

Edelweiss Maintenance Commission

Minutes of Board Meeting on July 9, 2018

Call to Order: The meeting was called to order at 6:00 pm by President **John Kirner**. In attendance were John Kirner (Board President), Alan Fahnestock (Vice-President), Sern Watt, Steve Ralph, Chuck Armstrong (Treasurer), Kirk Schumacher, Pete Speer and Chuck Timchalk (Secretary). Also in attendance were Dick Volckmann (General Manager) and Craig Hook (Operations Manager)

Absent: Nicki McCullough

Review of Minutes: The draft minutes (May 26, 2018) had been sent to board members prior to the meeting and **C. Timchalk** had additional copies for those who wanted to review them again. He asked if there were any questions and no questions were raised. **J. Kirner** called for a motion to approve as written, **A. Fahnestock** made the motion, **C. Armstrong** provided a second, and the minutes were unanimously approved.

Treasurers Report: **C. Armstrong** provided an overview of our current financial situation. He indicated that the HOA is currently in good order; however, he noted that we do not have adequate reserves to accommodate a significant infrastructure failure.

Cash Balances at Farmers Bank were \$184,800 as of June 30, 2018 and represents most of the receipts of billed accounts for 2018. It includes the \$74,000 billed as a Special Assessment for the first phase of waterline replacement. We are owed Receivables of Approximately \$20,000, \$4,000 of that are two properties that are significantly in arrears and have liens filed.

The Reserve Accounts at Capital One are:

Common or General	\$ 32,223.23
Water	\$ 6,738.55
Drain Field	\$189,052.82
Road	\$30,462.20
Legal	\$11,169.99
Pool	\$ 410,66

C. Armstrong noted that he is working on creating an improved “compressed” budget presentation format. He also presented a 3-year profile to help aid in comparison of finances across years. He would like to used this format to help inform the HOA membership.

C. Armstrong stated that we might want to consider budgeting in 2019 for cost associated with an audit. Although the membership voted to not have an audit this year, he noted that there was considerable discussion of this topic during the annual meeting and suggested that it would be prudent to consider building up some funds to support an audit. He indicated that the cost was ~\$15-20K; however, he will ask Bradshaw to provide us with an updated cost estimate for conducting an audit. **P. Speer** indicted that he would contact other HOA in the valley to see if they have conducted an audit.

Budget Planning for 2019: J. Kirner indicated that the primary focus of this board meeting was to start the budget planning taking into consideration recent budget workshop efforts (conducted in June 2018) in anticipation of the upcoming HOA membership meetings this fall.

J. Kirner lead a general discussion on Capital Budget needs. The following initial list was discussed:

- OECD/HOA collaboration involving water pipe replacement
- Water pump replacement (beyond OECD effort)
- Street/road repairs
- Sewer drain field expansion
- Truck replacement
- Tractor replacement
- Mailbox move
- Waste (garbage & recycling) facility renovation
- Reserve fund (for major capital emergency needs)

The board had an in-depth discussion concerning the scope of capital needs and how best to request funding from the HOA. The suggestion was made to establish several special assessments for these needs. This would include: 1) OECD/HOA water system replacement assessment; 2) Other capital needs assessment and 3) reserve fund assessment.

The board also acknowledged that the ongoing Reserve Study would provide additional insight and support for these capital expenditures, and once that study was available (Aug 2018) the board will carefully consider the recommendations and revise the capital request strategy.

There was considerable discussion concerning the merits of special assessment vs. dues for raising needed revenues. The general discussion noted that special assessments may be a useful approach in dealing with the large number of immediate needs; and that ultimately dues should handle operating expenses (including routine maintenance needs) outside of any special assessment project(s).

The following suggestions were discussed:

1. OECD/HOA water line replacement project. Consider \$300/lot for next 3-years (2019-2021) at the end of 2021 reassess need based upon learned experience establish cost/year for next 3- years. It is anticipated that this project will require ~10 years to complete.
2. Unfunded current capital needs (roads, truck & tractor replacement, mailbox move and waste facility). It is anticipated that ~\$200K is needed over a 2-year period.

3. Replenish reserve fund. ~\$60K (30K- general fund/30K- water fund) is needed to have an adequate reserve.
4. Increase Operation Budget by an increase in annual dues. Considerations included an initial increase in the base dues to accommodate declining dues revenues resulting from small yearly increases and lot consolidation. In addition, considering yearly adjustments of 5% or CPI whichever is greater.

Actions Needed

Prior to upcoming HOA meetings:

1. Refine cost estimates for special assessment, this should include consideration of input based on the reserve study findings.
2. Modify budget to include line-items for reserves.
3. Add cost estimates for potential audit.

Additional Topics:

Water Rights: S. Ralph provided a brief update and discussed the need to send a letter to Ecology noting what Edelweiss has done with regard to water usage. **S. Ralph** and **J. Kirner** will submit letter to Washington State Ecology.

WUCIOA: The WA Uniform Common Interest Ownership Act. (new law) raises the need for HOA to address reserve funding requirements. The board noted that ongoing efforts with regard to the reserve study should adequately address this requirement.

Annual Meeting Debrief: P. Speer suggested that we should have more “process” in place before next community meeting to better facilitate communication and decisions.

Nightly Rentals: The board discussed the need to communicate with the whole community concerning the rules about nightly rentals in Edelweiss.

A motion was made to have **D. Volckmann** draft a letter that will go out to the Edelweiss community concerning community and county rules on nightly rentals. The motion was seconded, and unanimously approved by the board.

The meeting was adjourned by **J. Kirner** at ~8:30 pm.