

**LAKE MOOVALYA KEYS II  
Annual Meeting**

**May 24, 2014 – 9:00 A.M.  
Christ's Church on the River  
9098 Riverside Drive  
Parker, AZ 85344**

**CALL TO ORDER**

President John Mihelich called the Annual Meeting of Lake Moovalya Keys II to order at 9:05 a.m.

**PRESENT**

*President:* John Mihelich (1/67)  
*Secretary/Treasurer:* Stefanie Hartnell (38)  
*Board Member:* Robert Gory (71/72)

**ABSENT**

*Vice President:* Todd Cramer (25/26)

**OTHERS PRESENT**

*Recording Secretary/Bookkeeper:* Sue Thomson

**PROPERTY OWNERS  
PRESENT**

Charles Baker (39), Robert Boyce (8), Ed Brencic & Cheryl Samuelson (12), Ket Furnell (62), Richard Hammond (14), Janice Herrick (16/17), Robert Johnson (47), Dave Judy (55), Pamela Leggett (9), Laurie Lotka (57), Edith Mansfield (3), Charles Monroe (7), Mo Pack's son (19), Betty Ockershausen (56), Mary Peppmuller (49), Gary Svider (23/24), Gary Waid (20), Karen Ward (43), Heather Wilson (58) and Wendy Wynkoop (28)

**FINANCIAL REPORTS**

Ms. Thomson read the 2013 Income & Expense report and reported the 1/1/13, 12/31/13 and current bank balances.

**CALL TO PUBLIC**

Ms. Ockershausen asked why we don't have secret ballots. After some discussion, *Ms. Ockershausen made a motion that we utilize secret ballots in the future for Board of Directors elections. Mr. Mihelich seconded the motion and the motion carried unanimously.*

Ms. Wynkoop asked about what the process is for replacing Board members mid-year. Mr. Mihelich said that because Mr. Lotka resigned only recently, the Board decided to wait until the Annual Meeting to fill that vacancy.

**PROJECTS**

Street Maintenance – None done in the last twelve months.

Beach – Bob Johnson repaired the beach stairs. We will be turning the sand soon at a cost of between \$400 and \$500. Concrete has loosened at the gate so that underlying rebar is posing a safety hazard, and that will be repaired.

CC&R's – Mr. Mihelich read the current approval/disapproval count for the revised CC&R's. We currently have 49 YES votes, 3 NO votes and 22 uncommitted. Mr. Mihelich requested those who have not committed to please state their issues with the CC&R's so we can address them in the hopes of getting a new set of CC&R's approved to replace the almost 40-year old CC&R'S, or in the alternative, if they don't want to vote YES, then they should vote NO.

Cheryl Samuelson, on behalf of several owners who have yet to vote, addressed three important points:

1. *Conflict of Interest. AZ Revised Statutes 33-1811 BOARD OF DIRECTORS; CONTRACTS; CONFLICTS. This is a indeed a State Law but since most members will not be referencing the Arizona Revised Statutes for this law but our CC&Rs we think it is an important enough issue to be spelled out in our document. It might be paraphrased on Page 9 under 4.4 Board of Directors in accordance with Arizona Revised Statutes 33-1811*
2. *Design Review Committee Page 24 under ARCHITECTURAL CONTROL. There are currently 3 pages on this. Who amongst us in Keys II really wants such intrusive control over lives and homes by a Design Review Committee? For that matter...who amongst us wants that much power and control over what our friends and neighbors choose to do? **Let's have our CC&Rs direct our Design Review Committee to simply defer to La Paz County Code 11.2.4** which states "Must comply with La Paz County building standards and requirements and be in harmony with external design of surrounding structures and topography."*
3. *Managing Agent Page 12 4.14. We understand Managing Agent is the "language of the day" and have been told must be included in our document. As it stands right now a simple Board has the power to hire this potentially expensive and controversial Managing Agent. We believe that since this would significantly change the nature of our association and how it is run this decision should require the **approval** of 2/3 of the membership should the Board approve this. Absentee ballots or email ballots of course.*

Mr. Mihelich said that in the regard to conflict of interest in item 1 above, we are already compelled to comply with Arizona statutes, and repeating the law in the CC&R's is unnecessary, except a statement that they cover them.

Mr. Brencic said he is opposed to a Design Committee. Ms. Leggett said she is intimidated by all the name calling and insults, and she doesn't want the Board intruding upon her property.

Mr. Mihelich said the only unresolved issues that he's aware of are these three issues (above), which are being discussed. Regarding *Managing Agent*, Mr. Mihelich said that nobody wants to be on the Board, and if it so happens that we don't have a Board at some point, we need to be able to hire a Managing Agent to pay bills and handle the banking.

Mr. Baker said that if you go by Mr. Brencic's proposal about the Association only being bound by County regulations, one could end up with a building height of greater than 28'. Mr. Gory said that under the same scenario of our not having any regulations, we would also have to abide by any changes the County might make, which might not be in the Association's best interest. Mr. Mihelich said the Board should be indemnified if the three pages are removed. Ms. Leggett is also opposed to a Design Committee, and Mr. Mihelich said he would be okay with no Design Committee if the Board is held harmless.

Mr. Mihelich talked about the possibility of the County taking over the streets. Mr. Gory said that if they do and the street level goes up in elevation, the water will flow to the houses, and engineering and a retention pond would be needed which would cost between \$300,000 and \$500,000, and there is no room for a retention pond in the development.

Ms. Leggett said that some people don't like change, and yes we need to update our CC&R's to cover our liability, but unnecessary pressure from the Board results in bad feelings.

Ms. Hartnell and Ms. Furnell both said that if the three pages of the Design Review Committee language described in item 2 above are taken out of the CC&R's draft, they will both rescind their YES votes to approve them. Mr. Mihelich said the Board would be glad to turn over the duties of the Design Review Committee to non-Board members.

Ms. Leggett asked whose rules prevail, the County's or our CC&R's, and Ms. Hartnell and Mr. Gory replied that the CC&R's prevail, whichever is more stringent. Even if the County approves a plan, it can't happen until the Association approves it according to its regulations. Conversely, if the Association approves something that doesn't comply with County regulations, County regulations would have to be followed.

Ms. Wynkoop asked what our height limit is, and Mr. Gory said one can obtain a County variance, but the Board can reject the variance. Or, Mr. Mihelich said the Design Review Committee can decide. Mr. Svider said that the Lot 21 house is over 30' tall. Mr. Mihelich said that the height on that house is 28'. Mr. Gory said height is measured with a laser from the middle of the street. Mr. Mihelich said he is not interested in dictating the Design Review Committee, and that Ms. Wynkoop could serve on the Committee.

Mr. Mihelich said that we are going to amend items 1 and 3 (referenced on page 2). Ms. Samuelson said we could just deal with the height issue, but the three pages in question are a stumbling block. Mr. Mihelich said that the Design Review Committee helps preserve property values for our heirs. Ms. Hartnell pointed out that there are still some vacant lots yet to be built out.

Mr. Mihelich said we want to know what the non-voters have a problem with; that it is okay to vote NO with some explanations, but there is apathy on the part of those who haven't voted at all. He sent out 24 letters asking those people who haven't voted to either vote "YES" or X out the Certificate page and mark it with a "NO". He got nothing back from anyone.

There was a homeowner question about the Power of Attorney clause. Mr. Mihelich explained that this would refer to, for example, the two trees in the common areas, which trees have no value to the Association, and under the Power of Attorney clause, the Board could turn over those trees to the property owners where the trees are located, if it didn't want to deal with the trees. That would be just an example of the use of the Power of Attorney.

Mr. Gory said that, in the absence of a Managing Agent should there be no Board, the corporate officers would run the day-to-day corporate business.

Mr. Mihelich said he hasn't taken any security deposits from anyone, even though the \$750 deposit policy still applies. He said he would collect any damages from the homeowner should there be any damage repair or clean up needed.

Mr. Mihelich clarified the prohibition of business operations within the Association; that home office activities are allowed, since they are not considered "business operations". It's commercial operations that are prohibited.

Ms. Wynkoop asked about setting rules, and Mr. Mihelich said that once the CC&R's are approved, we can start working on establishing rules. Regarding street striping, he said we will not be striping the streets.

## **ELECTION OF BOARD OF DIRECTORS**

Ms. Thomson read the ballot results in order of number of votes received, and the following five were elected to the new Board of Directors: Stefanie Hartnell, Todd Cramer, Bob Gory, John Mihelich & Chuck Baker.

Mr. Mihelich said we are going to keep trying to get the CC&R's approved, proposing to owners that we incorporate the suggestions in items 1 and 2 referenced above.

## **ADJOURNMENT**

The meeting adjourned at 10:30 a.m.  
Submitted by Recording Secretary, Sue Thomson