

SCHOA Board Meeting Minutes for Thursday, February 13, 2020, 7:00 pm

Totem Falls Elementary Library

Members in attendance: Rick Keyes, Abbie Long, Kerri Newby, Desiree and Justin Lothyan, Denae Bastian, Phil Bastian, David Strasser, Tami Zevenbergen, Anthony Rudolph, Michelle Haneberg

Meeting called to order at 7:04 pm. All three board members were in attendance, so a quorum was reached. No executive session was needed.

Michelle Haneberg motioned to approve the meeting minutes from the January 9, 2020 meeting; Anthony seconded the motion. The motion carried 3-0.

Anthony Rudolph gave a financial update for Jan. 9-Feb. 12:

Reserves:	\$4,000.00
Amazon (envelopes)	\$39.18
Avalon (waterfall)	\$276.00
Armer Treecare	\$539.00
PUD	\$158.09
Archey's Landscaping	\$4347.00
Checking total	\$69,028.28
Savings	\$55,961.43

Abbie Long asked how many homeowners have not paid their dues. The number is approximately 20.

Anthony Rudolph reviewed the proposed budget for 2020. It is a tight budget. There is some money for the lighting & sign project at the waterfall entrance, but not much wiggle room outside of that. The board has increased the budget for attorney fees to \$10000 given the attorney review and necessary additional steps we will not need to take with addendum recording. Tami Zevenbergen discussed the reserve study, providing an overview on how it might impact dues in the future. (attachment below). The FULL study will be shared on the SCHOA website.

Tami Zevenbergen motioned to accept the proposed budget for 2020. Anthony seconded and the motion was approved 3-0.

Phil Bastian gave a revision team update. He has spoken with Brett Ward, our insurance agent, who is very familiar with the new HOA statute, to get his input on best practices for our new documents. Brett had some very good input and Phil made some changes based on his input.

Tami Zevenbergen shared that at the previous Board meeting, though differing in opinions, the board agreed to sit down with Phil and find an amicable solution for moving forward. The Board met with Phil to discuss their choice to hire CLG to complete a secondary review of the documents. Phil was not comfortable sharing his documents with CLG, so the board and Phil agreed to reach out to Gary Ackerman, who helped in drafting some of the new WUCIOA law. Unfortunately, Gary Ackerman had retired, letting his law license expire since Tami had last spoken to him. Terry Leahy with Leahy, Fjelstad, Peryea was the new proposed solution as they are also specialized in HOAs. The board had an extensive phone call with him and were impressed. He was extremely knowledgeable. Admittedly, he has never drafted documents based on the new law because not many do it, or brand new developments have already had them drafted to comply. During our conversation we also discovered a few items that we will need to address at greater length before proceeding with the actual document review. Two of the addendums that were drafted and voted on in 2015 were never recorded with the county, making those items unenforceable until they are. There is also mixed opinion in regard to whether or not we are required to have homeowners “opt-in” to comply with the new law. These are items that we will need to determine how to address as soon as possible.

Tami Zevenbergen motioned to hire Terry Leahy with Leahy, Fjelstad & Peryea to assist us with the documents project. Seconded by Anthony. The motion carried 3-0.

Michelle Haneberg motioned to accept the updated fine schedule that was mailed out. Tami seconded it. The motion carried 3-0.

There was a report from some members of the election committee. They had several suggestions to improve the election process; 2 votes from one address canceling each other out, tie breaker with a coin flip, prohibitions on having proxies and who should be allowed to collect them. There were some concerns that some of the proposals were not legal or viable; but all great and thoughtful suggestions nonetheless.

The meeting adjourned at 8:55 pm.

RESERVE STUDY - BUDGET IMPACT

How might this affect you?

This is based on the current proposed budget and current investment in reserves. Assumption that board is able to collect 97% of dues. We currently put \$24,000/year in reserves. Our budget for extra allowances and carry over is pretty low.

Reserve Study expectation is to adequately fund 'future' expense for the next 30 years. Takes into consideration 1% interest and 3% inflation rate on goods and services. Reserve amount would fluctuate with expenses year over year, but as calculated, would keep us funded as indicated.

We are currently 39% FUNDED

0-30% Funding = LOW

30-70% Funding = FAIR

70-100% Funding = GOOD

MINIMUM BASELINE FUNDING (as recommended by RSG in Reserve Study)

If we were to start NOW. Would need to increase dues **~2.28%** to get us there in 30 years.

2.28% of \$375.00 = **\$10.57 dues increase per unit / year**

Would change dues from \$375.00 to \$386.00/year and allow us to add an additional \$3,278.00 to reserves/ year.

Total added to reserves = \$27,278

MAXIMUM FULL FUNDING (as recommended by RSG in Reserve Study)

If we were to start NOW. Would need to increase dues **~6.57%** to get us there in 30 years.

6.57% of \$375.00 = **\$24.65 dues increase per unit / year**

Would change dues from \$375.00 to \$400.00/year and allow us to add an additional \$7,640.00 to reserves/year.

Total added to reserves = \$31,640

Important to note

- Landscaping costs have gone up significantly
- **The last dues increase was before 2013.**