the idea was scrapped after it was realized that there would be

less than 10-days advance notice to the membership. Marc Lebeau suggested that perhaps the more appropriate fix would be to remove the location specified in the By-laws for the Annual Meeting, providing greater flexibility should a venue in the future be necessary.

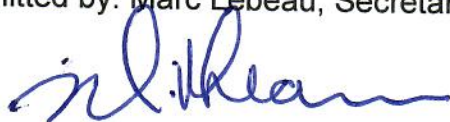
This led to a short discussion on notification to the members. Mr. Erue suggested that SLWA have a Facebook presence, citing the fact that it is a "cost-free" service. Ms. Deana Sweet responded that she was working on creating a FB page for the Association, which could be used to push information. It would be presented to the Board for approval upon completion.

Ms. Mary Jo Lake reported that she had been coming into the office over the last week or two to offer assistance with clerical work. It was her observation that Mr. Hentila and Mr. Moehrle are doing a fabulous job of keeping our water system operating effectively.

Mr. Keith Krueger pointed out that during this "wind storm aftermath" the only utility that he has at his residence right now is "running water," from Seven Lakes Water Association.

ADJOURN: 1:47 PM

Submitted by: Marc Lebeau, Secretary-Treasurer

 11/4/23

Approved by:

  
11/4/23

for Bruce Hentila