

**Meeting Minutes for Open Meeting of the Board of Directors
of Sahhali South Homeowners Association**

2150 NE Oar Place
Lincoln City, OR 97367

May 13, 2022 / Immediately Following Special Meeting of the Sahhali South HOA

Prior to the meeting being called to order, Mr. Foran, proxy holder and attorney representing certain members of the HOA, requested an open forum for the homeowners. Mr. Boyles agreed.

Mr. Boyles called Open meeting to order at 2:13pm.

Board members present:

Richard Boyles, President
Patti Lundeen, Secretary

Other Attendees:

21 Lots represented

Homeowners present (8): Heidi Heidenreich, Lisa Bentsen, Anthony Ryan, Boyce Heidenreich (2 lots), Todd Karakashian & Paul Fukui (1 lot), Pam Johnson, Wyatt & Linda Angelo (1 lot).

Proxies 13 attached: Brenda Freshman (2 lots), Bari and Trina Johnson (1 lot), Merrill & Elynor McPeak (1 lot), Jiri Vitek (1 lot), Christine Hauptmann (1 lot), Peter & Stephanie Sammons (1 lot), Christopher & Christine Diani (1 lot), James & Peggy Richards (1 lot), Katherine Hammack (1 lot), Ronald & Kathleen Clark (1 lot), Ron & Lynell Bohr (1 lot).

Boyce Heidenreich granted one (1) proxy to Mr. Foran, attorney for homeowners is present.

Proof of Notice of meeting was presented for viewing.

Certification of Meeting Notice attached

Open Board Meeting Agenda attached

Mr. Boyles provided time for an Open Forum that began 2:17pm

Roll call of Board Members acknowledged

Richard Boyles – President
Patti Lundeen – Secretary
Todd Gray – CFO (deceased, March 9, 2022)

Mr. Boyles stated that he has not yet made an appointment to fill the vacancy in the third Director seat on the Board to replace Mr. Gray who recently died. Mr. Boyles indicated that the Board is allowed to operate with two members of the Board present.

Mr. Foran's inquired about Mr. Gray's passing and the open seat. Mr. Boyles indicated that Declarant intends to address the open seat and he has a thought on this position that he will share later.

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New Business: Bylaws

Mr. Boyles reported that the current Bylaws under which the HOA has been operating are not recorded. The Bylaws can be recorded as they are, or they can be revised to meet the ORS (Oregon Revised Statutes) requirements prior to recording. Mr. Boyles indicated that he would like to work with his attorney, along with Mr. Foran to revise the CC&Rs and Bylaws to be consistent with one another and consistent with ORS requirements, with the resulting Bylaws to be recorded and the amended CC&Rs to be adopted by HOA. Mr. Boyles' best estimate for completion is 60 days. Support was expressed for the approach outlined by Mr. Boyles to revise the governing documents to meet the current ORS, including HB 2534. Estimated completion is 60 days. With Mr. Foran's review and approval, the governing documents will be recorded, along with a Declaration of Compliance to be completed no later than December 31, 2022.

County Application - Mr. Heidenreich spoke and expressed the concern, on behalf of the homeowners, about how the lots in the application are to be built out and the setback adjustments. Mr. Heidenreich expressed the replat application was a surprise and overwhelming to the homeowners, as they were not notified from the Declarant prior to learning of this application from the county. Mr. Heidenreich expressed that they are a community that cares about the character of the community and how the development is built out that is consistent with the CCR's. Mr. Heidenreich states that the homeowners want to work together with Declarant with honesty and with integrity to meet each other's objectives.

Mr. Boyles expressed that it is his goal to proceed together in a transparent and honest direction. The conclusion is that the Board and the homeowners want to work together for their mutual best interest.

Mr. Boyles stated that one of the ways to go forward together is to take this opportunity to appoint one of the homeowners as a Director to fill the vacant third seat on the Board. Mr. Boyles is interested in appointing an individual to work with productively for the best interest of Declarant and the Sahhali South community.

Mr. Boyles expressed his appreciation with the approach and past communications with Mr. Heidenreich and offered to appoint Mr. Heidenreich to the third Director seat. Mr. Heidenreich responded that he would consider the appointment. Mr. Boyles stated that he is interested in building trust with the homeowners and looks forward to receiving Mr. Heidenreich acceptance.

Mr. Boyles stated that all pending sale contracts included the contingency that allowed seller or the buyer to terminate the contracts if the replat application was not approved. The real estate agent for Declarant has been directed by Declarant to terminate these contracts at this time pursuant to the contingency.

Ms. Lundeen was asked to confirm the following lot information:

- 1) Were lots 30/31 supposed to be listed in replating application? Please confirm.
- 2) Lot 48a & 48b were originally one lot, county plat map recently pulled up indicates one lot. Confirm partition.

Mr. Boyles re-visited the history of Sahhali Shores and Sahhali South and Butterfield. He expressed the market change with reference to the townhome market demand that existed in 2008. He stated that he has been unsuccessful in his search for builders who would build out the development as townhomes. Ms. Lundeen stated that she had been actively involved with this search as well and it is challenging to find a builder that is interested in building townhomes. The local builders interested in working on building out the development are interested in single family homes.

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Mr. Boyles expressed that he is interested in re-configuring the lots that are on the east side of Proposal Point so that they have a more direct orientation to the street. The purpose is to address buildability and market interest in these lots. These lots would likely be the subject of a new application to Tillamook County proposing re-configuration.

Mr. Boyles expressed his continued desire to reconfigure lots 46, 47 and 48 as proposed in the withdrawn land use application. It was expressed and agreed by the homeowners that the proposed reconfiguration of lot 46, 47 and 48 was not a concern for the homeowners.

Mr. Boyles indicated that he would seek the support of homeowners prior to making any proposal to develop the “Open Space” and further indicated that he had no current plan to make such a proposal.

The Proposed new trail from Pelican Point – Mr. Boyles described Declarant’s interest in constructing a new trail from Pelican Point Drive to connect with the existing community trail system. He stated that if constructed, the trail would be built at Declarant’s expense. The maintenance expense would be a common area expense of the Association. Mr. Boyles reported that a Wetland Delineation Report had been prepared (by EVREN Northwest, Inc.) at Declarant’s expense. The report was submitted to DSL, reviewed, and approved. The Wetland Delineation Report will be uploaded to the Sahhali South website for owner access.

Wetlands Delineation Reports

Mr. Boyles reported that Declarant commissioned a Wetland Delineation Report (separate from the above) in conjunction with the land use application to Tillamook County. It has been completed and submitted to DSL for review. The estimated time to complete review is three to four months. The wetlands report submitted to DSL shows that none of the proposals made by Declarant were within wetland areas.

Mr. Boyles indicated that in the future he may consider a donation of the wetlands at Sahhali South to the Department of the Interior as the wetlands to the north (Sahhali Shores) were donated to the Department of Interior to help preserve the wetlands permanently. Mr. Boyles would support a donation to the Department of the Interior only if he can secure access rights across the existing trail and bridge for the benefit of Sahhali South HOA.

Architectural Review Board:

Currently, Mr. Boyles and Mrs. Lundeen are the members of the ARB. There is one open seat. The ARB reviews development applications as required by the CCR’s. Homeowners expressed that they want to make sure that the CCR’s are followed and that a Declarant-controlled ARB does not act arbitrarily to the advantage of Declarant. Mr. Boyles suggested that a member of the HOA could be appointed to serve on the ARB.

Mr. Foran pointed out that the CCR’s states that the Board serves as the ARB. He pointed out that the consequence of the Board serving as the ARB is that every ARB meeting is a de-facto Board Meeting, requiring notice and that meetings be open to the homeowners. Mr. Foran observed that because of these requirements there may be a challenge to timely and efficient processing of requests to the ARB.

3 a. Presentation of Financial Statements for 2021.

The 2021 financial statements were presented to the HOA members and questions from the audience addressed. Mr. Boyles moved that the financial statements for 2021 be approved. Ms. Lundeen seconded. The motion passed unanimously.

3b. Presentation and adoption of the Budget for 2022.

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Four budgets are presented, explained and discussed, with owner questions posed and addressed:
Two (2) Operating budgets, one (1) common area maintenance and one (1) for the Step System.
Two (2) Reserve budgets, one (1) common area maintenance and one (1) for the Step System.

Mr. Boyles moved that all budgets be approved as presented. Ms. Lundeen seconded the motion. The motion passed unanimously.

In response to a question from Mr. Heidenreich, Mr. Boyles stated that when the turnover meeting occurs it is his intent that the Association will not be left with any debt, including any debt owed by the Association to Declarant. Mr. Boyles stated that there were Notes granted by the Association to the Declarant, but that these Notes were forgiven at the end of 2021. Mr. Boyles also said it is his intent to pay all assessments for Declarant-owned Lots going forward.

3c. Presentation and Adoption of Rules and Regulations for Sahhali South HOA.

The rules and regulations of Sahhali South HOA were presented to the Board. Mr. Boyles moved that the rules and regulations be approved as written. Ms. Lundeen seconded the motion. The motion passed unanimously. The board discussed its desire to update the rules and regulations to provide for more robust enforcement mechanisms. This will be reviewed by legal counsel in conjunction with the other governing documents.

Closing comments:

Homeowners expressed their appreciation for the meeting. Mr. Boyles expressed his regret for the circumstances that brought the Declarant and HOA members into conflict. He reiterated that the Board would hold annual meetings to conduct required business and expressed an intent to communicate more frequently on matters of interest to the HOA.

Meeting Adjourned by Mr. Boyles at 3:44pm.