



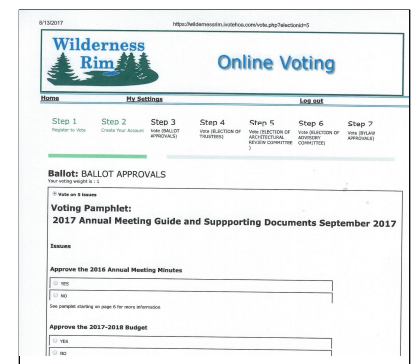
Wilderness Rim Association
Homeowners' Association & Water Purveyor
P.O. Box 315
North Bend, WA 98045
Phone: 425.888.0087 Fax: 425.888.2136
Office@WildernessRim.org

Dear Wilderness Rim Association Members:

Please plan to attend the 2017 Annual Meeting of Wilderness Rim Association (Association; WRA) at Cascade Park on Saturday, September 16, 2017, at 10am. Registration will begin at 9:30am. Come early to meet your neighbors and your WRA volunteers. This is a private business meeting for WRA homeowners and lot owners only. Children are also welcome.

The ballot includes five ballot approvals, 13 Bylaw approvals, and elections for the Board of Trustees, Architectural Review Committee, and Advisory Committee. We have provided you with a voting pamphlet to help you with your decision-making.

Each member is provided with a 2017 Ballot. For those voting electronically, the ballot will appear similar to the ballot shown on the right. You will be asked to register to vote and create an account, and vote on ballot approvals, candidates for the Board of Trustees and committees, and Bylaw amendment proposals. You will receive a confirmation email after completing each step. If you requested a paper ballot, it is 2-sided and included with your pamphlet.



The voting pamphlet includes the following:

1. Inside the Rim – Notice of Annual Meeting and Meeting Guide. This Guide tells you what will happen at the meeting, voting procedures, results of last year's meeting, and information on ballot proposals, bylaw proposals, requirements for candidates running for offices, and Association financials (pages 2-6).
2. September 17, 2016 Annual Meeting Minutes. These are the meeting minutes from the 2016 Annual Meeting and must be approved by the membership (pages 8-11).
3. 2015-2016 Financial Statement. This financial statement provides the Independent Auditors' Report for the Association balance sheet as of June 30, 2016 (pages 13-22).
4. 2017-2018 Annual Budget. This is the proposed budget for the Association for 2017-2018. It is on the ballot for approval by the membership. The budget spreadsheet also includes the final budget for 2016-2017 for comparison (page 24-25).
5. Reserve Study. We conducted a Reserve Study in 2014, 2015, and n early August 2017. This study discusses the condition of Rim properties and if currently projected Reserve account balances are sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years. We present the results from 2015. The 2017 results will be posted on the Rim website when available (pages 27-28).
6. Ballot Proposals and Statements in Favor or Against the Proposals and Statements of Qualifications for Nominees for the Board of Trustees, Architectural Review Committee, and Advisory Committee. This section provides the ballot proposals and statements provided by members in favor or against the proposals. It also includes the Statements of Qualifications provided by nominees to the Board of Trustees, Architectural Review Committee, and Advisory Committee (pages 30-38).
7. Bylaw Amendment Proposals and Statements in Favor or Against the Proposals. This section provides the Bylaw amendment proposals and statements provided by members in favor or against the proposals (pages 40-50).

There will be a Questions and Answers meeting at Cascade Park on September 7 at 6:30pm. Also, check our website at www.wildernessrim.org for more information about the meeting. Thank you and see you at the meeting!

Inside the Rim

Notice of Annual Meeting and Meeting Guide

Wilderness Rim Association 50th Annual Meeting of the Membership

Please plan to attend the 2017 Annual Meeting of Wilderness Rim Association (Association; WRA) at Cascade Park on Saturday, September 16, 2017, at 10am. Registration will begin at 9:30am. Come early to meet your neighbors and your WRA volunteers. This is a private business meeting for WRA homeowners and lot owners only. Children are also welcome. Please bring this guide along with your ballot (if you did not vote early) and questions and comments to the meeting.

Meeting Agenda

The following items will be on this year's agenda: 1) Review and approval of 2016 Annual Meeting minutes; 2) several guest speakers, including from the Sheriff's Office, Eastside Fire and Rescue, and Sallal Water Association; 3) presentation of the 2015-2016 audit and 2017-2018 annual budget; 4) nominations and introductions for the Board of Trustees, Architectural Review Committee, and Advisory Committee; 5) presentation and discussion of the proposed Homeowner Association (HOA) and Security Patrol assessments; 6) presentation and discussion of the proposed bylaw amendments; 7) presentation and discussion of the proposed water system consolidation advisory vote; and 8) open discussion of member concerns. The Annual Meeting will be followed by a barbeque lunch, weather permitting.

Voting Procedures

There are four ways to vote this year:

1. Electronic Voting. You should have received a postcard from IvoteHOA in late August with your code to register and instructions on how to vote electronically on your computer. If you did not receive this information and would like to vote on-line, please contact the Office (425-888-1406; office@wildernessrim.org).
2. Vote at the Meeting: Be present at the Annual Meeting with your ballot, sign in at the registration table, complete your voting, and place your completed ballot in the ballot box.
3. Vote by Mail or Drop Off Ballot at Office: If you would like to vote by mail or drop off your ballot at the Office, please visit the office and obtain a paper ballot, voting materials, and return envelope, or contact the Office (425-888-1406; office@wildernessrim.org) and have a ballot, voting materials, and a return envelope sent to you. You will need to provide information on the back of the return envelope before mailing in your ballot.
4. Vote by Proxy: Assign your proxy to another Wilderness Rim property owner and between the two of you cast your vote. Your proxy may also vote for you on items or candidates written in at the meeting. To vote by proxy, you will need to request a ballot, voting materials, and a return envelope from the Office. Both you and the proxy will need to mark your ballot and provide information requested on the back of the return envelope. Return your proxy vote to the Office by mail, by dropping it off at the Office, or by bringing to the Annual Meeting and dropping it into the voting box.

If you vote by mail, drop off your ballot at the Office, vote by proxy, or vote at the Annual Meeting, your ballot must be returned in return envelope used for voting. You must fill out the information on the back of the envelope, including your name, lot number, and signature, and for proxies, the lot number and name of your proxy.

Wilderness Rim Association

Office Hours

9:00am – 2:00pm Tuesday
2:00pm – 7:00pm Wednesday
12:00pm – 6:00pm Thursday

Contact Information

P.O. Box 315
North Bend, WA 98045
Phone: (425) 888-0087
Fax: (425) 888-2136
office@wildernessrim.org

Water Emergencies

Please direct water emergencies to Roger Lillejord, Satellite Management Services (425-829-6425). Billing questions should be directed to Sallal Water Association (425-888-3650).

IF you vote by mail or proxy and then decide to attend the Annual Meeting, we can retrieve your mailed/proxy ballot only if you have properly marked your return envelope.

Voting Deadlines:

- To be counted, electronic votes must be received by 1pm on Saturday, September 16, 2017.
- To be counted, ballots sent by mail must be received at the Post Office by 2pm, Friday September 15, 2017. Please mail your ballot to Wilderness Rim Association, PO Box 315, North Bend, WA 98045.
- To be counted, ballots dropped off at the WRA Office drop-box must be received by 10am on Saturday, September 13, 2017.
- To be counted, ballots cast at the Annual Meeting must be deposited in the ballot mailbox within 1 hour after adjournment of the meeting.

Quorum Requirement

Per the WRA Bylaws, 10 percent of the membership must vote for the votes to count. Failure to achieve a quorum before or within 1 hour after the meeting will preclude any voting from being counted. Without a quorum, no new trustees or Architectural Review Committee members will be elected the annual budget and HOA assessment from the September 2016 Annual Meeting will remain in place, and funding for our security patrol will end. Please be sure to vote so that we meet our quorum and to ensure that your voice is heard.

Barbeque Following the Meeting

Weather permitting, WRA will have a barbeque following the annual meeting! The Association will provide hamburgers, hot dogs, potato chips, condiments, soft drinks, water, and eating utensils. Please bring your appetite and have a great time with your fellow neighbors.

Results of Last Year's Annual Meeting

The 2016 Annual Membership meeting was held on Saturday, September 19, 2016. Due to inclement weather, the meeting was held indoors at the Chalet. While there was a modest turnout at the Chalet that day, online voting entries leading up to the meeting were ground-breaking. Over 200 ballots were cast, marking a historical amount of participation.

The minutes for the 2015 Annual Membership meeting as well as the minutes for the July 29, 2016 Special Membership Meeting were approved. The proposed budget for 2016-2017 was also approved. Below are the results of the voting for Trustees, Architectural Review Committee, and assessments on the ballot.

Board of Trustees: Jessica Alexander, Robert Beeler, Jim Besso, Thomas Grisso, Angelina Holverstott, Kelly Koechel, Mark LaPerriere, Heather Larson, Erin Perry, Cale Sweeney, and Ruston Weaver.

Architectural Review Committee: Doug Greathouse, Jim Besso, Thomas Grisso, Angelina Holverstott, Mark LaPerriere, and Fernando Platin, Jr.

Homeowner Association Assessment: An assessment of \$13.33 per lot per billing cycle was approved for a total of \$80 per year.

Security Patrol Assessment: An assessment of \$8 per lot per billing cycle was approved for a total of \$48 per year.

The complete results of the meeting, including vote totals, can be found at <https://wildernessrim.org/2016-annual-membership-meeting-ballot-results/>.

Homeowner and Security Patrol Assessments

The HOA and Security Patrol assessments are up for renewal this year.

The Board recommends that the HOA assessment be increased from \$80 to \$100 this year, or \$16.67 per two-month billing period. The dues pay for most aspects of running the Association's business. This increase will allow the Association to continue to make repairs and improvements to Cascade Park, the greenbelt, and the chalet, as well as to support office and park staff and other Association operations. Homeowner dues are extremely low in Wilderness Rim compared to other HOAs. If approved, this would result in an increase from \$15 per lot 50 years ago to \$100 today, or about 566%. During the same period, the rate of inflation increased 632%. If the measure is not approved, the HOA assessment would remain at \$80 annually.

To help offset the increase in HOA dues, the Board recommends the renewal of the Security Patrol assessment, but at reduced rate of \$36 per year, or \$6 per billing period, down from the current assessment of \$48 per year. The Board is using excess Security Patrol funds from 2016-2017 to make up the difference while still maintaining security patrols at their current level.

The Water Reserve and Water Operations assessments remain the same for 2017-2018; \$54 (\$9 per billing period) for the Water Reserve Fund and \$12 (\$2 per billing period) for the Water Operations Fund. These funds are kept in reserve for the long-term maintenance of our water system.

A discussion of the pros and cons of these assessments can be found at the end of this Meeting Guide.

Advisory Vote to determine if the Association should Study the Feasibility of Consolidating our Water System with Sallal Water Association's Water System

The Board of Trustees proposes to spend up to \$15,000 to assess the feasibility of transferring the WRA water system to Sallal Water Association (Sallal), North Bend, Washington. Sallal supplies potable water to about 1,500 connections serving approximately 5,000 people throughout the service area, including WRA. Sallal is a non-profit, consumer-owned corporation. In addition to providing water to WRA, Sallal also is responsible for WRA billing.

The feasibility study would include an evaluation of the ability of the Board of Trustees and WRA water system operator to manage the system now and in the future. The study would include an assessment of the WRA water system, including a determination of operating and capital costs, value of the current system, costs for upgrading/replacing the system, and costs to meet regulatory requirements. The Board would consult with an attorney to develop legal agreements, and an independent utility system valuation consultant to develop a fair value assessment for the transfer of the system. The Board would also determine the water rate structure and quality of service that would be provided by Sallal to WRA members, and if one or more WRA members would be on the Sallal Board of Trustees. It is possible that the costs of studies and agreements could be reduced by grants provided by the Washington Department of Health.

The Washington Department of Health encourages small water systems, such as the WRA system, to merge with larger systems where it makes sense. Consolidation would reduce administrative costs and take the pressure off the Board to manage the WRA system. It would also reduce or eliminate our liability for system failure. However, WRA would lose control over our water system and may have limited say in the quality of service and maintenance of the system in the future.

If the membership approves studies and agreements to assess the feasibility of transferring the water system, and it is determined by the Board of Trustees that transfer of the water system to Sallal is in the best interest of WRA, a ballot proposal to approve the transfer of the WRA water system to Sallal would likely be put before the membership at the 2018 Annual Meeting.

Proposed Bylaw Amendments

Thirteen Bylaw amendments have been proposed for this year. They include amendments regarding the hiring restrictions for administrative personnel; measures for the Association to recoup legal expenses; restrictions on officers to chair standing committees; Annual Meeting quorum requirements; appointment of trustees to vacant positions; allowing trustees to vote at meeting by teleconference; eliminating the Advisory Committee or restricting the length of term members may serve on the committee; reducing the maximum number of trustees on the Board from 11 to nine; reducing the length of terms for trustees from 3 years to 2 years; and defining a member "in good standing."

A discussion of the pros and cons of these proposed Bylaw Amendments can be found at the end of this Meeting Guide.

Candidates Requirements for Board of Trustees, Architectural Review Committee, and Advisory Committee

Board of Trustees

Corporate powers of the Association are vested in the Board of Trustees. The trustees work to ensure that our common resources are managed in compliance with all the applicable laws, such as the Revised Code of Washington, and in the best interests of the membership. The number of trustees who shall manage the business affairs of the Association is 11. Two trustees are currently serving three-year terms, thus nine positions are open. Members were asked in the July-August 2017 to submit their name, or another member's name, for consideration as a trustee. Their names are included on the ballot, and a short Statement of Qualifications is provided by the member. The Statements of Qualifications are included with this Meeting Guide.

Architectural Review Committee (ARC)

The Architectural Review Committee, also known as the Architectural Control Committee, is responsible for assuring the compliance of Association members and Wilderness Rim residents with the Wilderness Rim Restrictive or Protective Covenants as applied to members' lots; maintaining records of construction and improvement plans; drafting or amending Architectural Guidelines, which then must be approved by the membership; and educating the membership about the Architectural Guidelines. Members serve for one year, and the Committee shall be composed of at least three, but not more than six members. Members were asked in the July-August 2017 to submit their name, or another member's name, for consideration as a member of the Architectural Review Committee. Their names are included on the ballot, and a short Statement of Qualifications is provided by the member. No Statements of Qualifications were provided for this position.

Advisory Committee

The Advisory Committee is responsible for advising the Board of Trustees about current issues that may be subject to the Association's governing documents and continuing resolutions. The committee shall be composed of at least two but not more than five members. To be a member of the committee, you must have completed a minimum of three years on the Board of Trustees and have served as an officer for at least one of those years. This is the first year that voting has been held for this committee. Members were asked in the July-August 2017 to submit their name, or another member's name, for consideration as a member of the Advisory Committee. Their names are included on the ballot, and a short Statement of Qualifications is provided by the member. No Statements of Qualifications were provided for this position.

Wilderness Rim Association Financials

An audit for Fiscal Year 2015-2016 was recently completed by Cagianut and Company, Certified Public Accountant. This audit is included with the Meeting Guide. The Association is currently working on completing the 2016-2017 audit.

Each year the Association prepares a budget for the upcoming year. The Fiscal 2017-2018 budget was approved by the Board of Trustees on June 21, 2017, and is being submitted to the membership for approval. The budget is included with this Meeting Guide, along with the 2016-2017 final budget for comparison.

Recent Accomplishments

Board Fully Staffed

Leak Study Completed and Repairs Made to Water System

Worked with King County to Identify Trees of Concern in Park and Greenbelt; These Will be Topped/Cut to Stump in fall 2017

Resolved Numerous Member Concerns

Winter Party

Easter Egg Hunt

Movie Night

2015-2016 Financial Audit

Chalet Roof Replacement and Repairs

Park Upgrades and Maintenance

Completion of Playground Gravel Project

Game Nights

Thanks to All Who Volunteered during the Past Year

Thanks to all of those that volunteered their time to make the Rim a great place to live during the past year.

Board of Trustees – Jessica Alexander, Diana Arny, Robert Beeler, Jim Besso, Alan Bruckner, Jerry Cummings, Ryan Fiedler, Thomas Grisso, Angelina Holverstott, Mike Kenyon, Kelly Koechel, Jason Lange, Heather Larson, Mark LaPerriere, Jaime Oberg, Stuart Paulus, Erin Perry, Veronica Smith, Brad Summers, Cale Sweeney, and Ruston Weaver

Committees – Robert Beeler, Jessica and Jim Besso, Alan Bruckner, Ryan Fiedler, Doug Greathouse, Thomas Grisso, Mike Kenyon, Heather Larson, Jaime Oberg, Stuart Paulus, and Brad Summers

Events, Park Maintenance, and Welcome Committee – Diana Arny, Nick Balderson, Robert Beeler, Jessica and Jeremiah Besso, Lori Crowningshield, Thomas Grisso, Joyce Jansen, Amy and Mike Kenyon, Heather Larson, Steve, Kristy, Julene, and Tyler McDonald, Austin, Hannah and Jaime Oberg, Kathy and Stuart Paulus, Wanda Peters, Megan Schweppenheiser, and Brad Summers.

September 17, 2016 Annual Meeting Minutes

Wilderness Rim Association

September 17, 2016

FINAL

49th Annual Meeting of the Membership

Opening

Opening Procedures:

President Heather Larson-Paul called the meeting to order at 10:00 a.m.

Heather introduced the board to the new members.

Heather thanks the board, Lori, and Jessica Besso.

Board Attendance:

Heather Larson-Paul (President)

Angelina Holverstoot (Treasurer)

Thomas Grisso (Vice President)

Cale Sweeney (Secretary)

Jason Lange

Kelly Koechel

Robert Beeler

Jim Besso

Mark LaPerriere

Previous Annual Meeting Minutes:

Secretary read meeting minutes from last year.

There were no corrections to the minutes from the September 19, 2015 meeting minutes.

New candidates:

Vice President introduced the new candidates.

Online Voting:

Jeffrey David #317 expressed it was discussed difficult with voting with the new online system.

Members suggested that the budget on the voting needed to be more descriptive. The Board reminded members that the annual packet that can be downloaded from the web site. Also there were printed copies in the office.

Jeffrey David #317 said that question #1 on the online form was mysterious. He did not get past that.

Jason described this is the first attempt at online voting by a new board. Some leeway was needed.

The Board further described how members can participate.

Board asks for a show of hands on who needs ballots and handed them to the members.

The Board mentioned that 248 voting is a record number for the community.

Dianne Linzstrand #- She had difficulty voting. She was upset that it takes 2-3 days for the vote to be registered online.

The board expressed that online voting was implemented to save time.

Mike Kenyon #3227 - When does the online voting end? Maybe we should extend the vote.

Paul Reiff #- Asked clarifying questions about votes.

Name? #2132 - Told board to continue online voting but get more background information.

Art Farash #- Asked what the status was with the legal dispute on the vote.

Communications:

Jessica Besso recommends a monthly email from the board

Budget & Dues:

Budget was approved by the previous board. Board asks if any members have questions regarding the budget.

Treasurer mentioned that the WRA is in need of reserves. Dues need to be increased.

Treasurer states in the past week everything was straightened out with Opus bank.

Jessica Besso #? asks do we know the last 12 months legal expenses. Board does not know, but plans to investigate.

Jessica Besso #? asks when is the next audit scheduled. Treasurer said we will move forward with the audit. We have a company. Cassenet is the name of the auditing. Next year the hope is that we are done with the audits by then.

Dianne Linzstrand #? asks what would increasing our dues give the community.

Treasurer mentions by raising our dues, we can build reserves.

Jessica Besso #? explains there is a bylaw that says you can't spend more than 10%. Context?

CERT:

Mary Norton of CERT (Community Emergency Response Team) gave a presentation on the organization and asked members if they were interested to join.

ARC Committee:

Mike Kenyon #3227 asked if there were any candidates for the ARC committee.

Special Meeting:

Jeffrey David #317 asked Jim Besso to describe the reason and the proceedings of the special meeting in July 26th.

Security Patrol:

Board explains to the membership that we are at the lowest level with our security patrol.

Board described the surveillance performed by the police. Board discussed the crime logs.

President stated that neighbors should have each other backs when it comes to crime and neighborhood safety.

Paper Ballots:

President asks for paper ballots to be casted.

Board asks for non-board volunteers to tally the paper ballots.

Adjourn:

Treasurer motions to adjourn, Secretary seconds. Meeting adjourned at 11:12 a.m.

2015-2016 Financial Statement

Independent Auditors' Report

To the Board of Trustees and Members
Wilderness Rim Association
North Bend, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Wilderness Rim Association, which comprise the Balance Sheet as of June 30, 2016, and the related Statement of Changes in Fund Balances, Statement of Revenues and Expenses and Statement of Cash Flows for the year then ended and the related notes to the financial statements.

Association's Responsibility for the Financial Statements

The Association is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Because of the inadequacy of the accounting records for the period ended June 30, 2016, we were unable to obtain sufficient appropriate audit evidence regarding the Receivables from Members, Allowance for Bad Debt, Water Sales, and Bad Debt expense balances.

Qualified Opinion

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Wilderness Rim Association as of June 30, 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter - Required Supplementary Information

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future repairs and replacements are adequate to meet such future costs because that determination is outside the scope of our audit.

Accounting principles generally accepted in the United States of America [GAAP] require that the Supplementary Information on Future Major Repairs be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements and related notes in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bellevue, Washington

June 10, 2017

Wilderness Rim Association

Balance Sheet

June 30, 2016

	OPERATING FUND	REPLACEMENT FUND	SECURITY & PLAYGROUND FUNDS	TOTAL
ASSETS				
Cash, including interest bearing deposits	\$ 167,057	\$ 176,314		\$ 343,371
Investments		501,783		501,783
Receivables from Members	33,805			33,805
Less: Allowance for Bad Debts	(2,934)			(2,934)
Prepaid Insurance	2,497			2,497
Prepaid Expenses	646			646
Fixed Assets	592,866			592,866
Less: Accumulated Depreciation	(527,819)			(527,819)
Due Between Funds	(25,619)		\$ 25,619	
TOTAL ASSETS	\$ 240,499	\$ 678,097	\$ 25,619	\$ 944,215
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 17,966		\$ 1,959	\$ 19,924
Payroll Taxes Payable	1,567			1,567
Income Taxes Payable	290			290
TOTAL LIABILITIES	19,822		1,959	21,781
FUND BALANCES				
Operating	220,677			220,677
Replacement		\$ 678,097		678,097
Security & Playground			23,660	23,660
TOTAL FUND BALANCES	220,677	678,097	23,660	922,434
TOTAL LIABILITIES AND FUND BALANCES	\$ 240,499	\$ 678,097	\$ 25,619	\$ 944,215

See Notes to the Financial Statements

Wilderness Rim Association
 Statement of Changes in Fund Balances
 For the Year Ended June 30, 2016

	OPERATING FUND	REPLACEMENT FUND	SECURITY & PLAYGROUND FUNDS	TOTAL
Balance at the Beginning of the Year	\$ 202,349	\$ 629,077	\$ 5,560	\$ 836,985
Excess <Deficiency> of Revenues over Expenses	18,328	49,021	18,100	85,449
Balance at the End of the Year	<u>\$ 220,677</u>	<u>\$ 678,097</u>	<u>\$ 23,660</u>	<u>\$ 922,434</u>

Draft

See Notes to the Financial Statements

Wilderness Rim Association
 Statement of Revenues and Expenses
 For the Year Ended June 30, 2016

	OPERATING FUND	REPLACEMENT FUND	SECURITY & PLAYGROUND FUNDS	TOTAL
REVENUES				
Assessments	\$ 19,798	\$ 33,642		\$ 53,440
Security Patrol Assessment & Late Fees			\$ 29,345	29,345
Playground Safety Assessment			10,020	10,020
Water Sales, Surcharges, Fees	290,761	8,253		299,014
Chalet and Park Reservations	400			400
Late, Lien and NSF Fees	2,695			2,695
Interest		7,125		7,125
Ground Lease	8,041			8,041
Member Transfer Fees	4,700			4,700
TOTAL REVENUES	326,394	49,021	39,365	414,780
EXPENSES				
Audit & Tax Preparation	2,500			2,500
Bad Debts	1,367			1,367
Board, Annual Meeting and Events	3,397			3,397
Communications Committee	819			819
Depreciation	4,421			4,421
Electricity	4,044			4,044
Federal Taxes	3,767			3,767
Insurance	11,842			11,842
Legal	19,429			19,429
Miscellaneous	1,063			1,063
Office Supplies	1,582			1,582
Park Dumpster	579			579
Park Maintenance	7,314			7,314
Payroll - Gross Wages	40,723			40,723
Payroll - Taxes	3,676			3,676
Postage & Copies	1,858			1,858
Property Tax	4,328			4,328
Repairs & Maintenance	4,808			4,808
Staffing - Office	608			608
Telephone and Internet	2,907			2,907
Water Cost	135,778			135,778
Water Direct	32,151			32,151
Water Excise Tax	13,135			13,135
Water Licenses Permits	1,231			1,231
Water Repairs	4,740			4,740
Security & Playground Funds				
Security Patrols			21,265	21,265
TOTAL EXPENSES	308,066	0	21,265	329,332
EXCESS <DEFICIENCY> OF REVENUES OVER EXPENSES	\$ 18,328	\$ 49,021	\$ 18,100	\$ 85,449

See Notes to the Financial Statements

Wilderness Rim Association
Statement of Cash Flows
For the Year Ended June 30, 2016

	OPERATING FUND	REPLACEMENT FUND	SECURITY & PLAYGROUND FUNDS	TOTAL
<i>Cash Flows from Operating Activities:</i>				
Cash from Assessments	\$ 21,684	\$ 33,642		\$ 55,326
Cash from Special Assessments			\$ 39,365	39,365
Interest Received		7,125		7,125
Miscellaneous Income	306,596	8,253		314,849
Income Taxes Paid	(2,000)			(2,000)
Cash Paid for Services/Products	(302,079)		(19,306)	(321,385)
Net Increase <Decrease> in Cash from Operating Activities	24,201	49,021	20,059	93,280
<i>Cash Flows from Investing Activities:</i>				
Purchase of Investments		(201,783)		(201,783)
<i>Cash Flows from Financing Activities:</i>				
Change in Due Between Funds	12,725	7,334	(20,059)	
Net Increase <Decrease> in Cash	36,925	(145,428)	0	(108,503)
Cash, including interest bearing deposits, at the Beginning of Year	130,131	321,743	0	451,874
Cash, including interest bearing deposits, at the End of Year	<u>\$ 167,057</u>	<u>\$ 176,314</u>	<u>\$ 0</u>	<u>\$ 343,371</u>

<i>Reconciliation of Excess <Deficiency> of Revenues over Expenses to Net Cash Received by Operations:</i>				
Excess <Deficiency> of				
Revenues over Expenses	\$ 18,328	\$ 49,021	\$ 18,100	\$ 85,449
Decreased Assessments Receivable	6,932			6,932
Decreased Prepaid Insurance	3,020			3,020
Decreased Prepaid Taxes	1,477			1,477
Increased Prepaid Expenses	(646)			(646)
Adjusted for Depreciation	4,421			4,421
Change in Accounts Payable	(4,738)		1,959	(2,779)
Decreased Prepaid Assessments	(5,046)			(5,046)
Increased Taxes Payable	290			290
Increased Payroll Taxes Payable	163			163
Net Increase<Decrease> in Operating Cash	<u>\$ 24,201</u>	<u>\$ 49,021</u>	<u>\$ 20,059</u>	<u>\$ 93,280</u>

See Notes to the Financial Statements

Wilderness Rim Association
Notes to the Financial Statements
June 30, 2016

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Wilderness Rim Maintenance Corporation was incorporated in 1967 and merged into Wilderness Rim Association on June 10, 1993 in the state of Washington. Operating as a non-profit homeowner's association, the business is responsible for the operation and maintenance of the common properties and water system. This is a 670-unit planned residential development located east of North Bend, Washington, with two units owned by the Association.

Accounting Method

The Association prepares its statements on the accrual basis of accounting whereby income and expenses are recognized when earned and incurred. Fund accounting is employed to properly account for the monies. The Operating Fund is used to pay for all utility, insurance, general maintenance, landscaping, and administrative obligations of the Association. The Replacement Fund has been established to meet the replacement and major repair obligations of the Association with regard to the water system components and other common areas. The Security and Playground Fund has been established to account for the income and expenses as defined further in Note 5.

Capitalization Policy

Replacements and improvements to some of the real property are capitalized on the books of the Association. Property and equipment acquired by the Association are recorded at cost. The property is depreciated over its estimated useful lives using the straight line method of depreciation.

Receivables from Members

Association members are subject to assessments for private water usage to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements and to pay for the water operations. Receivables from Members at the balance sheet date represent fees for all payments due from unit owners. The Association's Declaration provides for various collection remedies for delinquent assessments including the filing of liens, foreclosing on the unit owner, and obtaining judgment on the assets of the unit owner. The Association uses the allowance method to account for uncollectible assessments receivable.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, including Interest Bearing Deposits

For purposes of the statement of cash flows, Cash, including Interest Bearing Deposits, includes cash on hand, funds on deposit with financial institutions, and investments with original maturities of three months or less.

Fair Value Measurements

The three levels of the fair value hierarchy under ASC 820, Fair Value Measurements and Disclosures, are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Investments

Investments include certificates of deposit with original maturities over 90 days. These are level one type investments.

Date of Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date of the audit report, which is the date that the financial statements were issued or available to be issued.

Wilderness Rim Association
Notes to the Financial Statement
June 30, 2016

NOTE 2 - REPLACEMENT FUNDING PROGRAM

The Association is currently funding replacement reserve accounts for the future water system replacement and common areas as disclosed in Note 1. Accumulated funds are held in separate accounts and are generally not available for operating purposes. The funding is based upon a professional reserve study approved by the Board of Trustees.

Beginning July 2014, the unit owners who are connected to the water system are paying a \$2 bi-monthly fee for the small water system management plan which is done every five years. These monies are held in the Replacement Fund. There was \$7,476 billed in the current fiscal year for this water surcharge. These replacement costs are not included in the most recent reserve study.

The most recent reserve study recommends monthly allocations to the Replacement Fund in the fiscal year ending June 30, 2017 of \$18,670. The budgeted monthly reserve transfers for the 2016-2017 fiscal year are \$3,247.

There were significant changes between the Required Supplementary Information presented in the prior audit and in the current audit. The Association had an updated reserve study prepared and it was determined that reserve component asset remaining lives and replacement costs required revision. Two of the most significant changes were: 1) adding roof replacement as a component, and 2) adding siding repair as a component. These changes have been approved by the Board of Trustees.

Funds are being accumulated in the Replacement Fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and variations may be material. Therefore, the amounts accumulated in the Replacement Fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to certain legal limitations, to increase assessments, pass special assessments, or delay replacement if these funds are found to be inadequate for all future costs.

The Rules and Regulations of the Wilderness Rim Association Water System state that the Water Surcharge will be used only for water system expenses. For 2015-16, water surcharges totaled \$33,642.

NOTE 3 - INCOME TAXES

Associations may be taxed either as homeowners associations or as regular corporations. For the current year the Association elected to file as a homeowners association using form 1120-H under Internal Revenue Code Section 528. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance and care of Association property. Net nonexempt function income which includes interest, user fees and revenues from non-members is taxed at 30%. Certain expenses were allocated to offset a portion of the taxable income.

The Association's federal tax return is subject to audit by the Internal Revenue Service. The tax returns for the current and prior two fiscal years remain open for examination by the IRS. In evaluating the Association's tax positions and accruals, the Association believes that its estimates are appropriate based on the current facts and circumstances.

NOTE 4 - OWNERS' ASSESSMENTS

Annual assessments to owners were \$80.

The annual budget and owners' assessments are determined by the Board of Trustees, within certain restrictions. The Association retains excess operating funds at the end of the year, if any, for use in future operating periods.

NOTE 5 - SPECIAL ASSESSMENTS - SECURITY PATROL & PLAYGROUND SAFETY

There was an annual special assessment of \$40 per unit for security patrols. Additionally, late fee income of \$2,625 was allocated to the Security Fund. Through a private contract, the Association hired off-duty King County Sheriff's Deputies to make random patrols in Wilderness Rim. The unused portion of the security special assessment is carried over to the subsequent year.

There was a special assessment of \$15 per unit for improvements to the community's playgrounds. As of June 30, 2016, work on the playground improvements had not started. A plan for the playground work was approved February 15, 2017.

The Security and Playground Fund was established to account for this activity.

Wilderness Rim Association
Notes to the Financial Statement
June 30, 2016

NOTE 6 - JOINT WATER STORAGE FACILITIES AGREEMENT

On January 31, 1986, the Association and Sallal Water Association, Inc. entered into an agreement for use of joint water storage facilities. The Association has the right to the use of 160,000 gallons of Sallal's water storage capacity for a period of 99 years, with the option to renew for an additional 99 years at a cost of ten dollars (\$10).

Annually, the Sallal Water Association reimburses Wilderness Rim Association for four houses in Starbow that are not part of Wilderness Rim but are served water through their system.

The Association purchases the water at wholesale rates agreed to between the parties. The 2015 Water System Operations Contract for which Sallal Water has been the vendor since 2008 was approved January 21, 2015. The Water System Operations contract for 2016 was awarded to Satellite Management effective February 11, 2016. This contract remains in effect.

NOTE 7 - GROUND LEASE

Effective June 1, 2010, the Association renewed a ground lease with CenturyTel (now CenturyLink). The lease is for a period of five years and will automatically renew for two successive terms of five years each upon the same terms and conditions. The initial annual rent was \$6,000 and each year rent increases 5%. Annual rent is to be paid in advance on the first day of June without any prior demand.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Board of Trustees authorized hiring Association members, Board members, and/or spouses of Board members on an as-needed basis for administrative and grounds maintenance tasks. In the year ended June 30, 2016, a total of \$42,248 was paid to these individuals.

NOTE 9 - FIXED ASSETS

Fixed assets are comprised of the following:

Land	\$	15,627
Water System & Improvements		426,367
Chalet Building & Repairs		82,076
Playground, Park & Picnic Equipment		53,183
Office & Computer Equipment		15,613
	\$	<u>592,866</u>

Wilderness Rim Association
June 30, 2016
Supplementary Information on Future Major Repairs
and Replacements
(Unaudited)

A "Do-It-Yourself" Reserve Study Kit was prepared on August 25, 2016 by Association Reserves, Inc. for the period July 1, 2016 to June 30, 2017 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on current estimated replacement costs. Funding requirements consider an annual inflation rate of 3.00% and interest of 0.75%, net of taxes, on amounts funded for future major repairs and replacements. The following table is based on the study and presents significant information about the components of common property.

Component	Estimated Remaining Useful Life in Years	Estimated Current Replacement Costs	Fund Balance at Year End
Roof - Replace	13	\$ 30,000	
Siding Repair	0	4,000	
Concrete - Repair/Replace	1	10,000	
Wood Fence - Replace	2	5,000	
Kubota Tractor - Replace	5	18,000	
Sport Court. Misc. - Seal/Repair	2	5,500	
Play Equipment - Replace	8	35,000	
Picnic Tables - Repair/Replace	8	10,000	
Park Restrooms - Repair/Replace	7	7,500	
Picnic Shelter - Repair/Replace	5	15,000	
Roof: Wood Shake - Repair/Replace	0	36,000	
Roof: Low Slope - Replace	0	20,000	
Gutters/Downspouts - Repair/Replace	0	1,800	
Siding: Wood - Repair/Replace	3	18,000	
Exterior Surfaces - Paint/Caulk	8	5,500	
Windows, Sliders - Repair/Replace	3	20,000	
Wood Deck - Repair/Replace	0	10,200	
Exterior Lights - Replace	5	2,000	
Carpet - Replace	2	7,800	
Vinyl Flooring - Replace	2	2,500	
Interior Wall - Ceilings - Clean/Paint	8	3,150	
Bathroom - Refurbish	8	10,000	
Kitchen - Refurbish	8	7,000	
Appliances - Replace	3	1,500	
Septic Systems - Repair/Replace	0	80,000	
Water Meter Stations - Replace	16	12,000	
Water Sampling Stations - Replace	34	10,500	
Blow-Off Assembly - Replace	20	61,500	
AC Water Mains & Laterals - Replace	12	2,250,000	
PVC Water Mains & Laterals - Replace	58	880,000	
Water Service Pipe (2" Dia) - Replace	27	975,000	
Valves - Repair/Replace	27	34,000	
Fire Hydrants - Replace	37	170,000	
TOTAL			\$ 678,097

Percent Funded as of July 1, 2016 - 21.7%

2017-2018 Annual Budget

WILDERNESS RIM ASSOCIATION

	FINAL BUDGET 2017-2018			FINAL BUDGET 2016-2017		
	Total	Assessment	Water	Total	Assessment	Water
Ordinary Income/Expense						
Income						
<u>Assessments</u>						
Homeowner Dues	\$66,800	\$66,800		\$53,440	\$53,440	
Special Assessments						
Late Fees	5,000	5,000		3,300	3,300	
Late Charges-Security				3,500	3,500	
Members' Transfer Fee	4,500	4,500		4,500	4,500	
Chalet & Park Reservations	450	450		450	450	
CTI Lease	8,949	8,949		8,443	8,443	
Lien Fees						
Service Charges (NSF)	100	100		200	200	
Total Assessments	85,799	85,799		73,833	73,833	
<u>Water</u>						
Sales	282,000		\$282,000	249,000		\$249,000
Lock/Re-Connect Fees	2,100		2,100	1,800		1,800
Late Charges-Water			0	5,680		5,680
Total Water	284,100		284,100	256,480		256,480
Total Income	369,899	85,799	284,100	330,313	73,833	256,480
Expense						
<u>Water Committee</u>						
Water Cost	171,250		171,250	138,513		138,513
Water Admin/System Operations						
Water Payroll	27,560		27,560	36,000		36,000
Billing Software	2,000		2,000	2,000		2,000
Leak Detection				10,000		10,000
Direct Expenses	27,000		27,000	27,000		27,000
Total Water Admin/System Operations	56,560		56,560	75,000		75,000
Repairs - Water System	12,000		12,000	5,575		5,575
Water Licenses and Permits	1,500		1,500	1,500		1,500
Water - Legal Expense				2,500		2,500
Water Distribution Excise Tax	14,287		14,287	12,898		12,898
Total Water Committee	255,597		255,597	235,986		235,986
<u>Administration</u>						
Admin Licenses and Permits	50	25	25	50	25	25
CPA-Tax Return, Review, Audit	5,000	2,000	3,000	3,500	1,750	1,750
Bookkeeper	9,000	1,500	7,500			
Annual Meeting	1,500	750	750	1,300	650	650
Bank/Finance Charges	325	50	275	325	49	276
Board of Trustees	500	250	250	500	250	250
Depreciation Expense	4,000	4,000		4,000	4,000	0
Legal Fees & Services	14,000	7,000	7,000	12,000	6,000	6,000
Liability Insurance	15,000	12,050	2,950	13,000	11,050	1,950
Lien and Collection Fees	200	200		200	200	
Miscellaneous	1,002	499	503	500	250	250
Staffing	17,000	15,700	1,300	9,700	9,700	
Office Supplies	1,000	150	850	1,000	150	850

WILDERNESS RIM ASSOCIATION

	FINAL BUDGET 2017-2018			FINAL BUDGET 2016-2017		
	Total	Assessment	Water	Total	Assessment	Water
Postage and Delivery	250	100	150	1,950	293	1,658
Property Taxes	4,500	4,500		2,500	375	2,125
Repairs - Office				0		
Reserve Study	3,050	1,525	1,525	2,500	1,250	1,250
Telephone & Internet	2,400	1,200	1,200	2,400	360	2,040
Garbage and Yard Waste	700	700		700	700	0
Electric Utilities	3,900	3,250	650	4,300	3,655	645
Total Administration	83,377	55,449	27,928	60,425	40,706	19,719
<u>Communications Committee</u>						
Communications/Newsletter	200	100	100	600	300	300
Website	950	475	475	950	475	475
Total Communications Committee	1,150	575	575	1,550	775	775
<u>Park Committee</u>						
Park Maintenance Services	16,000	16,000		25,000	25,000	
Supplies - Park and Chalet	3,000	3,000		1,000	1,000	
Repairs - Buildings & Land	7,275	7,275		1,820	1,820	
Repairs - Equipment	2,500	2,500		1,000	1,000	
Total Park Committee	28,775	28,775		28,820	28,820	
<u>Special Events Committee</u>	1,000	1,000		1,000	1,000	
Total Expense	369,899	85,799	284,100	327,781	71,301	256,480
Net Ordinary Income						
Other Income/Expense				2,532	2,532	
Net Income	0	0	0	0	0	0

Assessment and Reserve Funding Disclosure
Summary

For Fiscal Year Beginning: 7/1/2017

of Units: 668

a) Budgeted Amounts:

	Total	Average Per Unit*
Reserve Contributions	\$44,088	\$66
Total Assessment Income	\$66,800.00	\$100

Recommended Amounts:

	Total	Average Per Unit*
Reserve Contributions	\$224,040.00	\$335.39
Funding Plan Objective	Full Funding	

b) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members:

c)

Date Due	Total Amount	Purpose
None		

Based on the most recent Reserve Study and other information available to the Board of Directors, will currently projected Reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? **No**

Items Below This Point are from the 2015 Reserve Study. While the information is likely different if calculated based on today's account balances, the contribution amount has not significantly changed, thus we estimate these figures are correct to within about 5%. A current, updated report is in progress but not available at the time of this printing, and should be available at the WRA office in Mid-September 2017

d) If the answer to "c" is no, what additional assessments or other contributions/loans to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment Will Be Due	Average Total Amount Per Unit*
2028	\$3,608
2043	\$2,515
N/A	
N/A	
Total:	\$6,123

e)

All computations/disclosures are based on the fiscal year start date of:	7/1/2015
Fully Funded Balance (based on formula defined in 1365.2.5(b)4):	\$2,886,006.00
Projected Reserve Fund Balance:	\$610,000.00
Percent Funded:	21.1%
Reserve Deficit (surplus) on a mathematical avg-per-unit* basis:	\$3,407.19

From the 6/30/2015 Reserve Study by Association Reserves and any minor changes since that date.

* If assessments vary by the size or type of unit, allocate as noted within your Governing Documents.

* These assumptions are based on a DIY Reserve Study.

* All of the assumptions were provided by the Wilderness Rim Association.

f/g) See attached 30-yr Summary Tables, showing the projected Reserve Funding Plan, Reserve Balance, and Percent Funded, under the recommended and actual budgeted Reserve Funding Plans.

Table 4: 30-Year Reserve Plan Summary

24895-1

Fiscal Year Beginning: 07/01/15

Interest:	0.8%	Inflation:	3.0%
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Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Annual Reserve Contribs.	Loans or Special Assmts	Interest Income	Projected Reserve Expenses
2015	\$610,000	\$2,886,006	21.1%	Weak	\$41,116	\$0	\$4,490	\$68,000
2016	\$587,606	\$2,998,060	19.6%	Weak	\$42,349	\$0	\$4,543	\$10,300
2017	\$624,198	\$3,175,772	19.7%	Weak	\$43,620	\$0	\$4,469	\$104,446
2018	\$567,841	\$3,264,797	17.4%	Weak	\$44,929	\$0	\$4,379	\$16,937
2019	\$600,211	\$3,449,666	17.4%	Weak	\$46,276	\$0	\$4,691	\$0
2020	\$651,179	\$3,660,657	17.8%	Weak	\$47,665	\$0	\$4,790	\$77,092
2021	\$626,542	\$3,801,799	16.5%	Weak	\$49,095	\$0	\$4,819	\$21,493
2022	\$658,962	\$4,007,764	16.4%	Weak	\$50,567	\$0	\$5,103	\$12,299
2023	\$702,334	\$4,232,799	16.6%	Weak	\$52,085	\$0	\$5,482	\$0
2024	\$759,901	\$4,480,777	17.0%	Weak	\$53,647	\$0	\$5,823	\$26,095
2025	\$793,275	\$4,712,946	16.8%	Weak	\$55,256	\$0	\$5,877	\$79,963
2026	\$774,445	\$4,900,335	15.8%	Weak	\$56,362	\$0	\$5,960	\$21,456
2027	\$815,311	\$5,157,459	15.8%	Weak	\$57,489	\$0	\$6,293	\$15,612
2028	\$863,481	\$5,432,282	15.9%	Weak	\$58,639	\$2,410,000	\$3,269	\$3,326,963
2029	\$8,425	\$2,308,744	0.4%	Weak	\$59,811	\$0	\$288	\$0
2030	\$68,525	\$2,522,479	2.7%	Weak	\$61,008	\$0	\$678	\$17,917
2031	\$112,294	\$2,728,507	4.1%	Weak	\$62,228	\$0	\$1,079	\$0
2032	\$175,601	\$2,963,633	5.9%	Weak	\$63,472	\$0	\$1,424	\$36,363
2033	\$204,134	\$3,172,959	6.4%	Weak	\$64,742	\$0	\$1,780	\$0
2034	\$270,656	\$3,430,753	7.9%	Weak	\$66,037	\$0	\$2,219	\$17,535
2035	\$321,377	\$3,683,099	8.7%	Weak	\$67,357	\$0	\$2,416	\$68,090
2036	\$323,060	\$3,895,967	8.3%	Weak	\$68,704	\$0	\$2,189	\$133,011
2037	\$260,942	\$4,053,529	6.4%	Weak	\$70,079	\$0	\$2,094	\$35,352
2038	\$297,763	\$4,321,736	6.9%	Weak	\$71,480	\$0	\$2,395	\$30,591
2039	\$341,048	\$4,608,385	7.4%	Weak	\$72,910	\$0	\$2,841	\$0
2040	\$416,798	\$4,940,796	8.4%	Weak	\$74,368	\$0	\$3,326	\$24,078
2041	\$470,414	\$5,264,204	8.9%	Weak	\$75,855	\$0	\$3,781	\$11,861
2042	\$538,189	\$5,615,897	9.6%	Weak	\$77,372	\$0	\$4,258	\$22,213
2043	\$597,606	\$5,973,658	10.0%	Weak	\$78,920	\$1,680,000	\$2,257	\$2,354,278
2044	\$4,506	\$3,946,491	0.1%	Weak	\$80,498	\$0	\$159	\$47,131

Ballot Proposals and Statements in Favor or
Against the Proposals

Statement of Qualifications for Nominees for
the Board of Trustees, Architectural Review
Committee, and Advisory Committee

Ballot Proposals and Statements in Favor of or in Opposition the Proposals

Statement of Qualifications for Nominees for the Board of Trustees, Architectural Review Committee, and Advisory Committee

The following provides the ballot proposals and statements provided by members in favor or against the proposals. Statements have been provided in full and are numbered in cases where multiple submissions were provided. Members should be aware that statements may contain incorrect information, and represent the opinion of the member submitting the statement, not necessarily that of the Board of Trustees of Wilderness Rim Association.

The following also provides the names of those interested in being on the Board of Trustees, Architectural Review Committee, and/or Advisory Committee. Also provided are Statement of Qualifications submitted by nominees.

PROPOSED BALLOT APPROVALS

1. Approve the September 2016 Annual Meeting Minutes and July 2016 Special Meeting Minutes

Reason for ballot item: To approve the September 2016 Annual Meeting Minutes and July Special Meeting Minutes (attached)

Statements in Favor of the Proposal

None provided.

Statements in Opposition to the Proposal

None provided.

2. Approve the 2017-2018 Budget

Reason for ballot item: To approve the 2017-2018 Budget (attached)

Statements in Favor of the Proposal

1. The proposed 2017-2108 budget assumes that the Homeowner Association (HOA) assessment is increased from \$80 to \$100 annually (see below for the ballot item to increase the HOA assessment). If the budget or the HOA assessment increases are not approved, the Association will have to revise the budget to allow the Association to operate with current funding, but provide a lower level of service than currently provided.

Statements in Opposition to the Proposal

1. Object to the way this budget was presented. Three years ago, Annual meeting packets included a draft budget which showed the proposed budget changes compared to the prior year. Further you should have mailed homeowners the printed packets BEFORE the August 11 deadline for comment. Given past indiscretions dealing with how Association funds have been handled, transparency is critical to re-establishing trust with Association members.

Water Sales (income) is budgeted at \$289,100 (including fees and late charges). Total Water Committee expense (including Cost of Water) is budgeted at \$255,849. This represents a proposed \$33,260 water income over expense. Does this budget propose to make a profit on water sold to your members or is the plan to divert this \$33,260 excess income toward another use? Please provide more details.

Water Admin/Billing contractor expense is budgeted at \$27,560 (last year this line item was identified as Water Payroll at \$36,000). There is also an additional expense line item designated as Staffing at \$17,000 (up from \$9,700 last year's budget).

Please explain what the difference is in Admin/Billing Contractor expense and Staffing expense.

Since Sallal is now handling billing, how is this reduced admin cost reflected in the current proposed budget?

Why is there a new Bookkeeper line item for \$7500? Is the amount of money we are paying Sallal for billing? Please provide details for this new expense and how it relates to Admin/Billing Contractor expense (\$27,560) and Staffing expense (\$17,000).

Reserve Study proposed at \$3,050. Last year members received an in-depth Executive Summary which documented in detail the status of our Reserve Fund and the useful life of components related to Reserve funding. This was included in last year's budget at \$2,500. Do we pay for a new Reserve Study every year?

Parks Expense. Repairs to Buildings and Land budgeted at \$6,000 (last year \$1,820). Equipment Repair budgeted at \$2,500 (last year at \$1000). Specifically define proposed expenditure to the repair of buildings, land and equipment.

2. The WRA proposed 2017-18 Budget does not follow WRA accounting guidelines. It should not be approved.

Water fund "profits" are proposed to be used to offset the "deficit" on the Assessment side. This is in violation of the WRA Bylaws. Water Revenue may only be used for Water Expenses per Bylaw 6.8.

The Board needs to apply Assessment Late Charges revenue to the Assessment side. This is not being done in this proposed Budget. In prior years, correct application of these revenues helped prevent dues increases.

For most years the Assessment side has come in under budget through careful management. Last year a \$41,000 metal roof was purchased for the Chalet without any special assessment. This is the result of the good fiscal management by a previous Board with more experienced trustees. This new proposed Budget includes a \$20 per lot increase with virtually no change in expenses.

If this budget is not passed, the previous membership approved budget will remain in effect.

3. Approve a \$36 per lot Special Assessment for Security Patrol

Reason for ballot item: To approve a \$36 per lot Special Assessment of Security Patrol. This would reduce the amount per lot from \$48 to \$36 annually.

Statements in Favor of the Proposal

1. To help offset the proposed increase in HOA dues, the Board recommends the renewal of the Security Patrol assessment, but at reduced rate of \$36 per year, or \$6 per billing period, down from the current assessment of \$48 per year. The Board is using excess Security Patrol funds from 2016-2017 to make up the difference. This will allow the Association to maintain the current level of security in the Rim.

Statements in Opposition to the Proposal

1. Object to decreasing security patrol assessment. Security issues have not improved in the area. This neighborhood is very isolated compared to living within city limits. Recent posts on neighborhood information sites report theft from a yard when the homeowner as present. \$48/year is a very insignificant amount of money to invest in our protection – if anything this assessment should be increased rather than decreased given King County budget restraints. At least for this assessment we are getting something tangible for our money.

4. Approve an increase in Homeowner Association dues per lot to \$100 Annually

Reason for ballot item: To approve an increase in the annual Homeowner Association (HOA) dues from \$80 to \$100 to meet expenses identified in the 2017-2018 budget.

Statements in Favor of the Proposal

1. The Board recommends that the HOA assessment be increased from \$80 to \$100 this year, or \$16.67 per two-month billing period. The dues pay for most aspects of running the Association's business. This increase will allow the Association to continue to make repairs and improvements to Cascade Park, the greenbelt, and the chalet, as well as to support office and park staff and other Association operations. Homeowner dues are extremely low in Wilderness Rim compared to other HOAs. If approved, this would result in an increase from \$15 per lot 50 years ago to \$100 today, or about 566%. During the same period, the rate of inflation increased 632%. If the measure is not approved, the HOA assessment would remain at \$80 annually.
2. I strongly encourage the membership to vote in favor of passing the increase in the HOA dues from \$80 to \$100. The additional funds are necessary to ensure the continued professional and business-like operation of our Board, our office, and our park. Additionally, the dues have not been adjusted in over a decade to keep pace with inflation nor the increasing costs of maintaining of our aging assets.

Statements in Opposition to the Proposal

1. Object to this 25% increase. Please provide members with specific justification for this increase. Your statement: "Expenses identified in the proposed budget" is not an adequate justification for a 25% increase in Association dues.
2. A \$20 Assessment increase cannot be justified. This is a 25% increase in your dues totaling \$13,360 every year from the members with no justifiable reason.

WRA typically comes in under budget on the Assessment side. Over the last three years, a previous Board set aside enough to purchase a \$41,000 metal roof for the Chalet without a Special Assessment. Since then the Board has lost the association an awarded \$1500 King County grant by not completing the Playground Safety Project on time.

Losing \$1500 in free money and then raising homeowner dues is questionable at best.

The only reason the Board has given for the increase is “to meet expenses”. WRA has been meeting comparable expenses for years without this increase. Billing changes are the cause of this proposed shortage in Assessment revenue on this ill-advised proposed Budget. Revising the Budget and billing method will eliminate the need for this dues increase.

It is not whether you or your neighbor can afford an increase, it is whether the Board is using our dues wisely.

5. Approve the expenditure of approximately \$15,000 to assess the feasibility of transferring the Wilderness Rim Association water system to Sallal Water Association

Reason for ballot item: To allow the Board of Trustees to spend up to \$15,000 to assess the feasibility of transferring the Wilderness Rim Association (WRA) water system to Sallal Water Association (Sallal), North Bend, Washington. Sallal supplies potable water to about 1,500 connections serving approximately 5,000 people throughout the service area, including the WRA. Sallal is a non-profit, consumer-owned corporation. In addition to providing water to WRA, Sallal also is responsible for WRA billing.

The feasibility study would include an evaluation of the ability of the Board of Trustees and WRA water system operator to manage the system now and in the future. The study would include an assessment of the WRA water system, including a determination of operating and capital costs, value of the current system, costs for upgrading/replacing the system, and costs to meet regulatory requirements. The Board would consult with an attorney to develop legal agreements and a fair value assessment for the transfer of the system. The Board would also determine the water rate structure and quality of service that would be provided by Sallal to WRA members, and if one or more WRA members would be on the Sallal Board of Trustees. It is possible that the costs of studies and agreements could be reduced by grants provided by the Washington Department of Health.

The Washington Department of Health encourages small water systems, such as the WRA system, to merge with larger systems where it makes sense. Consolidation would reduce administrative costs and take the pressure off the Board to manage the WRA system. It would also reduce or eliminate our liability for system failure. However, WRA would lose control over our water system and may have limited say in the quality of service and maintenance of the system in the future.

If the membership approves studies and agreements to assess the feasibility of transferring the water system, and it is determined by the Board of Trustees that transfer of the water system to Sallal is in the best interest of WRA, a ballot proposal to approve the transfer of the WRA water system to Sallal would likely be put before the membership at the 2018 Annual Meeting.

Statements in Favor of the Proposal

1. Authorizing the \$15,000 expenditure to study the feasibility of water systems consolidation is entirely separate from the actual decision to complete a consolidation. Approval of this line item will allow us to spend the time and money necessary to fully understand the pros and cons, as well as the financial implications associated with making the consolidation happen. Again, approving this item is not agreeing to perform the consolidation, only to gather the necessary information to make a well informed decision in the future.

Statements in Opposition to the Proposal

1. Although in theory I support this initiative, the description for the feasibility study as presented for a vote is inadequate and should be VOTED DOWN until more discussion is held regarding the parameters of the study. What I have learned leads me to believe that the scope of the proposed study is too limited and does not serve our best long-term interest. The membership deserves a more complete assessment of our water options and we deserve to know the full story behind the relationship with Sallal Water.

My position is based upon the following information which came to light during my research this afternoon:

- Sallal Water is currently overcharging Wilderness Rim (and the members of the HOA) by assessing retail rates which are far more costly than wholesale rates Wilderness Rim Association should be paying.
- WRA should obtain independent confirmation regarding comparable rates Sallal Water charges other retail and wholesale customers and make this information available to HOA members as part of the feasibility study. Is this information public and legally available?
- Years ago, Wilderness Rim Association made a significant capital contribution to Sallal Water that enabled Sallal Water to initially tap into the water supplied by Seattle Public Utilities/Chester Morris reservoir. Without the capital contribution from WRA, Sallal Water would not have been established as a water supply source.
- The current source for Sallal Water is 2 deep wells which are fed by seepage from the Chester Morris Reservoir, managed by Seattle Public Utilities. The 2 deep wells are located adjacent to Wilderness Rim within the restricted area governed by Seattle Public Utilities.
- The original infrastructure financed by WRA which linked Sallal Water to the Chester Morris/Seattle Public Utility water supply is still in place and located between Wilderness Rim and Rattlesnake Lake.
- The location for the source of Sallal Water supports the argument that the cost for water supplied to WRA should be much less expensive than we are currently being assessed. WRA paid for a significant portion of the Sallal infrastructure; Sallal has virtually no transportation costs for delivering water to WRA – it's gravity fed. Why are we paying at an increased retail rate?
- WRA members have known (and discussed openly) for some 8-9 years that Sallal Water is over-charging us. During this time, Sallal has increased our rate structure from wholesale to more expensive retail rates. It has even been discussed among members that Sallal Water no longer openly acknowledges the initial capital contribution made by WRA homeowners. Sallal Water has not treated Wilderness Rim Association members fairly and this should be considered before asking homeowners to make a decision to deepen this relationship. I venture to guess that most homeowners have not been HOA members long enough to know the full story without taking significant time and effort to investigate as I did. It is easy to remedy this lack of background information; the issue is about what benefits WRA homeowners and nothing else.

- Although connecting to the Seattle Public Utility main line would certainly involve start-up costs, some of this infrastructure was already established when Wilderness Rim provided the capital contribution to Sallal Water in the first place. Seattle Public Utilities should be investigated as a water supply source for Wilderness Rim. Who would you rely upon to provide water in the case of an emergency – the robust resources available from Seattle Public Utilities or Sallal Water with 1,500 connections? If it is determined that we are being knowingly being overcharged by Sallal year after year after year, at what point would start-up costs associated with Seattle Public Utilities be a better long-term business decision. (Never mind the issue of “biting the hand that feeds you”.)
 - From what I have learned, Sallal Water has not been fair in recent dealings with WRA. All information regarding Sallal Water rates should be verified independently and the facts associated with the full story of this relationship should be made available to our membership prior to moving forward with any decision regarding our water source. The importance cannot be overstated.
 - The feasibility study parameters should be clearly defined to include an assessment of all water supply options BEFORE you ask us vote on spending \$15,000. The feasibility study should be conducted by an independent organization. This is critical information that informs an intelligent vote by members to determine who should provide our water supply. Additionally, the online description justifying the \$15,000 expense seems to include an assessment of data already compiled in last year’s Executive Summary. Please make certain that we are not paying for work already completed. I recommend that the vote to approve a feasibility study be delayed pending a complete and revised description for this proposed expense.
2. The Board is proposing a \$15,000 expenditure to study consolidating the WRA Water System with Sallal Water Association. Sallal will also require a substantial cash payment if consolidation happens. Paying to give away our multi-million dollar water system is a very bad idea for WRA Homeowners.

WRA has successfully managed the WRA Water System for fifty years. WRA members need to continue this long tradition of effective and successful community involvement and service for our mutual benefit.

The current Board has again turned over our financial administration to Sallal. WRA buys our water from Sallal and they clearly have a conflict of interest in regard to what is best for WRA versus what is best for Sallal. Currently a Sallal employee attends every meeting about the WRA Water System and influences our management direction. Members are concerned that this employee is the driving force behind the consolidation proposal. This is another clear conflict of interest.

The only time the Water System Cash Reserve for emergencies and capital improvements was not increased annually was when Sallal was handling our billings and collections.

Members are also concerned that Sallal insists that payments be taken to the Sallal office and not the WRA Office. This in more than an inconvenience, it is a disservice to our members. Payments made in our office need to be applied promptly and efficiently to the member’s account to avoid late charges, not delayed for days for Sallal to apply.

Sallal's system continues to grow outside of the Wilderness Rim area. Each time Sallal has had a growth period their prices to us jumps up. We will be forever tied to their control of our rates if this consolidation goes forward. Sallal ownership of our water system will remove us from the management equation, a fact that doesn't seem to concern some Board members. The relatively low water bills WRA members receive are a direct result of our effective self-management.

This proposal is a losing situation for Wilderness Rim Homeowners and is strongly opposed by some trustees on this Board.

WRA Homeowners deserve better than this. Please vote against the proposed expenditure of \$15,000.

NOMINEE STATEMENT OF QUALIFICATION

Nominees for Board of Trustees

Ryan Fiedler

I joined the board in late 2016 when a number of Board positions suddenly became available. Since then, I have served in the capacity of Trustee and as Treasurer, and I am interested in remaining on the BOT. I believe my professional background as a mechanical engineer and small business owner, as well as holding a Master's Degree in Business, are an asset to the board. I look forward to serving our great community along-side the other wonderful BOT volunteers.

Mike Kenyon

Hello I'm Mike Kenyon. I have been a resident of the Rim since 1989. I volunteered to serve as a Trustee in November 2016. And currently serve as the Water Utilities Chair. I would like to have your vote for Trustee. Thank you.

Nominees for Architectural Review Committee

No Statement of Qualifications submitted

Nominees for Advisory Committee

No Statement of Qualifications submitted

Bylaw Amendment Proposals and Statements in Favor or Against the Proposals

Bylaw Proposals and Statements in Favor of in Opposition to the Proposals

The following provides the Bylaw proposals submitted by the Board of Trustees. These proposals were reviewed, and revised as needed, by the Association attorney. This section also includes statements provided by members in favor or against the proposal. Statements have been provided in full and are numbered in cases where multiple submissions were provided. Members should be aware that statements may contain incorrect information, and represent the opinion of the member submitting the statement, not necessarily that of the Board of Trustees of Wilderness Rim Association.

PROPOSED WRA BYLAW AMENDMENTS:

Bylaw 2.5 (New)

Topic – Legal Expense Control

NEW: Any litigation expenses to defend a lawsuit or a counterclaim brought against WRA or any of its trustees or employees (“WRA”) by a WRA member or Wilderness Rim resident, if voluntarily dismissed or WRA is the substantially prevailing party, shall be awarded against the plaintiff(s) or counterclaimant(s) who filed the action or counterclaim.

Reason for New Bylaw: To allow the WRA to recoup legal expenses.

Statements in Favor of the Proposal

1. We would like to discourage trustees and employees from suing the Association.

Statements in Opposition to the Proposal

1. There is significant risk that this proposed provision could be enforced against WRA if the member is the prevailing party in such a lawsuit, however this is likely to happen in any case because an individual successfully suing a Corporation will most likely be awarded such costs by the court, whether this is an item in our bylaws or not. As it stands, it seems to be a threat by WRA to prevent litigation being brought against it.
2. There is some risk that this provision could be enforced against WRA if the member is the prevailing party in such a lawsuit, however this is likely in any case because an individual successfully suing a Corporation will most likely be awarded such costs by the court.
3. The language of the statement is concerning for the following reasons-
 - a) It does not state that it is limited to business or conflict specifically related to the HOA.
 - b) If one of the parties is a trustee or employee of the WRA and is the prevailing party in a conflict not related to HOA business (property line dispute, etc.) the losing party would have to assume the legal costs of the WRA employee/trustee simply because they are serving in that role.

Bylaw 2.6 (New)

Topic – Legal Expense Control

NEW: Any litigation expenses incurred by WRA in enforcing the Wilderness Rim Restrictive Covenants shall be awarded against the WRA member if found by the court to have violated one or more covenants.

Reason for New Bylaw: To allow the WRA to recoup legal expenses.

Statements in Favor of the Proposal

1. We would like to discourage members from suing the Association. Solving differences of opinion on how to manage WRA should not require legal action.

Statements in Opposition to the Proposal

1. There is some risk that this provision could be enforced against WRA if the member is the prevailing party in such a lawsuit, however this is likely to happen in any case because an individual successfully suing a Corporation will most likely be awarded such costs by the court. As it stands, it seems to be a threat by WRA to prevent litigation being brought against it.

Bylaw # 3.1.1

Topic – Conform with WRA Articles of Incorporation and Washington State Revised Code of Washington (RCW)

CURRENT: The business of WRA shall be managed by the Board of Trustees. The number of trustees who shall manage the corporate business and financial affairs of WRA shall be eleven. The number of trustees of WRA may be changed to any number not less than five nor more than eleven at any meeting of the membership of WRA called for such purpose. Written notice of the proposed change shall be given with the notice of the meeting as set forth in Section 4.2.

PROPOSED: The business of WRA shall be managed by the Board of Trustees. The number of trustees who shall manage the corporate business and financial affairs of WRA shall be ~~nine eleven. The number of trustees of WRA may be changed to any number not less than five nor more than eleven at any meeting of the membership of WRA called for such purpose. Written notice of the proposed change shall be given with the notice of the meeting as set forth in Section 4.2.~~

Reason for Modification: To conform to Article 5.1 of the Articles of Incorporation Wilderness Rim Association.

Statements in Favor of the Proposal

1. This change conforms to Article 5.1 of the Articles of Incorporation Wilderness Rim Association and reduces the number of trustees from 11 to 9. It has been difficult to retain even 5 board members year-over-year. Fewer Board members encourages more direct participation and ownership, makes for easier communication and coordination, and may result in shorter meetings.

Statements in Opposition to the Proposal

1. 11 trustees provide for a better representation of the 623 members that are part of Wilderness Rim than 9 would. Additionally, being a volunteer board means we need more hands to help do the work of the community, and reducing the number of trustees to 9 will not be moving us in the right direction.
2. a. Limits resident involvement by turning away people who may want to be involved. Current BOT has more than 9 members so we will have less people to make the choices for the WRA. More opinion in the decision making is more beneficial. b. Reduces the amount of BOT members (that are not officers) to chair committees. Volunteers are hard enough to get then to limit them will reduce the amount of possible committees to be chaired. c. Do residents really want less people making all the choices?

3. The Bylaw should include the sentences proposed to be deleted. If there are unfilled seats with at least five trustees the Board can still function. If the membership of the Board falls below five the current Bylaws' intent is that the membership should elect a new Board. Leaving this language as it is conforms with the Article referenced in the pro statement. The RCW mentioned provides an opportunity that is counter to good management. The membership voted to change back to 11 trustees within the last few years. More trustees make it easier to carry out the responsibilities of the various committees and meet the needs of the members.

Bylaw # 3.1.2

Topic – Reduce Term and Term Limits

CURRENT: Trustees shall be elected at the annual meeting or elections to serve three-year terms, or until their successors are elected.

PROPOSED: Trustees shall be elected at the annual meeting or elections to serve ~~three-two~~-year terms, or until their successors are elected. **No trustee shall serve for more than seventy-two months in any ten-year period.**

Reason for Modification: Encourage more Board turnover and allow more people to be involved in the Association's governance.

Statements in Favor of the Proposal

1. This proposed change allows more people to be involved in the Association's governance and not put a three-year burden on individual members. This will encourage more participation.

Statements in Opposition to the Proposal

1. What do you do when you run out of members who are willing to serve? How do you run a business when you have no experienced leaders? Any trustee who wants to quit at any point in their term may do so. Members can use the ballot to not vote for someone they think has been on the Board too long. Members may always serve on committees and provide their expertise to the Board.

Bylaw # 3.1.3

Topic – Definition of a Member "in good standing"

CURRENT: Only one person from a membership may be a trustee at any one time. Each trustee shall be a WRA member in good standing and not have been convicted of a felony. A member shall be considered to be "in good standing" if all WRA billings of charges, assessments, and association dues are paid to a current status or payment arrangements have been made with WRA.

PROPOSED: Only one person from a membership may be a trustee at any one time. Each trustee shall be a WRA member in good standing and not have been convicted of a felony. A member shall be ~~considered to be~~ "in good standing" if (a) all WRA billings of charges, assessments, and association dues are paid to a current status or payment arrangements have been made with WRA, (b) ~~the member has not been determined by the Board (after notice and an opportunity for a hearing before the Board) to have violated any rule or bylaw provision of this corporation, and~~ ~~or~~ (c) ~~if~~ the member has not previously been removed from the Board under RCW 64.38.025(5).

Reason for Modification: To provide clarity to the definition of member in good standing and to honor the Association's rules and regulations.

Statements in Favor of the Proposal

1. This proposed change provides clarity concerning the definition of a member in good standing and to honor the Association's rules and regulations.

Statements in Opposition to the Proposal

1. WRA has no mechanism to enforce these changes. This provision modifies the definition of "in good standing" beyond its original intent, allowing for unintentional abuse of member volunteers and discouraging members to step forward and help the Association.

Bylaw # 3.1.14

Topic – Appointment of Trustees to Vacant Positions

CURRENT: In the event a trustee's position becomes vacant, for whatever reason, such position shall be filled by appointment of a member by a majority of the remaining trustees. The person so appointed shall hold the position until the next annual meeting when the position shall be filled by a vote of the membership.

PROPOSED: In the event a trustee's position becomes vacant, for whatever reason, such position shall be filled by appointment of a member by a majority of the remaining trustees. **The Board of Trustees can appoint new members to the Board even when there is less than a quorum.** The person so appointed shall hold the position until the next annual meeting when the position shall be filled by a vote of the membership.

Reason for Modification: To allow the Board to appoint new Trustees even if there is less than a quorum.

Statements in Favor of the Proposal

1. This proposal removes ambiguity within the appointment process and requires WRA to comply with RCWs that allow the Board to appoint new Trustees even if there is less than a quorum.
2. This issue did come up recently, and as a result of lack of clarity regarding whether a quorum was required, the WRA incurred significant legal fees and spent significant time to resolve the question. This amendment will help clarify the rules should a similar situation occur in the future, and is consistent with Washington State Laws and the opinion of our legal counsel.

Statements in Opposition to the Proposal

1. Although the RCW allows this to happen, the intent of the current Bylaw is that the Board is dissolved if fewer than five members are trustees. There could be a case where a majority of the trustees see the best way to stop an out of control Board member is to dissolve the Board and force a new election by the members per our Bylaws. This amendment would allow only one remaining trustee to call for appointment of trustees which allows that person too much control. The members need to elect the Board members in this case.

Bylaw 3.1.18 - New
Topic – Trustee Resignation

NEW: Trustees may resign orally or by submitting a written resignation. In the case of an oral resignation, the resignation becomes irrevocable either upon the entry of the resignation in the meeting minutes or the Board of Trustees sending a confirming written communication to the resigning trustee. No such written confirmation is necessary for a written resignation. An oral resignation, if not entered in the minutes or confirmed in writing by the Board of Trustees, can be rescinded by the trustee. A written resignation is effective upon receipt by the Board of Trustees.

Reason for New Bylaw: To clarify the process for resigning from the Board of Trustees.

Statements in Favor of the Proposal

1. This change clarifies the process for resigning from the Board of Trustees, and brings it into compliance with RCW.
2. This issue also came up recently, and this new bylaw will provide clarity for future situations regarding whether a resignation is valid, and/or what the process to submit a valid resignation is.

Statements in Opposition to the Proposal

1. When a trustee resigns and it is noted in the meeting minutes, their resignation is official regardless of the method of communication. This is an unnecessary amendment.

Bylaw # 3.2.3
Topic – Presence at Meeting for Voting

CURRENT: A trustee must be present at the Board meeting to vote on any issue before the Board.

PROPOSED: A trustee must be present at the Board meeting to vote on any issue before the Board. A trustee that attends the Board meeting via teleconferencing is considered to be present at the meeting for the purpose of voting.

Reason for Modification: To allow trustees to vote at meetings via teleconferencing.

Statements in Favor of the Proposal

1. This proposed change allows trustees to vote at meetings via teleconferencing and comply with the Revised Code of Washington (RCW).
2. This will clarify the process which allows trustees to fully participate in Board activities in the event of occasional personal or business travel. This helps to provide a viable option to participate, even if the volunteers have busy schedules or other commitments that might otherwise prevent good volunteers from participating on the Board of Trustees.

Statements in Opposition to the Proposal

1. Without a limit to the number of meetings at which one may attend electronically we could have meetings with too many trustees not ever actually attending. This bylaw proposal should set guidelines for how often electronic attendance is allowed.

Bylaw # 3.3.6

Topic – Officer Chairing Committee

CURRENT: No officer may chair a standing committee except the treasurer who shall chair the Budget and Finance Committee. No immediate family member or household member of a current officer of the Board of Trustees may chair a standing committee.

PROPOSED: No officer may, **without a co-chair**, chair a standing committee except the treasurer who shall chair the Budget and Finance Committee. No immediate family member or household member of a current officer of the Board of Trustees may, **without a co-chair**, chair a standing committee. **A single WRA membership may not chair or co-chair more than two committees.**

Reason for Modification: Allows Board of Trustee officers, or their immediate family member or household members of a current officer, to co-chair a committee.

Statements in Favor of the Proposal

1. This proposal clarifies an officer may only serve as a Co-Chair when needed for standing committees. We encourage others to serve instead but often there are not enough willing volunteers so we do our best to ensure one membership doesn't have too much control or responsibility.

Statements in Opposition to the Proposal

1. We want more members to be involved and not concentrate authority within certain households. Voting NO on this proposed change prevents one or two board members controlling the activity of the board, which has been a significant problem in the past.

Bylaw 3.3.7 (New)

Topic – Staffing

NEW: WRA Administrative personnel, whether hired or contracted, who work with WRA financial records, shall not:

- be a WRA owner or resident, or
- be an immediate family member of a WRA owner or resident

Reason for New Bylaw: Prevents WRA owners, residents, or their immediate family members from being hired or contracted as administrative personnel if they work on WRA financial records.

Statements in Favor of the Proposal

1. Hiring members and residents for the administrative position isn't a good business practice. It isn't reasonable to expect a member to set aside their personal feelings in favor of the Association as a requirement of the job.

Statements in Opposition to the Proposal

1. This is an unnecessary change proposed by individuals who were removed from the board. Board members, especially the Treasurer, work with financial records as members of the community already. Employees should be hired on their qualifications and not their residence. Employees are already required to sign non-disclosure agreements, and RCW's concerning the misuse of private information are quite robust. The term financial records is also vague. Additionally, a member of our community will likely care more about the quality of their work, because they will better understand the importance it has to the community as a whole.
2. This new proposed by-law does not accomplish any significant gains in transparency, reductions in conflicts of interest, or improvements to the quality of service to the WRA Members or its Board. Additionally, the wording is not clear enough regarding what is considered "work with financial records", thus may be overly restrictive and actually hinder the efficient management of our WRA organization. It should be left up to the discretion of the 11 BOT members who they are going to hire for administration work. It isn't hard to see that quite possibly the best person for the job could come from within the community, and that hiring decision should not be arbitrarily restricted.

Bylaw # 4.3

Topic – Annual Meeting Quorum

CURRENT: At all meetings of the membership and in all elections requiring a vote of the membership, ten percent (10%) of the membership of WRA present, or represented by proxy, by mail, a ballot hand delivered to the WRA office, or by electronic transmission and received prior to such meeting, shall constitute a quorum for the transaction of business set forth in Section 4.6. Only ballot items presented to the membership in the official notice of the meeting may be voted on by mail or by electronic transmission.

PROPOSED: At all meetings of the membership and in all elections requiring a vote of the membership, ~~ten percent (10%) of the membership of WRA present~~ a quorum of the current Board of Trustees and five percent (5%) of the membership of WRA present in person or represented by proxy, by mail, a ballot hand delivered to the WRA office, or by electronic transmission and received prior to such meeting, shall constitute a quorum for the transaction of business as set forth in Section 4.6. Only ballot items presented to the membership in the official notice of the meeting may be voted on by mail or by electronic transmission.

Reason for Modification: Reduces the percent of the membership that must vote for the transaction of business from 10% to 5%.

Statements in Favor of the Proposal

1. This proposed change allows our meetings to be legally binding with fewer members required to attend and may avoid the risk of being unable to conduct business caused by a lack of a quorum.

Requires the board of trustees to be present at membership meetings and lowers the total quorum. This shouldn't be an issue with electronic voting.

Statements in Opposition to the Proposal

1. Strong disagree with reducing the percent of membership required to vote. I agree there is a problem with Annual meeting attendance but this is not the proper way to address the problem. Attending past meetings, I have seen members who were actually "shut down" as they were trying to ask questions or were offering comments not aligned with the officer chairing the meeting. This was shameful and speaks to why we have such a difficult time getting members to WANT to participate. Requiring a 10% member participating in a vote is meager enough, reducing this percentage should not even be considered. Imagine 5% of homeowners be able to make a decision that impact us all. Not acceptable.
2. This proposal creates the opportunity for very few members to make legally binding decisions for all of the membership. Currently, 5% is 32 members. Even at 10% the number is small, but in most recent years our average participation has been around 12% or more. Going lower seems unnecessary. If more opt into electronic voting this will really not be an issue.

Bylaw # 5.2.6

Topic – Advisory Committee

CURRENT: The Advisory Committee to the Board of Trustees:

- shall be composed of at least two but not more than five members elected by the membership at the annual meeting or elections to serve for five years;

PROPOSED: The Advisory Committee to the Board of Trustees:

- shall be composed of at least two but not more than five members elected by the membership at the annual meeting or elections to serve for ~~five~~ **three** years;

Reason for Modification: To make Advisory Committee terms the same as those for the Board of Trustees. This modification would not occur if the following modification, Bylaw 5.2.6, Remove Advisory Committee, passes.

Statements in Favor of the Proposal

No Statements submitted.

Statements in Opposition to the Proposal

1. The term for this committee is longer than for the Board is so that the experienced advisors can overlap from one board cycle to the next. Currently we have a Board with very little experience or understanding of WRA practices or history. This can be very harmful to WRA.

Bylaw # 5.2.6

Topic – Remove Advisory Committee

CURRENT: The Advisory Committee to the Board of Trustees: shall be composed of at least two but not more than five members elected by the membership at the annual meeting or elections to serve for five years; · shall have members who have completed a minimum of three years on the Board of Trustees and have served as an officer for at least one of those years; may have only one person from a membership on the committee at the same time; may have vacancies on the committee filled by appointment by the Board of Trustees to serve only until the next annual meeting or elections when the membership shall elect a replacement committee member; shall not have more than two appointed members at any time; shall not have the president of the Board of Trustees as an ex-officio member of the committee; shall not have a committee member from the same membership as any current trustee; shall be responsible for advising the WRA Board of Trustees about current issues that may be subject to WRA's governing documents and continuing resolutions; shall elect a chair person and determine the committee's meeting schedule; may issue pro and/or con statements to the Board of Trustees, either written or verbally, regarding any topic but shall not have any other influence over the Board of Trustees' decision making process; and shall not be entitled to any budget and serves only in a voluntary capacity.

PROPOSED: ~~The Advisory Committee to the Board of Trustees: shall be composed of at least two but not more than five members elected by the membership at the annual meeting or elections to serve for five years; shall have members who have completed a minimum of three years on the Board of Trustees and have served as an officer for at least one of those years; may have only one person from a membership on the committee at the same time; may have vacancies on the committee filled by appointment by the Board of Trustees to serve only until the next annual meeting or elections when the membership shall elect a replacement committee member; shall not have more than two appointed members at any time; shall not have the president of the Board of Trustees as an ex-officio member of the committee; shall not have a committee member from the same membership as any current trustee; shall be responsible for advising the WRA Board of Trustees about current issues that may be subject to WRA's governing documents and continuing resolutions; shall elect a chair person and determine the committee's meeting schedule; may issue pro and/or con statements to the Board of Trustees, either written or verbally, regarding any topic but shall not have any other influence over the Board of Trustees' decision making process; and shall not be entitled to any budget and serves only in a voluntary capacity.~~

Reason for Modification: To remove overhead cost with an unnecessary committee. Members can advise the board on any issues by attending meetings or communication with the board or submitting membership concerns.

Statements in Favor of the Proposal

1. This proposed change removes potential overhead costs associated with an unnecessary committee. Any member, including those who have previous board experience, can advise the board on any issues by attending committee meetings, attending Board of Trustee meetings, through direct communication with the board or submitting membership concerns.

2. Removal of the Advisory Committee makes sense because there is every avenue available for members to participate and advise the BOT today, without the overhead of a designated committee that only a very select few members even qualify to be on. The advisory committee does not improve the quality or efficiency of the Board of Trustees, and thus should be removed from the Bylaws

Statements in Opposition to the Proposal

1. Strongly disagree. Removing the Advisory Committee places too much power in the hands of the Board.
2. The Advisory Committee has no budget so the reason given is misleading. The Advisory Committee's sole purpose is to support the management processes using the experience and expertise that previous years on the Board have provided certain members who would be elected by the membership (or appointed by the Board) to assist new inexperienced trustees and WRA staff in learning the policies, history and practices of WRA. Many members do not have time to monitor the day to day practices of the Board and having experienced elected members who will act to support their best interests with the Board is reassuring.