



NOTICE

to all members of Lummi Island Scenic Estates Community Club, Inc.

Annual General Meeting

The 2022 LISECC Annual General Meeting will be conducted with a Vote-By-Mail Election Process.

This year's ballot includes votes on:

- *Electing three Board Members*
- *Whether to accept an assessment for the repair and restoration of the LISE clubhouse & deck structure*
- *The proposed 2023 Budget*
- *How to proceed with the financial audit (as required by RCW 64.38.045)*

The first board meeting with announcement of the voting results is scheduled for Saturday, October 29, 2022 at 10:00 am by video conference.

See www.lisecc.com for meeting details.

Vote-By-Mail Ballot Instructions

1. Place your completed ballot in the smaller blank envelope.
2. Place the smaller blank envelope inside the larger exterior envelope (self-addressed stamped envelope included).
3. Complete the back of the larger exterior envelope with your name, lot #, signature, and date and place of signature.
4. Ballots must be mailed to:

LISECC
P.O. Box 131
Lummi Island, WA 98262

In order to be counted, your ballot must be received no later than Thursday, October 27, 2022.

LISECC Bylaw 4.3.3.1.(2)

A member may exercise his or her right to vote by absentee ballot. The absentee ballot shall be the same ballot voted on at the actual meeting and it shall be attached to the notice of the meeting. It shall be constructed to be mailed back in a 2-envelope system, so that the ballot fits confidentially into its own inner sealed envelope, with the outer envelope having the proper signature of the owner with the lot number included.

Upon receipt, the outer envelope information of the absentee ballot shall be logged onto the actual roster used for distributing ballots at the general member meeting, and the inner envelope shall

be placed, without any identifying marks, into a locked box. The inner envelope shall be opened and the contents counted only on the day of the general member meeting and only by the members appointed to count the votes of the attending members. To be valid, the absentee ballot must be received by the Board by the last weekday prior to the meeting for which the voting is to take place. Only one owner per lot (per Article 3.2.3.1.) may vote the ballot and sign the outer envelope. When voting by absentee ballot, the member can vote only on those issues listed on the absentee ballot, excepting write-ins for voting for board members.

2022 Annual General Meeting Ballot Information

In order to provide the membership the opportunity to vote, as required by LISECC bylaws, on measures of importance to the community, the 2022 LISECC Annual General Meeting (AGM) is, once again, being held via mail. This year's ballots will give membership the opportunity to fill three open board positions, vote on whether to approve a one-time assessment to repair and restore the clubhouse foundation and deck structure, vote on the 2023 budget, and vote whether to conduct an audit of the 2022 fiscal year (as required by RCW 64.38.045).

This document provides background information for those votes, including the member bios for the three open positions and the assessment.

Board Member Candidate Statements

DAVID CANTERMAN

Discovering Lummi Island changed my life. In 2014 my wife, Laurie, and I bought our home in Scenic Estates and have enjoyed volunteering for various associations and organizations on the island. Through my recent involvement with the LISE Board committees and projects, I have decided to run for a board position.

I grew up in Pittsburgh, Pennsylvania and studied economics at the University of Pittsburgh. In 1971, I moved to Tucson, AZ where I owned and operated a small group of retail music and video stores for more than 25 years and raised 2 daughters. Moving to San Diego in 2002, I became the Chief Financial Officer of a private lending company, Lantzman Management, which focuses primarily on real estate. I have extensive corporate experience in the collection of delinquent accounts and the liquidation of foreclosed assets.

LISE is entering a critical period in 3 main areas; water, facilities, and delinquent homeowner properties. Currently on the horizon are implementation of a new water system in 2023, the clubhouse restoration, and addressing delinquent property dues. LISE is owed a significant amount of money by delinquent members. By reducing this delinquent balance through effective collections, LISE may be in a better position to fund capital projects without charging assessments to members.

I believe that through my experience, skills and knowledge I can make a valuable contribution to the LISE Board of Directors. Please vote for me.

ISAAC COLGAN

Dear neighbors,

My name is Isaac Colgan, and I'm ready to serve on the Lummi Island Scenic Estates Board of Directors. My wife and I have lived in Scenic Estates full-time for 11 years. After the privilege of working as an employee for over five years, this is an opportunity to continue in volunteer service to our community.

During my employment at Scenic Estates I've worked in every role of our organization: water system operator, Bookkeeper, Corporate Secretary, and Project Manager. I've mowed the lawns, helped with neighbors' broken water lines, and negotiated compliance issues with the State Departments of Health and Ecology. I hold the highest level of waterworks certification on Lummi Island, now operating seven other water systems. This means that I'm fully qualified to assist and train our operations staff, no learning curve needed. I serve on the Lummi Island Fire Department Disaster Preparedness Division and as your Firewise USA Neighborhood Leader. With your support I will bring this robust experience to the Board.

Transparency! We need more daylight on the Scenic Estates decision-making process. I'm advocating for increased communication to you, well in advance of board meetings. As a member, wouldn't it be nice to have access to the board meeting packet? Secret executive sessions have a purpose, but a very limited one - and I'll make sure of it. Financial decisions that raise your dues and fees need community scrutiny, your voice should matter.

I'm not only seeking your vote, I want your advice and perspective. Thank you!

JIM COATS

My name is Jim Coats, and I am running for re-election to the Board of Directors. The past two years have been a wild learning experience--eye-opening at times and exhilarating at others--but always gratifying. We are now embarking on a new phase of Scenic Estates that will shape our community for the next several years. I would like to remain on the Board to help navigate our way through the tasks that lie ahead. Briefly, my background is primarily in advanced secondary education, first as a classroom teacher and later as an administrator. I enjoy working and collaborating with people. Most importantly, I love Lummi Island and our eclectic neighborhood especially.

ROBERT FRIEDMAN

I am interested in a position on the Lummi Island Scenic Estates Board. My wife, Shawn, and I moved into our home on Beach Ave. Memorial Day weekend.

We bought our place on the island, in large part, because Shawn was born on the island, and grew up in the house that is now the Island Library. She attended Beach School, then Ferndale public schools. We have raised three children, who have moved out on their own, leaving us empty nesters.

I'd like to get involved in activities and hopefully, provide the benefits of my educational and professional experience.

After graduating high school in Pittsburgh, PA, I attended the U.S. Naval Academy where I played varsity football for 4 years. After graduation, I was commissioned in the United States Marine Corps, attended Officer Basic School in Quantico, VA, then attended flight training at Whiting Field, FL and Meridian, MS and continued on to MCAS El Toro in Orange County where I learned to fly the F/A-18 Hornet.

I served in various leadership positions during my 21 years of active-duty service. Highlights of my career include three deployments aboard U.S. aircraft carriers. I served as the Commanding Officer of Marine Fighter Attack Squadron-323, the Death Rattlers, and was privileged to lead 220 sailors and Marines. I attended the DoD Top-Level School in Washington, D.C. and served my last two years on active duty at the Pentagon.

I currently work as a Sr. Manager on the Air, Science & Tech team at Amazon, where I lead a cross-functional team of Product Managers.

LISA MACHALSKI

I have been a resident of Lummi Island since 2010. I can't imagine living anywhere else but here and would like to give back to the community, hence why I would like to run for a board position. I am a licensed CPA and a former stockbroker. Professionally, I have owned as well as operated several businesses-internationally, as well as stateside. In my spare time, I enjoy spending time with my husband and my little Papillon, Foukie. I enjoy painting, gardening and genealogy, as well as being an avid reader.

Assessment: Clubhouse Foundation Repair, Deck Structural Update and Drainage Revisions

CLUBHOUSE CONDITION ISSUES

The LISECC Clubhouse is one of the signature properties maintained by our community. Originally built in the late 60's and early 70's, it has served us well for over 50 years. The LISECC Clubhouse has seen celebrations both happy and solemn. It is, along with the Marina, Swim Lake, and Water Treatment and Distribution System, a significant part of the amenities that contribute to the value of every property in the community. The clubhouse alone is estimated to add between 5%-10% to the value of every property in the community.

In order to see it serve the community for another 50 years, it is time to address problems with the foundation, the deck structures and drainage channels on the property.

The problems at the clubhouse were presented to the board by a community member, Jeremy Wolf, VP GeoTest Services, in 2020. His initial report outlined problems with shoreline erosion and foundation issues and suggested that they will need to be addressed within a relatively short time frame. Subsequent to his report, LISE had an analysis performed by Coastal Geologic Services (CGS) to determine the feasibility of maintaining and repairing the clubhouse foundation issues. Their report can be found on the LISE website at www.lisecc.com/news/clubhouse-geologic-analysis-2022-02. In order to determine the possibility of repairing the foundation, King Structural Engineering was contacted to determine what could be done to bring the foundation to the state that it would serve us into the future. Their report, available at www.lisecc.com/news/clubhouse-foundation-study-2022-05, also points out the structural deficiencies in our existing decks. The report has led to the closing of the east side decks during clubhouse use.

The drainage issues involve drainage channels from Beach Ave., down the slope to the collection culvert in the parking area. This water is channeled through a culvert under the edge of the paved parking area and out to the slope above the east shore. We are advised that the culvert needs to be larger to handle the increased volumes of water produced by climate changes we're experiencing.

THE PLAN AND COSTS

The board has identified costs associated with renovation and repair construction:

- | | |
|-------------------------------------|-----------|
| • Foundation renovations and repair | \$141,500 |
| • Deck renovations | \$75,000 |
| • Culvert/Drainage renovations | \$10,000 |
| • Engineering and Permitting | \$20,000 |
| • Contingency (roughly 10%) | \$25,000 |

TOTAL ANTICIPATED COST **\$271,500**

FUNDING THE PROJECT

The board has come to the conclusion that the best way to address the Clubhouse deficiencies is through an approved Assessment to fund the renovations. The board is proposing a one-year assessment of \$612.00 per lot based on 444 total lots subject to the assessment. Per the governing documents, owners with multiple lots are assessed per lot owned, whether or not they are bound together for dues relief or with the county.

For those members requiring a longer payback period, the Assessment may be paid over a two year period by formally contacting the LISE office to request the change.

This is a critical issue. For that reason, the governing documents require any assessment to be voted on by the membership.

Additional Items Found on the 2022 AGM Ballot

2023 BUDGET AND DUES:

- The proposed budget will increase dues from \$660 to \$866 per lot having a total income of \$539,284 and expenses of \$539,284.

AUDIT OF FINANCIAL STATEMENTS FOR THE 2022 FISCAL YEAR:

- The board is recommending an audit for the 2022 fiscal year.

Administration Chair Report-(Jim Coats, administration.chair@lisecc.com)

The Administrative Director of the LISECC Board of Directors has two major responsibilities. The first is to be as familiar as possible with our governing documents. Even if one doesn't know an answer right off the bat, he or she should know where to look or whom to ask. The second responsibility is to write clear and accurate additions, amendments, and revisions to these documents when called on to do so. They must be clear in intent and language, and in many cases, they must reflect the state and local laws that govern a given area. Every change, even to correct a "scrivener's error," goes through Administration. In light of these fundamental responsibilities, it has been a busy year for the Administrative branch of the Board of Directors.

The year started out with wrapping up the language codifying the Sanitary Control Area around our lakes. The Department of Health mandates that the areas surrounding our water source be kept as free from contaminants as possible. The language in Rule 5.4.5 now spells out the controls that members and visitors must observe to better guarantee the quality of our drinking water.

This was also the year for staffing. The first task was to convert all of our job descriptions into the language and format of our governing documents. With these descriptions in place, we were able to bring in two new employees and fill the General Manager position. We are now set to meet present and future challenges.

As head of the Marina Committee, I was involved in updating the rules and regulations relating to the docks and marina area. The intent of this committee was to ensure that all members have more equitable access to enjoy the marina area. With the input from this committee and from the Board of Directors, we amended the rules in Section 5, on our website, and on the signage in the marina area. The updated rules seem to have had a positive result in that we have observed few egregious transgressions this season. A disabled fishing boat took safe harbor at our dock for a few days, but the captain was fastidious in getting under way again. My apologies to anyone inconvenienced by his presence. On a different note, the Board authorized a crab research group to monitor Dungeness crab larvae from our dock. They deployed a five-gallon collection station in a manner that had no impact on mooring. In our own little way, we're helping to protect the future of our crabs. Keep Lummi crabby!

Two animal-related items took center stage during the summer. A Dog Committee was formed to address the large amount of dog mess left along the edges of our streets. The subsequent discussions and forum resulted in some very clever strategies to mitigate the problem and in the expansion of the rules governing pet ownership and leash laws in Section 5. The second animal-related item was a bit more acrimonious, as it centered on the feeding of deer and raccoons. Sentiments ran high enough for the Board to mail out an opinion poll to all voters. The final decision of the Board was to create Policy #23, a new policy that strongly discourages the feeding of deer and raccoons.

An ongoing project that began with the 2018-2020 Board continued throughout this year. A complete restatement and emendation of our existing bylaws was drafted in 2020. Since then an enormous amount of time has gone into correlating the contents of our existing bylaws with the contents of the proposed set. This endeavor has necessitated a close study of the Revised Code of Washington that governs Home Owner Associations, RCW 64.90. The Bylaws Committee, along with other members and legal counsel, has prepared an excellent comparison document that will be shared with the community as soon as we can iron out the procedures to do so. We have more work to do in this area, but we are almost there.

This has been a somewhat chronological recounting of items requiring the direct involvement of the Administrative Director. Personally, I have gained a tremendous amount of knowledge in ownership law. It's an area that I once found distastefully boring but now find it strangely compelling. I am also acutely aware of Alexander Pope's maxim, "A little learning is a dangerous thing. . .," and I will continue to be a student of HOA law as long as I am on the Board.

Communications and Planning Chair Report-(Jeff Smith, secretary@lisecc.com)

In the last 5 years I've served on the LISECC Board, 2021-2022 has been one of the busiest in terms of the issues addressed and the actions taken by the board.

The board moved to fill the long dormant position of General Manager on our staff. After soliciting candidates and holding interviews, the board was delighted to announce that the position was accepted by Allison Cash. LISE had earlier added to our operations staff with the hiring of Nick Kluge to fill the entry-level position. With the subsequent resignation of our project manager, Nick accepted the move to full time and the part-time entry-level position has been filled by Justin Swaen. If you see them in your neck of the woods, introduce yourself and welcome them all on board. We are very lucky to have staff that is committed to working hard to maintain our community and all its assets for the benefit of all.

This year also saw a renewed emphasis on the use of committees to help the board gather information and formulate the basis for policies and action going forward. This is a trend that the board has welcomed and I, for one, hope will continue and develop even more in the future.

- The Marina Committee was active with new marina rules and making sure current rules are being followed.

- A Dog Committee helped promote new regulations regarding pets and their waste products. A competition resulted in the design and preparation of several dog waste bag dispensers that will soon grace our roadsides making cleaning up after your pets a little easier.
- The Bylaw Committee met to address replacing the antiquated bylaw section of our current governing documents with a newly drafted replacement endorsed by the lawyer retained by LISE and conforming to the new state law that has been in effect since 2017. This project has been underway for five years now and will be addressed again.

The year also saw the new Policy 23 added to section 7 of our governing documents on the feeding of deer and raccoons. This is noteworthy because of the means the board chose to determine community wishes with regard to this potentially contentious issue. A community forum soliciting information pro and con on the issue was further supported by a member mail-in survey that resulted in a near-record number of responses. Because of the return and the data we received, the wishes of the community were heard loud and clear.

In all, this year has been a milestone for community involvement in all aspects of keeping LISE a well-maintained community we can all take pride in. Thank you one and all for your attention and willingness to participate.

Finance Chair Report-(William Enoch, *treasurer@lisecc.com*)

It's been a year of financial change for Scenic Estates.

- **Dues:** While LISE operations have adhered closely to budget, future dues are proposed to increase significantly due to two factors. Staffing, as the primary cost of operations, is subject to inflationary increases and restructuring. The other cause of the proposed dues increase is an additional contribution to the Reserve in anticipation of future dock work at the marina.
- **Water Rates:** New water rates were implemented last January that fully support the cost of producing and delivering water, costs that were previously also paid by members with no water connection. Offset by a reduction in current dues, new rates had no net effect on total LISE revenue and have been found to closely match the cost of producing water, thereby meeting the policy goals.
- **Proposed Assessment:** Lastly, while the Reserve has long planned for Clubhouse restoration, the deterioration of the foundation has occurred more quickly than expected and will be more expensive to repair than the Reserve anticipated. Consequently, the membership is being asked to approve an assessment to fund the repairs.

Operations Chair Report-(Tim Robison, *operations.chair@lisecc.com*)

It has been a challenging year as we begin to address important infrastructure and operations issues and recognize that our aging infrastructure must be addressed for the good of us all.

Leakage rate from our water distribution system has been reduced thanks to the efforts of the operations staff, but remain a serious issue. Much of our system consists of old cement AC pipes which are prone to cracking as they age and tree roots are a particular problem. Even newer PVC pipes are subject to damage. The Board has invested in a new high tech leak detection instrument from Subsurface that will help locate large and small leaks much faster.

Water quality testing is continuing and looks at what is occurring with nutrients and chlorophyll in our reservoir. Over time, this brings understanding of the natural process and of algae growth and its effect on the problematic turbidity that have affected our water system. Wilson Engineering has completed the Water Capacity Analysis, which is not only a required step on the way to the new Water Treatment Plant, but also shows that our system can support a substantial number of new connections for members wanting to build new houses. Initial discussions have begun with Wilson Engineering on the design phase for our new membrane based treatment plant. It is expected that design work will be completed next year.

New staff and organization have brought important skills and new enthusiasm in support of the Scenic Estates community. We have a great team working together, which includes: Allison Cash, General Manager, Kevin Southworth, Operations Manager, Nick Kluge, Assistant Operations Manager, and Justin Swaen, Part-Time Operations Staff. In addition to running the water treatment plant, staff have shown themselves able to take on repair and maintenance work extending the life on important assets such as our truck and backup generator.

Clark Circle, a community road, is a significant issue with the County Fire Marshal requiring Scenic Estates to make the road accessible for emergency vehicles. Modifications to the original road have been engineered, and we are diligently pursuing the completion of the required work. Affected property owners are cooperating, but there are significant issues to address, not the least of which is County permitting.

A major effort was addressing critical issues with the clubhouse. Based on the analysis from Jeremy Wolf, it was clear the situation had to be addressed. The board agreed to proceed with a review by Coastal Geologic to get an understanding of the actual geology we were dealing with and the soundness of the clubhouse foundation. Additionally, Kingworks Engineering provided an on-site feasibility analysis. Kingworks proposed a permanent fix to the clubhouse foundation and an equally important fix to the deck structure and its supports, which will prolong the life of the clubhouse and provide seismic retrofit, as well.

Our water system and the great amenities of Scenic Estates continue to serve the membership well, but need continued vigilance and investment.