Clearwood Community Association Management Research Committee Research Data

TABLE OF CONTENTS

	Page
Management Research Committee	
History, Purpose & Phases	1
Phase One Data	2
Phase Two - Comparable HOA Data	3
Sunwood Lakes Homeowners Association	4
Sudden Valley Community Association	7
Timberlakes Community Club	13
Scenic Shores Community Association	16
Governance vs Management	17
Phase Three - Management Options & Cost	18
Board (Self) Managed	19
Dissolve HOA	20
Professional Property Management	21
Community General Manager	31
Cost Breakdown	51
Reality Check, Should Cost be the Only Factor & Hire a Consultant	70

Management Research Committee

History

- The Management Research Committee was formed in July 2018 in response to community concerns when the Board of Directors attempted to put professional property management in place without the input of the Clearwood Community Members.
- The Board of Directors allowed members to form a sub-committee of Finance to review different types of community management and present unbiased information to the membership.

Committee Purpose

- To research different types of management and provide the community members with an objective review of the various options, the advantages and disadvantages of each, and unbiased cost analyses.
- The committee would present their findings to the community members.
- Community members would provide their preference for management style via poll.
- Committee would present the information to the Board along with the community's preference.

Committee Phases

- Phase 1 Community Input on management issues from:
 - Community Members
 - Staff
 - Previous Directors
- Phase 2 HOA Comparisons
 - Developing list of communities similar to Clearwood.
- Phase 3 Cost Analysis
 - Outright costs such as salaries, contractual, etc.
 - Possible hidden costs
 - Potential savings

Phase 1 Community Input

Members

- Sent out a poll to gather member input on what they believed were the main issues in Clearwood management.
 - o 207 members responded.
 - 47% stated large project management was an issue.
 - The other 53% of the votes went to the following items (in this order):
 - i. All issues
 - ii. Office Operations
 - iii. Maintenance
 - iv. Collections
 - v. Compliance

Staff

- Met with staff to gather their views on Clearwoods management.
 - Staff's biggest concern was the frequent change in board president, being supervised by revolving volunteers and the lack of a firewall.

Former Directors

- Spoke with former directors about their view on major management issues.
 - Former directors had concerns with the lack of continuity in the board and inexperienced volunteers managing operations.

Phase 2

Comparable HOA Data

Committee members visited comparable HOA's where they attended board meetings, met with directors, staff and members and discussed and collected data on varying management styles.

Communities Visited - Please refer to page number for their individual data.

•	Sunwood Lakes Homeowners Association	4
•	Sudden Valley Community Association	7
•	Timberlakes Community Club	13
•	Scenic Shores*	16

^{*}Scenic Shores was not visited. There was a phone conversation.

Sunwoods Lakes Homeowners Association (SL)

434 Homesites

Association Dues - \$560.88 including water base/reserve

Thursday, December 13, 2018 Meeting Notes

Present: Malinda Poirier- Chair of MRC & Syndi Martin- Secretary of MRC of Clearwood Tom Thomason- Board President of SL

- 1. SL has utilized a Professional Property Management Company for eight years.
 - a. Board President is still in charge of Operations
 - b. PPM does the billing for their Water System
 - i. Note that SL Water System is managed by Northwest Water
 - c. PPM does not handle Violations
 - d. Collection policy is tracked and managed by their PPM
 - e. SL President said pro to PPM was no handling of money and their operations costs were less.
 - f. SL has no office for payments.
- 2. They have not used any other form of management other than self and PPM.
- 3. SL only paid employees are their seasonal pool staff.
 - a. They report to the President
- 4. SL has a private Water System. It is currently managed by Northwest Water
 - a. Which is the same company Clearwood is using for our Well Project.
 - b. SL President is point of contact for Northwest Water.
 - c. PPM does the billing for water service.
 - d. SL pays \$19,500 to Northwest Water for contract not including other costs like maintenance and electricity (\$9,000).
 - e. Northwest Water handles all water issues including leak repair.
- 5. They outsource landscaping.
 - a. Landscaping crew comes once a week to maintain community property. They do not have public restrooms or covered areas. Only one park.
- 6. SL Committees:
 - a. ACC

- b. Lake Maintain beaches, trails. ** They have Boy Scouts that volunteer their time to help with community property standards as well.
- c. Maintenance Advises the Board on all matters pertaining to maintenance and repair and improvement of properties.
- d. Pool Pertains to the management of the Pool.
- e. Public Relations- Events
- f. Youth
- g. SL has no finance committee.
 - i. The board makes monetary decisions.
 - ii. As well they hold a special Homeowner Forum for membership to discuss the budget before it is approved. Different than a board meeting.
- 7. President believes they have a "good turnout" for volunteers.
- 8. SL has a 9 Board Members with officer positions of President, Vice President, Treasurer, Secretary and five directors.
 - a. They have no access to member informations. (Addresses, phone numbers, payment history, etc.)
 - b. If a member has a need for board action they make a request.
 - c. SL do not have a policy for unplanned purchases that stops the board from spending indiscriminately.
- 9. SL Amenities and Infrastructure
 - a. Pool
 - b. Club House
 - c. One rental home
 - d. One playground
 - e. Tennis Court
 - f. Ball Field
 - g. Three lakes
 - h. Nature Trails
- 10. SL last large project was with their Pool.
 - a. SL started the project with a volunteer member doing the work. The work failed inspection. Which led to SL having to replace the pump house. They also resurfaced. The total cost was \$90,000 and led to an assessment increase.
 - b. This project was not managed by their PPM company.
- 11. SL has what they call a "managed forest".
 - a. Every year they hire an EcoForester who removes any root rot or dead trees. This last year they had 68 trees removed at the cost of \$9000.
 - b. The members are allowed to take the fallen trees for firewood.
- 12. SL does not have super lien language in their covenants or bylaws.
- 13. SL has no variances or variance policies.
- 14. SL does not have private roads, they are county.

After our discussion with SL Board President we were able to sit in on a SL board meeting.

- 1. Points of Discussion during their board meeting:
 - a. A pool committee member made an announcement that he received a piece of equipment for the pool. The Treasurer did not know of the purchase and asked how much it was and how it was paid for. The President then informed the Treasurer that he "gave the go" for the purchase. The President first stated he was going to use the communities credit card then decided to just bill it to their PPM company. The Treasurer than made a point to remind them of their spending procedures. They have a policy that states when spending is over \$1,000 it needs to come from reserves while under would come from operations and that it should have came to the board for discussion first. The equipment was over \$1000.
 - b. Two different disputes were brought up by members about issues with payments made with the online services through their PPM company. SL PPM company outsources their accounting services for Sunwood. The PPM representative at the meeting stated that he would have to contact them to be able to understand the issue fully and would get back with the information.
- 2. SL Member comments directed to MRC:
 - a. One member said, "She would never recommend SL PPM company". She stated that they had a prior representative that was allegedly let go for the mishandling of funds for another association under their portfolio. Not directly SL. She said the community is discussing hiring a new PPM.
 - b. The Treasure was very interested in our research and asked for a coffee date to further our discussion. Which never was able to happen.

Sudden Valley Community Association (SV)

3,152 Homesites

Association Dues - \$1528.44

Tuesday, January 8th, 2019 Meeting Notes

Present: Malinda Poirier- Chair of MRC & Syndi Martin- Secretary of MRC of Clearwood

Jen Spidle- Accounting Manager with a CPA, CMCA & CAI, Lisa Armstrong- HR & Administration Service Manager with a CPA, CMCA, CAI & Mitch Waterman - General Manager, CMCA & CAI of Sudden Valley

- 1. SV states they are self managed but have a hired General Manager.
 - a. Mitch stated that there are three types of Management for HOAs
 - i. Self managed with a hired General Manager
 - ii. Contracted Company Professional Property Management
 - iii. Corporation Board (Self) Managed
 - b. They have had a General Manager for three years.
 - i. Mitch first came on as a Quality Change Consultant
 - ii. Mitch will be leaving SV and the Association used a Headhunter to hire the new General Manager that starts at the end of January 2019.
- 2. SV had used a Professional Property Management prior. 2012-2014
 - a. They all stated the their hired PPM company had badly mismanaged the association's money.
 - b. It took two years to fix SV finances.
 - c. There was constant staff turnover as well.
- 3. SV has 11 directors.
 - a. They have 9 voting directors and 2 non voting directors.
 - i. The two non voting directors are chair liaisons to the Nomination & Election and ACC committees.
 - ii. The members of both these committees have to be voted on by the membership. The chair of each is voted by their committee. The Chairs sit on the association board as non voting liaisons.

- b. They have four officers; President, Vice President, Secretary, Treasurer and three directors.
- c. The board has NO interaction with employees.
 - i. The manager has an open door policy for all board members and employees.
- d. The board has NO ACCESS to ANY member or employee information.
- e. All board members go through an orientation.
 - i. It is a full day of information.
 - ii. They bring in their lawyer the insurance agent, all the managers and the general manager.
 - iii. It is a break down of laws, expectations and guidelines.
- 4. SV has 32 full time staff 58 in the Summer
 - a. 9 Full time Maintenance, 5 part-time Maintenance, 7 Turf (Golf course), 2 Parks,5 Administration, 4 Accounting
 - b. Each department has their own supervisor. Employees report to their supervisor. Supervisors report to the General Manager.
 - c. They have a chain of command if anyone has an issue with their acting supervisor.
 - i. If there is a complaint against the General Manager it goes to the board, then to HR, then to the Attorney.
 - d. HR will initiate the need for hiring. The General Manager handles the process.
- 5. When it comes to SV Operations the Board governs and the General Manager manages operations.
 - a. The board is responsible for how SV will govern itself. While the manager oversees the board decisions of governance and day to day operations.
 - b. Things come to the board and manager for action by request to be put on the agenda.
 - i. The board and the manager work in tandem on the agenda.
 - ii. Any capital projects over \$2500 have to be approved
 - 1. After bid process through finance (3bids)
 - 2. Then approved by board.
- 6. SV follows Section 305 of the new HOA law.
- 7. SV has 8 Committees
 - a. ACC
 - b. Finance
 - c. Nomination & Election Committee (N&E)
 - This committee is elected by the membership
 - ii. The committee votes for its chair and the chair sits on the board as a non voting liaison for N&E.

- iii. They work independently from the board to help recruit members for the board and committees. As well as oversee the election.
- iv. If an opening becomes available on the board before election the board give N&E and the membership 30 days to respond to the opening. N&E bring their nominations to the board. The board hosts an interview. The board votes.
 - 1. Anyone who is sat on the board; at the next election has to run for election. They can not just sit through the term.
- v. Their bylaws state that a married couple many not sit on a board together or a committee together.
- vi. To be a committee or board member you have to be a member in good standing. This means if you have a violation written for you and your lot while you attempt to be sat on either a committee or board, you may not be sat b/c you are waiting to appeal or because you are in a waiting window of time and such.

d. Fiance

i. Treasurer selects the members who will sit on finance. The idea is they are choosing financial minded individuals.

e. Communications

i. Handles communication to the membership through multiple platforms and hosts the community events.

f. Appeals

i. This consists of three people who help assist with an impartial hearing for their violation appeal.

g. Document Review

- i. This committee makes sure all SV documents are up to date and in order. As in new laws and new voted on resolutions.
- h. Emergency Preparedness
- i. Long Range Planning Committee
 - i. Works on long range plans for the community. Plans that would be 3, 5, 10 years in the future. Not items in reserves. Things like new amenities.
- j. Park, Trails, and Recreation Committee
 - i. This committee is to bring ideas for future membership wants in those areas (Park, Trails, and Recreation).

8. SV Amenities and Infrastructure

- a. Administration office
- b. Restaurant (Which SV leases out)
- c. Golf Course/ Clubhouse
- d. Marina / boat launch
- e. 21 parks
- f. 2 pools

- g. Tennis, Basketball courts
- h. Rec Building/Gym
- i. Library/ Adult Center (SV leases out)
- j. 40 miles of private roads.
- k. No private water system.
- 9. SV Outsources
 - a. Security Service
 - i. They have two 24 hour fully uniformed security guards.
 - ii. Their security writes violations.
 - iii. General Manager is the point-of-contact
 - b. Tree removal
- 10. The General Manager oversees SV large projects and uses prefered vendors.
 - a. Their last large project was having both of their two pools remodeled.
 - i. They used an engineering firm who suggested a contactor and the contractor had a project manager on sight.
 - ii. Project was finished on time and within budget. Also within reserve study cost.
 - b. Community is involved in large spending projects because they would have to budgeted for in the yearly budget.
 - i. The board hosts multiple meeting with the community for membership to have input on the budget.
- 11. The membership (finance/ board) are responsible for the budget. The Treasurer/GM is accountable.
 - a. Supervisors bring their departments expected costs (draft budgets) to finance. Finance works with each supervisor to come to an agreement of their departments budget. When finance and departments have come to an agreement it goes to the board for approval. It goes to the membership before final approval.
 - b. Treasurer/GM are accountable to make sure the budget stays true and on track.
- 12. SV has violation standards written in their bylaws.
 - a. Security and members can submit violations.
 - i. Then ACC goes and confirms, violation is then written.
 - b. SV does have a varancy policy. It consists of common sense and not going against county standards. *SV Variance Form Attached
- 13. SV does not have super lien language.
- 14. SV has been uploading audio recording of Board and Finance meetings for years. They just started uploading video of both Board and Finance meeting recordings last year.
 - a. They say now instead of only a dozen or so of members attending the meetings, they have over a hundred members watching from home.

- 15. The one thing Mitch said he would change for SV is to have a sole communication contact person. He believed that maybe that would help with any negativity on social media and in general.
- 16. SV advice to Clearwood
 - a. Get an HOA lawyer.
 - b. If we wanted to pre check our pipes before moving forward with the reserve study, they suggest instead of ultrasound to get a civil engineer that brings in robots to inspect the pipes. They said it's far less expensive than having them ultrasound.

Sudden Valley Community Association Variance Request

Street Address:	Γ) iv	Lot
Owner:			
Mailing Address:			
Mailing Address: Phone: Em.	ail:		
Requests will not be considered unless the st Please note that in the week(s) following request su	reet address is clearly disp	layed on th	e residence.
Requested for: ☐ New construction ☐ Existing home ☐ Other			
The variance would affect: ☐ Exterior appearance ☐ Drainage/Erosion control ☐ Open space & Lot coverage ☐ Tree/Vegetation removal ☐ Setbacks to property line ☐ Interior living space ☐ Structure height			
Please refer to ACC Guideline14.8.12 for more information.			
Give a full description of the request and need for the	variance:		
This request form in no way constitutes an approval commencing any alterations.	from ACC. You MUST rec	eive written	approval before
Owner Signature:		_ Date:	
AC Staff Comments:			

Timberlake Community Club (TCC)

1340 Homesites

Association Dues - \$691.80 including water base/reserve

Wednesday, January 9th, 2019

Meeting Notes

Present: Malinda Poirier- Chair of MRC & Syndi Martin- Secretary of MRC of Clearwood

Tom Hanson- President & Permitting Committee, Christine Vaughn- Secretary, Mary Anne Preece-Treasurer & Rules Committee, Linda Miller- Director-at-Large & Activity Committee, Terry Hubbard-Director-at-Large and Water/Maintenance, Marcus Vind- Water & Maintenance Manager of TCC

- 1. Timberlake Community Club is Board (Self) Managed.
 - a. TCC has never used any other form of management.
- 2. TCC has a 7 member board.
 - a. 4 officers & 3 directors.
 - i. President sets tone of managers, business decisions with transparency.
 - ii. Vice President is point of contact for office manager.
 - iii. Treasurer is liaison to contracted Webmaster.
 - iv. Secretary
 - v. Directors
 - 1. TCC Water Board President sits on the association board as liaison from Water Board.
 - b. All board members have access to volunteer and member information.
 - i. They are required to sign a confidentiality agreement.
 - ii. It was stated that because they have access, they don't feel the need to look unnecessarily. It's usually only necessary when a TCC member is delinquent and then that is handled by the office manager.
- 3. TCC has four full time employees, one part time.
 - a. Full time
 - i. Office Manger
 - ii. Bookkeeper Does 1120's, taxes & audit.
 - iii. Water Manager
 - iv. One Maintenance
 - b. Part-time
 - i. Violations
- 4. The President overall is in charge of operations, under the direction of the board. The Water Board President oversees water management and maintenance.

- 5. TCC will follow the new law.
- 6. Committees
 - a. Lake Safety
 - b. Activity Like our MAC
 - c. Nomination
 - i. They announce openings on board and committees.
 - ii. Weed out potential problem candidates.
 - d. Project Permitting Like our ACC
 - ACC offers no variances.
 - e. Rules
 - i. They help maintain and update governing documents.
 - ii. TCC gives a 90 day feed back window for the community before any resolution will be voted on.
- 7. Infrastructure and Amenities
 - a. Clubhouse/Office
 - b. Parks (5)
 - c. Boat Launch
 - d. Swimming Area (1)
 - e. Restrooms (5)
 - f. Porta Potties in summer
 - g. Salt Water access
 - h. 2 Lakes
 - i. Private Water System
 - i. Water System is managed by Water Board President and Water Manager.
- 8. All other amenities are managed by Water Board President and Maintenance employee.
 - a. Board determines budget for both Water System and Association
- 9. TCC rents the communities backhoe to members.
 - a. The certified employee runs the the equipment.
 - b. The charge \$75 a hour for use.
- 10. TCC does not have private roads, they our county.
- 11. Outsourced Services
 - a. Webmaster
 - b. Printing/Mailing
 - c. Tree Removal
 - d. Weed Control
 - e. Fish Stocking
 - f. Sheriff
- 12. All contracts have to be approved by the entire board. Person of Contact is the President.
 - a. TCC last large project was their new pumps and generator for the water system.
 - b. It was finished earlier than expected.
 - c. If was under budget and within reserve study amount.
 - d. Community was involved with open discussion at several board meetings for that project.

- 13. TCC does not have a finance committee. The board with bookkeepers input are responsible for the TCC budget. President signs off and the budget is voted on by the members. The treasurer is accountable and checks it monthly.
- 14. Violation Policy
 - a. Standard Obnoxious, Noxious, Danger, Nuisance
 - b. Violations employee overseas and writes violations.
 - c. Members can report violations and Violation Employee follows up on report.
- 15. No TCC meeting are recorded. Only written minutes recorded.
- 16. TCC members vote by paper mailed ballot.
 - a. TCC outsources the printing and mailing.
- 17. TCC Fraud and Theft Case Tate V Russhell Stewart Manager accused of embezzling between 80k-90k dollars from Timberlakes HOA
 - a. The treasurer found the problem and brought it to the boards attentions.
 - b. TCC Actions
 - i. They first changed the locks, fired the accused bookkeeper and called the Sheriff.
 - ii. They had their auditor look through their finances first. Their auditor and TCC attorney made a joint recommendation as to which forensic auditor TCC should hire.
 - iii. TTC decided against filing a Civil Lawsuit because of worries of legal costs and those not being able to be reimbursed if they were to loose.
 - iv. They wrote a victims letter for a Criminal Lawsuit asking for Full Restitution, Jail time and parole violation if restitution is not paid.
 - v. Criminal Lawsuits are handled by the prosecuting attorney. TCC accures no legal fees but are now out of the loop. The suit is public record and their court dates have been set. They are now waiting.
 - c. Community was concerned. Similar to Clearwood they felt in the beginning they were not receiving enough information. The board gave the community everything they could directed by their attorney. Once the case was open to the public the board gives updates on their community website.
 - d. Their goal is full restitution.
 - e. Actions (possibly safety measures) TCC has taken since.
 - i. They made a change in insurance policy. They were not covered for this incident at the time.
 - ii. TCC does not accept cash any longer.
 - iii. TCC does not have a debit card. Only Credit Cards.
 - 1. They have to be signed in and out.
 - 2. No cash access on cards.
 - iv. No direct deposit on paychecks.
 - v. Only board members sign sign checks.
 - f. What they have learned and what they will do different is to always have insurance.
- 18. When asked what they would different. They admitted to in the future, not necessarily near, to look into a form of management for daily operations. They asked if MRC would be willing to share our data with them.
- 19. Timberlakes recommendations to Clearwood was to hire a HOA lawyer.

Scenic Shores Community Association

Notes from Phone Conversation with Board President and Water Manager Phil Gothro

January 10th, 2019

1. Discussion about Water

- a. Mr. Gothro suggested that Clearwood needs to separate our Water company from the Association. That they need to be two completely separate entities.
- b. Our Water Base should not be in our assessment at all.
 - i. The Water base should go to water base maintenance.
- c. They have a Water Board for their Water Company (Scenic Shore Water Company)
 - i. It has a certified Water Manager.
 - ii. All their Water Board members go through training and have continual training.
 - iii. The Chair of Water Board also sits on the Association Board and acts as Water Board liaison.
 - iv. Water Company have their own Bylaws
 - v. Water Company has its own Budget that is approved by the Water Board.
 - 1. Their budget is itemized and is compiled by previous year spending and what possible needs the new year will have.
 - 2. The idea here is that only professional water minded people are involved in decisions made for the water company. Spending decisions don't go to the association to get tied up with conversation of "why does that cost so much". When needed repairs are necessary, the water board makes the decisions within their budget.
- d. Their Water Company sells water to the public.
 - i. They have to also adhere to Washington Utilities and Transportation Commission (UTC) regulations.
- e. The Association is entitled to profit from the Water Company.

2. Employees

- a. They have no technical staff. They have all contracted workers.
 - i. CPA that works for both the Association and the Water Company
 - ii. Water Manger
 - iii. Maintenance

The Most Important Thing we Learned

Governance and Management

The difference between Governance and Management:

As defined by businessdictionary.com

Governance: Refers to the establishment of policies, and continuous monitoring of their proper implementation, by the members of the governing body of an organization. It includes the mechanisms required to balance the powers of the members (with the associated accountability), and their primary duty of enhancing the prosperity and viability of the organization.

Management: The organization and coordination of the activities of a business in order to achieve defined objectives.

Board Governs

- Governing Documents Managing, Maintaining, Reviewing and Modifying
- Membership Meetings
- Community Goals
- Long Term Planning
- Quality of Life
- Approves Budget
- Approves Contracts

Management manages Operations

- Daily Operations of all Departments
- Bookkeeping/Accounting Oversight
- Personnel and Staffing
- Community Compliance
- Assist with Preparing and Managing Budget
- Project Management
- Advisory to Board on Governance

Phase 3

Management Options & Costs

The Committee identified four options for management and researched cost for each.

The types of management we identified: Please refer to page number for their individual data.

1.	Self (Board) Managed	_19
2.	Dissolve the HOA - Become a City or Annex to the County	_20
3.	Professional Property Management (PPM)*	_21
4.	Hire a Community General Manager*	31

- Manage Compliance
- Manage Security
- Manage Reserves
- Manage Large Projects
- Onsite Management
- Full Service Accounting
- Personnel, Staffing and Payroll
- Provide Advice on Governance
- Manage Office Operations
- Manage Maintenance Operations
- Manage Water Operations
- Manage Pool Operations

^{*} **Scope of Work -** General Manager and PPM costs were derived from Full-Service Management quotes.

Board (Self) Managed

Board Managed is as simple as it sounds. The Board of Directors will continue to manage
the community, with the current President serving as the Operations Manager. The
Board may make both governance and operation decisions based on their knowledge or
lack thereof, beliefs and/or biases. Note: All costs are approximate and only examples
with the exception of operational costs, which include both actual spending (2015-2017)
and projected spending (2018 – 2019)

Advantages

- We remain autonomous
- Member owned and Member run

Disadvantages

- Repeating past mistakes
- Lawsuit risk
- Unchecked spending
- Inept decision-making
- Cronyism
- High turnover rate

Costs

- Gates 65,000 over budget
- Radar Gun 7,200 unplanned
- Pool Roof 25,000 over budget
- Forensic Audit 50,000 unplanned
- Bookkeeper Fees 12,500 unplanned
- Salary Increases 50,000 over budget
- Theft 261,000 unplanned
- Total unplanned 470,700 over 5 years
- Operational costs over 5 years 3,765,000
- TOTAL AVERAGE PER YEAR: 850,000

Dissolve HOA- Become a City/Annex*

Requires 85% of the community (1,152 members) to vote in favor of dissolution.

Advantages

- No Board of Directors
- Qualify for government grants

Disadvantages

- Amenities have to be sold, including our water system
- Gates will be abandoned
- Clearwood becomes open to public
- Process will take more than a year

Costs

- Minimum \$1,000,000
- Attorney fees
- Auction fees
- Other unknown costs

*Link to New City Guide:

http://mrsc.org/getmedia/d4b59fb8-1a3c-47f1-a7f1-02ce2cd1b0ee/New-City-Guide.pdf.aspx ?ext=.pdf

^{*}Please refer to <u>New City Guide</u> for additional information. One copy has been provided for Board.

Professional Property Management (PPM)

Professional Property Management (PPM) is a company we would contract with to outsource all the services contained in the scope of work. Under contract and for a fee, a PPM would take over management of the community. If this option is chosen, the goal is that the Board would work with the community to hire the best company to meet our needs. We received quotes from seven PPM companies. Note: All costs are approximate.

Advantages

- Professionals already familiar with community management.
- Quicker onboard process.
- Multiple employees to handle our needs.
- Costs are likely to be more stable.

Disadvantages

- One manager typically handles a portfolio of multiple communities.
- Most PPMs strengths are in the financial management aspect.
- We may lose long-time staff.
- Their main goal is to make a profit for their company, i.e. their interest may come before ours.

Costs

- PPM Fee 120,000 200,000
- Salaries for staff 375,000
- Additional operational costs that are not covered by PPM 300,000
- Total Cost = 795,000 875,000

Professional Property Management (PPM)

How cost estimate was achieved.

MRC reached out to a dozen PPM companies within a 50 miles radius of Clearwood. Not all were able to help, or returned our request. We were able to receive information from seven PPM companies. We were clear with each that we were in preliminary stages of research and we only needed a "ballpark" estimate for Full Service management. We were clear that we were not looking for proposals. We shared the scope of service list as well as some necessary information about our community.

Below are the "ballpark" estimates we received from each PPM company.

1.	HOA Community Solutions -	\$25,000 per month
2.	Vantage -	\$5.70 to \$8.57 per door per month
3.	Association Services -	\$9,800 to \$15,400 per month
4.	Kalles Community Management	\$180,000 to \$200,000 yearly
5.	The Management Trust	\$15,050 and \$17,700 per month
6.	Vista Community Management	\$7.00 per door per month
7.	Total Property Management	\$9.00 per door per month

Who should handle our HOA property management duties?

Should my HOA hire a property manager?

Hiring a Professional Property Manager for your HOA or Condo Association is the surest way to build value for you and your fellow homeowners. They bring the latest professional standards and proven cost-effective methods to make your Association more responsive and effective in meeting your community's needs.

A professional HOA management company can deliver the following key results:

- Faster response times
- Safe and efficient financial management, including dues collection, reporting and funds control
- Better governance and legal compliance
- Fairness and equity in handling disputes
- Better vendor relations and discounts on required services

Approximately 75% of Homeowner associations are managed by professional management companies. Finding the firm to best fits your needs is what we're all about.

What should I look for in a professional HOA manager?

The most effective attributes a successful HOA Property Management Company can have are:

1.) the ability to handle day-to-day issues without supervision 2.) guide the Board's decision-making processes and 3.) be responsive to homeowners.

Naturally, a successful HOA manager should be professionally competent in all aspects of Association Management and have the requisite certifications and track record to perform their required duties. But there are other attributes that are important to be a successful HOA service provider.

Homeowners have more permanence than renters, so effective HOA Management must

consider the long-term implications of its actions differently than a typical property management firm. Consistency, longevity and proven experience are important considerations, as are the interpersonal skills of the firm's managers in dealing with conflicts, emergencies and the expressed interests of the Board in improving their community.

With this in mind, it's important to hire an HOA management company that has proven methods for managing group politics and negotiating agreements among members with conflicting points of view. As you interview potential HOA managers, be sure to focus a significant portion of your discussions on understanding each manager's typical communication methods and tactics for conflict resolution

How can I find HOA management companies near me?

Most HOA boards interview several managers before making a final decision about which company to hire. All Property Management has an extensive network of qualified HOA Management Companies to choose from along with helping learning resources to help you get the best results for your specific needs. Please keep in mind that selecting a firm is a long term decision and changeover costs can be high, so make sure you review candidates thoroughly before making a final decision.

Q: What are the average fees of an HOA Property manager?

So you may be thinking about hiring a property manager (PM) to take over operations for your homeowners association. Or perhaps you are unhappy with your current property manager, so you are shopping around to see what services other companies offer.

When interviewing a PM, the first question board members usually ask is, "So what is this going to cost?" The reality is, that should be the last question asked, not the first!

Putting costs first sets a bad precedent when starting the interview process!

It puts the focus on the expense of your property manager, and not on the investment you may be making for your development.

The better question would be what does a property manager bring to the table when being hired.

By putting the cost first, you are basing the decision on a price tag, and not the true value you may get overall. That would be like asking a doctor his fees before doing open heart surgery on your mother. The right question should be what are the doctor's skills and background, and better yet, their success rate! I think your mom would agree...

Trying to gauge the cost of hiring a manager can be a bit tricky. There are no set fees (unless your state mandates them) and charges and fees can vary widely from company to company. When interviewing multiple PM's, an easy way to compare fees may be on a cost per unit measurement. An HOA with a lot of units may have a lower cost per unit than one with less units. There are some basic costs inherent to running the HOA, such as staffing and bookkeeping, and the more units the contract entails, the more easily that price is spread among many owners.

HOA property management fees will typically fall into three categories; initiation, ongoing and exit.

Initiation fees are the fees a PM will charge to take over the day to day management of the HOA. The fee will be negotiated based on the workload required, including bookkeeping, transition of files, physical or digital records transition, banking and software changes, etc. This fee can range from a couple of thousand dollars for a small HOA or upwards of \$30,000 or more for a large HOA with several hundred homes.

Ongoing management fees are typically paid monthly by the HOA to the management company. This will almost invariably be a set fee, pre-negotiated as part of the contract. Contracts can range from 1-3 years, but are usually on a year to year basis. You can expect to pay roughly \$10 to \$20 per unit, per month, for management services. Expect higher fees in areas with a higher than average cost of living.

Exit fees are exactly what they sound like; the fees incurred to transition the HOA from one firm to the next. While no company wants to lose business, it happens. If you are thinking of switching from one firm to another, don't expect the PM to work for free transitioning the HOA's books to another company. Ethically they should be there to make it a smooth transition, but at the same time, you should expect to pay them for the service of assisting that changeover.

When comparing companies' prices, be sure to compare the services they offer and not just the price. Remember that not all that is cheap is a good bargain, and not all that is expensive has implicit value. A Rolex may look fancy and cost a lot of money, but at the end of the day it tells time the same as a cheap Casio!

If you value your time,

hiring the right HOA property manager

can be the best time management/investment any HOA board can make on behalf of the owners. It gives piece of mind knowing you have pros watching over and guiding you along the way!

Link for above information:

https://www.allpropertymanagement.com/property-management/hoa/

Hiring and Working with a Property Manager in an HOA

What HOA board members need to know before choosing a property management firm.

If you live in a planned interest development (PID) or common interest development (CID), your community is most likely run by a homeowners' association (HOA). In most developments, the HOA has numerous responsibilities, including the obligation to set a budget and assess HOA dues, and to maintain, repair, and replace the development's common areas (such as common landscaping, or amenities such as pools and tennis courts). Commonly, an HOA's board of directors (the board) can't handle the obligations alone, and must turn to a property management company for help.

This article reviews the major considerations an HOA should look at when hiring a property management company.

Review the Governing Documents

The HOA's responsibilities are found in the development's governing documents (commonly including the HOA's articles of incorporation and bylaws, a declaration of <u>covenants</u>, <u>conditions</u>, <u>restrictions</u> and <u>easements</u>, and any other written rules and regulations). Before hiring a property manager, the board must review the governing documents to determine the extent of the HOA's responsibilities, and whether there are any limitations on hiring a manager to carry out HOA obligations.

Most development's governing documents allow the board to hire a property manager, and many contain specific provisions authorizing the HOA to employ outside help. If you have questions relating to your board's authority to hire a manager, consult your HOA's attorney (or another experienced attorney in your area).

Determine the Scope of Work

After reviewing the HOA governing documents (and provided there are no restrictions on hiring a manager), the board is in a position to assess, and create a list of the tasks it needs a manager to perform. For example, the board might determine it only needs help with common area maintenance and repairs, or it might decide help is also needed for HOA accounting, dues collections, rule enforcement and communications with members. Property management companies commonly offer a menu of available management services, including common area maintenance, security surveillance, enforcing rule violations, billing, or collecting dues and assessments.

Depending on the amount and type of work needed, the HOA may need an on-site manager with consistent hours, or an off-site company to perform specific, limited tasks. Either way, to avoid potential misunderstandings and conflicts later, the manager's availability and time commitment must be clearly defined upfront.

Check on Licensing/Credentials

Some state laws require property managers to have a license, certification, registration or other credentials. Your HOA's attorney, or another experienced local attorney can help you determine what's required in your state. Consider only property managers with the proper licensing or credentials.

Even if not legally mandated, it's wise to require some type of certification (an active real estate license at a minimum). A number of property manager licensing credentials are available. One of the best is certification by the Community Associations' Institute (CAI), which offers specific training for HOA managers. For more information see the "Professional Credentials" section of the <u>CAI website</u>.

Consider Background Checks and Insurance

It's also important to check that the management company requires its key employees to pass a criminal background check (a search of the individual's police record showing no criminal history), and that the checks are periodically updated.

Also review the management company's insurance. Your state's laws or your development's governing documents might contain relevant insurance (again, review your governing documents and check with an attorney to determine the applicable requirements). Obtain a copy of the company's insurance certificate, and consult with your HOA's insurance agent to determine if the company's coverage is adequate.

Check References

Also ask the prospective management companies for referrals. Talk to references and other known clients of the company. Talk with members of the community, and the board members of other HOAs the company works for. Assess whether the management company's style is a good fit for your HOA and the tasks you want done.

Review the Contract Carefully

After selecting the best manager for your HOA, it's time to negotiate a management contract. Most management companies have a standard contract to use as starting point. But don't just sign what's provided. Review the contract carefully, paying special attention to key provisions such as the term, cancellation rights, and fees.

Typically property management contracts have a term of one to three years. It's commonly in the HOA's interest to negotiate a shorter term. Try to obtain a one-year contract, with the option to renew after each year.

Also review the termination provisions. Make sure the HOA has the option to terminate the contract with a minimal amount of notice (30 days is common). Also make sure that the termination right of the management company provides enough advance notice to allow the board to hire a replacement company (ideally not shorter than 60 days).

Make sure the contract spells out all the obligations of the manager, and also includes all charges, costs, and fees. Check this list carefully—sometimes "incidental fees" can add up to big money. For example, in addition to its monthly fee, a manager might add on charges for things such as attending HOA meetings, fuel surcharges, or postage.

Finally, run the contract by your HOA's attorney (or if your HOA doesn't have one, find an experienced attorney in your area to review the contract) before signing. The attorney can alert the HOA to any issues and changes needed.

The Board Is Ultimately Responsible for HOA Obligations

Don't think that hiring a property manager means the HOA board is off the hook. The board is still liable to meet all its obligations under the governing documents. Board members owe a fiduciary duty to the HOA, which means they are responsible for the well-being of the HOA and must act in its best interest. This duty is not eliminated by hiring a manager (for more information on an HOA board's fiduciary duties see Nolo's article "Fiduciary Duties of HOA Board Members").

It's the board's duty to supervise the manager, and to ensure the manager adequately performs the duties required under the management contract. Although the HOA might have legal recourse against a bad property manager in a lawsuit for breach of contract, the property manager owes no fiduciary duty to the HOA, and typically has no legal obligation to the HOA outside the terms of the management contract.

Taking the necessary steps to ensure the HOA hires the best property management company is important. Since the decision will impact the entire development, it's worth doing it right.

Link to information:

https://www.nolo.com/legal-encyclopedia/hiring-working-property-manager-hoa.html

Community General Manager

A General Manager would work full-time and onsite to manage the daily affairs of the association through assisting the volunteer board of directors with all meeting needs, supervision of staff and oversees bookkeeper. The manager would work closely with all contractors as the primary contact person for all negotiations. A manager with excellent customer service and problem solving skills would see that all rules and regulations are followed and would be the person to handle and resolve complaints and disputes. **Note:** All costs are approximate.

Advantages

- Reports to the Board under contract.
- Will bring experience expertise and stability.
- Will serve as a cost controller and will be directed to lower operational costs.
- Residents, volunteers and staff would have a go-to professional decision maker and thus streamline many operational situations and alleviate burdens on our volunteers.

Disadvantages

- Possible 3 month hiring process.
- Risk of turnover.
- Annual salary increases

Costs

- Salary/Benefits/PR Tax: 110,000 140,000
- Existing Operational Costs: 825,000
- Cost Control Savings: 125,000
- Total Cost: 810,000 840,000

^{*}Please note in the additional information following this page Community General Manager can as well be referred to as a Community Association Manager.

Clearwood Community Association Management Research Committee

Community Manager

Data for this Option:

Job Description(s)
Salary Range(s)
Hiring Approach(es) + Cost(s) of Hiring

Compiled by Suzie LeFurgey

Job Description Examples

*The following data are examples of job descriptions for quick reference. A job specific description for a Community Association Manager could be written using this data and/or any other specifications unique to this community's needs.

Source #1: https://www.bls.gov/ooh/management/print/property-real-estate-and-community-association-managers.htm

Taken from the Bureau of Labor Statistics, Occupational Outlook Handbook. BLS is the gold standard for up-to-date and accurate information on the current state of labor in the United States.

Job Description:

Community association managers work on behalf of homeowner or community associations to manage the communal property and services of condominiums, cooperatives, and planned communities. Usually hired by a volunteer board of directors of the association, they manage the daily affairs and supervise the maintenance of property and facilities that the homeowners use jointly through the association. Like property managers, community association managers collect monthly fees, prepare financial statements and budgets, negotiate with contractors, and help to resolve complaints. Community association managers also help homeowners and non-owner residents comply with association rules and regulations. They also attend meetings with board of directors and HOA committees.

Qualifications include: A high school diploma or equivalent is typically required for most onsite property management positions. However, many employers prefer to hire college graduates for commercial management positions and offsite positions dealing with a property's finances or contract management. A bachelor's or master's degree in business administration, accounting, finance, real estate, or public administration is preferred for these types of positions.

Important qualities of a community association manager include:

Communication skills. Property, real estate, and community association managers must understand leasing or rental contracts and must be able to clearly explain the materials and answer questions raised by a resident or group of board members.

Customer-service skills. Property, real estate, and community association managers must provide excellent customer service to keep existing clients and expand their business with new ones.

Interpersonal skills. Because property, real estate, and community association managers interact with people every day, they must have excellent interpersonal skills.

Listening skills. Property, real estate, and community association managers must listen to and understand residents and property owners in order to meet their needs.

Organizational skills. Property, real estate, and community association managers must be able to plan, coordinate, and direct multiple contractors at the same time, often for multiple properties.

Problem-solving skills. Property, real estate, and community association managers must be able to mediate disputes or legal issues between residents, homeowners, or board.

Source: #2: https://careertrend.com/about-6682296-job-description-community-association-manager.html

Taken from an article entitled "The Job Description of a Community Association Manager" by author Erica Tambien. She began writing professionally in 1999. She is a freelance writer and communications consultant living in Reno, Nev. Her work has since appeared on various websites and for KOLO-TV. She holds a Bachelor of Science in business administration with an emphasis in marketing from the University of Nevada-Reno. The following is a job description and duties list taken from this article.

Job Description:

Community association managers are employed by homeowners and community associations to keep the peace and keep home values up. The job is part referee, part accountant, part real estate manager and part property caretaker. For their numerous efforts, community association managers are routinely compensated with annual salaries totaling more than \$50,000.

Duties

Community association managers oversee housing communities. These communities include condominium complexes, cooperatives, planned communities and senior living facilitates. Typical duties include evaluating service bids, hiring personnel to maintain the grounds or conduct repairs, collecting dues and managing the books. Managers may also be responsible for enforcing community rules and regulations.

Qualifications

Education requirements vary greatly based on specific job duties. A college education is preferred but not always required for straightforward administrative positions. Positions that require managers to handle the property's finances and to draft contracts for tenants may require a master's degree in business.

Source: #3: https://work.chron.com/job-descriptions-hoa-property-manager-17756.html

Taken from an article entitled "Job Description of an HOA Property Manager" by Lisa McQuerrey. Lisa McQuerrey has been a business writer since 1987. In 1994, she launched a full-service marketing and communications firm. McQuerrey's work has garnered awards from the U.S. Small Business Administration, the International Association of Business Communicators and the Associated Press.

Job Description:

A homeowner association, or HOA, property manager is responsible for a variety of tasks related to the maintenance and upkeep of a residential community. An HOA manager may work as an independent contractor or be employed as a staff member with a homeowner association's management company. According to the Bureau of Labor Statistics, the median annual salary for the role in 2010 was just over \$51,000.

Community Rules and Regulations

An HOA manager is typically involved in drafting and enforcing community rules and regulations. These rules govern behaviors that are intended to help maintain a visually appealing neighborhood while protecting property values. Rules and regulations usually govern landscaping and home maintenance requirements; on-street parking; building additions; and exterior home appearance. An HOA manager monitors community activities, hears complaints from homeowners, and investigates and resolves issues.

Dispute Resolution

An HOA manager mediates disputes and conflicts between neighbors in the community he manages. For example, she may handle complaints about excessive noise, encroachment on property lines or violation of rules. The manager may work directly with the homeowners in question to mediate a resolution, or notify offending parties by mail. An HOA manager may issue fines against non-compliant homeowners if rules are consistently violated.

Maintenance and Upkeep

An HOA manager is responsible for the general maintenance and upkeep of common areas in a community. A manager may be responsible for maintaining a community's swimming pool, park, tennis courts or sports complex. He may retain a landscaping company to cut grass and care for plants and trees, or oversee a pool-cleaning company that performs routine chemical checks. A manager's must ensure that neighborhood equipment, lighting and gates are all in good working order.

Other Responsibilities

An HOA manager handles the financial matters of the HOA he manages, including the collection of association fees from residents. He may also work in coordination with a council or board comprised of community members who live in the neighborhood. These board members help facilitate neighborhood meetings; keep residents up to date on changes to rules and regulations; and serve as unofficial internal representatives of the management company. The HOA manager may conduct annual elections to select new board members.

Salary Range Examples

*The following data was compiled through research of online sources, talking with current personnel in the industry and a few requests for information from industry leaders. A wide range of suggested salaries is included in this data. Again, a job specific salary for a Community Association Manager could be written using this data and/or any other specifications unique to this community's needs.

Source #1: https://www.bls.gov/oes/2017/may/oes119141.htm

Taken from the Bureau of Labor Statistics Occupational Employment Statistics and Wages Data. Again, BLS is the gold standard for up-to-date and accurate information on the current state of labor in the United States. This data shows MEAN data.

Salary Data:

The number of property, real estate and community association managers in Washington in May 2017 was 2,440 with a relative standard error rate of 6.9%. The median hourly wage in Washington is \$35.33 and the mean hourly wage is \$40.77. The annual **mean** wage in the state of Washington for property, real estate and community association managers (classification 11-9141) in May 2017 was \$84,790. There is a projected growth rate of jobs in this occupation is 10% between the years 2016 and 2026.

Source #2: https://www.careeronestop.org/toolkit/wages/find-salary.aspx?keyword=11-9141&soccode=119141&onet=&location=98597&dataview=table&hourly=False&national=False

Taken from the Bureau of Labor Statistics' referral to website above sponsored by the U.S. Department of Labor containing up-to-date and accurate information on the current state of labor in the United States. This data shows MEDIAN data.

Salary Data: (using classification 11-9141)

		2017		
Location	Pay Period	Low	Median	High
United States	Hourly	\$14.18	\$28.21	\$61.84
	Yearly	\$29,500	\$58,670	\$128,630
Washington	Hourly	\$20.85	\$35.33	\$65.16
	Yearly	\$43,370	\$73,490	\$135,540
Olympia, WA MSA	Hourly	\$19.83	\$30.11	\$57.06
	Yearly	\$41,240	\$62,640	\$118,690

Table data written in text form:

The National / United States median annual wage for property, real estate, and community association managers was \$58,670 in May 2017. The median wage is the wage at which half the workers in an occupation earned more than that amount and half earned less. The lowest 10 percent earned less than \$29,500, and the highest 10 percent earned more than \$128,630.

The State of Washington median annual wage for property, real estate and community association managers was \$73,490 in May 2017. The median wage is the wage at which half of the worker in an occupation earned more than that amount and half earned less. The lowest 10 percent earned less than \$43,370, and the highest 10 percent earned more than \$135,540.

The City of Olympia (the nearest large city close to Clearwood Community Association) median annual wage for property, real estate and community association managers was \$62,460 in May 2017. The median wage is the wage at which half of the worker in an occupation earned more than that amount and half earned less. The lowest 10 percent earned less than \$41,240, and the highest 10 percent earned more than \$118,690.

Source #3: https://www.glassdoor.com/Salaries/us-community-manager-salary-SRCH_IL.0,2_IN1_KO3,20.htm

Taken from GLASSDOOR, a website where employees and former employees anonymously review companies and their management.

Salary Data:

Community Manager Salaries in United State	25
About This Data 4,938 SalariesUpdated Jan 22, 2019	
Average Base Pay	
\$61,818/yr \$45K	

\$62K Average

> \$86K High

Additional Cash Compensation (Benefits) Average\$8,196

Range\$1,465 - \$20,485

Source #4: Letter of proposal from Management Matters, L.L.C. of Mountainhome, Pennsylvania. See Appendix 1 for full text of letter dated February 6, 2019.

Salary recommendation taken from conversation with Jeff Evans at Management Matters, L.L.C. and subsequent submission of letter of proposal from this consultant recommended by Mitch Waterman, the former Community Association Manager at Sudden Valley HOA, Bellingham, WA.

Salary Data:

"I would recommend a salary range for a General Manager for the Clearwood Community Association of of \$130,000 to \$150,000. We might be able to attract someone in the \$110,000 to \$130,000 category, but that will generally bring us much less experienced candidates."

Source #5: Conversation with Dan Adamen, from Adamen, Inc., Poulsbo, WA. See Appendix 2 for full text of emails with the principal owner, Julie Adamen, dated February 4-6, 2019.

Salary Data:

Salary recommendation taken from conversation with Dan Adamen at Adamen, Inc. February 4, 2019. In conversation, Dan recommended a salary in the \$80,000 range for a community of our size. Subsequent written email response from the principal decision maker does not reflect this number, but it is a number that can be taken into consideration by this community.

Hiring Approach(es) + Cost(s) of Hiring

*The following data are examples of hiring approaches and costs of hiring for quick reference. Decisions on how to proceed with hiring a Community Association Manager could be made using this data and/or any other specific approaches unique to this community's needs.

Source #1: Various job posting websites via the internet.

Top 7 job search sites taken from Zipjob website https://www.zipjob.com/blog/top-7-job-search-sites/:

- Indeed https://www.indeed.com/hire
- Glassdoor https://www.glassdoor.com/post-job?src=site-header-employers
- Monster https://hiring.monster.com/?WT.srch=1&WT.mc_n=olm_tm_srch_ggl_Brand_MonsterExact-KeywordMonster&k_keyword=Monster&gclid=Cj0KCQiAonjBRDSARIsAEZXcKbS6hp772clue8N1ipURf157tOSPR0Gwd5LO8E1ZdumyvZnmXk-GdwaAofiEALw_wcB
- Ziprecruiter https://www.ziprecruiter.com/post-a-job?cvosrc=dglem|google-search|cmp-397668383|adg-24738774983|kw-ziprecruiter|mt-e|device-c|cr-284251709988|network-g|uid-Cj0KCQiA-onjBRDSARIsAEZXcKa9APWuQzDsnimefSs3P07_XmjsiwiCw9KySvYEhX1j88mYkwjpQokaAvHdEALw_wcB&utm_medium=cpc&utm_source=google&utm_campaign=brand&utm_term=ziprecruiter&mid=2303&gclid=Cj0KCQiA-onjBRDSARIsAEZXcKa9APWuQzDsnimefSs3P07_XmjsiwiCw9KySvYEhX1j88mYkwjpQokaAvHdEALw_wcB
- Careerbuilder https://hiring.careerbuilder.com/?_ga=2.116132102.1021332796.1550001185-142306191.1550001185&_gac=1.262509950.1550001185.Cj0KCQiAonjBRDSARIsAEZXcKb1MN8HCR7RMXTo1yKN7zFytNjJNVjYS0h-T4bc-ZY0JIKyyYBJ8AQaAnhvEALw_wcB
- Snagajob https://www.snagajob.com/workforce-solutions?ref=goo_brand-desktop-saj_jshome-sitelink-largebusiness_kw=snagajob-match=e-ad=261801929206-rank=1t1&gclid=Cj0KCQiA-onjBRDSARIsAEZXcKZZzg3rH18XO3RJY2Hr31BythXZ9v42T7CoKbrb3UuxZanOgbldThwaArdCEALw_wcB
- Jobs2Careers https://www.talroo.com/

Costs of Hiring:

In addition to any work done by volunteers and/or Clearwood Board Members on creating a job description post, posting on any of these job sites are virtually free of charge. Costs associated with interviewing candidates via telephone are virtually free of charge. Costs associated with interviewing candidates in person would vary if consideration for travel expenses of candidates were made and paid for by the Clearwood Community Association.

Source #2: Paid job posting on local (Washington State) job posting mechanism sponsored by Adamen, Inc., Poulsbo, WA.

See website: http://www.adamen-inc.com/

See Appendix 2 (emails fro Adamen, Inc.)

Costs of Hiring:

In addition to any work done by volunteers and/or Clearwood Board Members on creating a job description post, posting on any of this job sites would involve a fee of \$99 per month for a 75 word posting. This website service is geared specifically toward attracting Community Managers, although purview of the site shows that it seems to lean more toward community manager employees who seek to be employed by Property Management Companies as Community Managers and the majority of job postings also stem from Property Management Companies. But in talking with the owners of the site, it is perfectly acceptable for HOA's to post for on-site Community Managers here. Again, costs associated with interviewing candidates via telephone are virtually free of charge. Costs associated with interviewing candidates in person would vary if consideration for travel expenses of candidates were made and paid for by the Clearwood Community Association.

Source #3: Job search assistance (Headhunting/Executive Searc) by Julie Adamen, Adamen, Inc., Poulsbo, WA.

See website: http://www.adamen-inc.com/page/12525~407961/Jobs-Available

See Appendix 2: (emails from Adamen, Inc.)

Costs of Hiring:

"Fee for placement of 17% if and only if placement is made." In light of the conversation on February 4, 2019 with Dan Adamen and his estimation of a target salary of approximately \$80,000, the 17% fee could be estimated at approximately \$13,700. No data was received from this vendor on what exact services would be included.

Source #4: Job search assistance (Headhunting/Executive Search) by Jeff Evans, Management Matters, L.L.C., Mountainhome, PA.

See website: http://mgmtmatters.net/

See Appendix 1: (Letter of Proposal from Management Matters, L.L.C.)

Costs of Hiring:

"The total cost to the Clearwood Community Association for Management Matter, L.L.C. to manage the entire recruitment and screening process for a new General Manager is twenty-nine thousand seven hundred and fifty dollars (\$29,750.00)." A total of 11 services including telephone meetings with the Search Committee to develop a position announcement, advertising for the position, administrative support for the search, review of resumes and follow-up questionnaire, narrowing of the field to 10 applicants, first round telephone interviews, two trips travel expenses for 2nd and 3rd interviews, testing of final three finalists, background and reference check expense, assistance with a formal offer of employment and contract and an announcement to the community are included in this fee.

Source #5: Job search assistance (Headhunting/Executive Search) by

Katie Lemire

Senior Managing Director

Robert Half Executive Search

San Diego, CA

858-353-7575

See website: https://www.roberthalf.com/work-with-us/our-services

See Appendix 3: (Letter of Proposal / Powerpoint from Robert Half)

Costs of Hiring:

Ms. Lemire was contacted on February 12, 2019. In conversation with her, she believed a salary range of \$80,000 - \$100,000 was appropriate to hire an experienced and knowledgable candidate. She also emphasized that they would concentrate of finding a candidate that would have a proven track record of being able to control costs. She also talked of how Robert Half would employ a team of headhunters to conduct a thorough, nationwide search. For their services, she verbally quoted a cost of \$34,000 for a hiring salary of \$100,000. She also said that it could be billed 1st month: \$14,000, 2nd month \$10,000 and 3rd month \$10,000.

6302 Route 191, PÖ Bex 529, Mountainhome, PÅ 18342 Phone: 570,350-3650 Fax: 570,646-5337 Emall: ManagementMatters@ptd.net Website: MgmtMatters.net

February 6, 2019

Suzie LeFurgey
Management Research Subcommittee
Clearwood Community Association
21603 N. Clear Lake Blvd SE
Yelm, WA 98597

Dear Ms. LeFurgey,

This letter sent via email is in response to our telephone conversation on Monday afternoon. Based on our telephone conversation and the review of your website, the Team at Management Matters has put together the attached proposal.

Since its formation in 2011, Management Matters has been involved in Association search projects in Connecticut, Pennsylvania, Virginia, North Carolina, South Carolina, Georgia, Florida, Texas, California and Washington. In addition to our search projects, Management Matters has been involved in consulting projects in New Jersey, Delaware, Maryland, West Virginia, Missouri, Indiana, Oregon and the Caribbean.

Management Matters recently completed a search for the Sudden Valley Community Association in Bellingham, Washington and earlier last Fall for the Emerald Bay Community Association in Laguna Beach, California. Of all the Key Team Member Searches Management Matters has handled since 2011 (over twenty), only two of the GM's have moved to other positions (one after three years of service, the second after five years of service).

A typical General Manager Search (once we get the green light) takes approximately eight to twelve weeks to complete, depending on the availability of the Search Committee and/or Board of Directors. I would recommend a salary range for a General Manager for the Clearwood Community Association of \$130,000 to \$150,000. We might be able to attract someone in the \$110,000 to \$130,000 category, but that will generally bring us much less experienced candidates.

Thank you for taking the time to review this information. If your Subcommittee would like to have a conference call to discuss this matter further, I am generally available daily from 7:00 AM to 8:00 PM (west coast time). I look forward to talking with you at your convenience in the days/weeks ahead.

Sincerely,

MANAGEMENT MATTERS LLC

Jeffrey/M/ Evans

Principal



ANAGEMENT ATTERS, LLC

6302 Route 191, PO Box 529, Mountainhome, PA 18342 Phone: 570,350,3550 Fax: 570,646-5337 Emall; ManagementMatters@ptd.net Website: MgrntMatters.net

RECRUITMENT PROPOSAL FOR THE GENERAL MANAGER POSITION Clearwood Community Association Yelm, Washington

Management Matters, LLG proposes to manage the recruitment and screening process for the General Manager Position for the Clearwood Community Association.

Management Matters handles Executive Searches for Planned Communities and Private Clubs. The Executive Search services provided by Management Matters differ from the services provided by other search firms infour very specific ways:

Management Matters only recruits for Executives for Planned Communities and Private Clubs. Having worked in these two domains and being certified in these two areas. Management Matters knows what it takes to manage complex Planned Communities and Private Clubs.

Management Matters provides online testing for the three position finalists via an independent firm testing for critical reasoning and logic, work habits and management style and abilities.

Management Matters only handles one Executive Search at a time. So not only do you get our full attention, but you don't have to worky about competing for candidates within the search firm the way you do with larger search firms.

Management Matters charges a flat rate for our time and expenses versus a percentage of salary and benefits.

In order to accomplish this critical assignment, Management Matters proposes to implement the following ten step process:

- A. Develop a detailed Position Announcement for the General Manager Position.
- B. Advertise the position in multiple professional locations.
- C. Develop and distribute a follow-up questionnaire and request for detailed information from all of the candidates determined to be eligible to move forward in the process after
- D. Narrow the field of candidates to approximately ten (10) and interview that group via
- E. Narrow the field of candidates to approximately six (6) and interview that group with the Search Committee (or Board of Directors) by telephone at Clearwood.
- F. Recommend three (3) finalists to the Board and facilitate and participate in their interviews with the Board at Clearwood.
- G. Facilitate the online testing of the three (3) finalists for: critical reasoning and logic, work habits and management styles and abilities. A profile and narrative of the testing for each of the finalists will be provided to the Board after the in-person interviews.
- H. Facilitate the Background and Reference Checks for the candidate selected by the Board prior to a formal offer being signed.
- Assist the Board with developing a formal offer of employment (and employment contract if desired) for the candidate the Board selects.

J. Provide an announcement of the new General Manager for the Clearwater Community Association to utilize with their Property Owners and the Outside Community around Clearwood.

The total cost to the Clearwater Community Association for Management Matters LLC to manage the entire recruitment and screening process for a new General Manager is twenty-nine thousand seven hundred and fifty dollars (\$29,750.00). Included in this fee are all the following:

1. Telephone meetings with the Search Committee (or Board of Directors) to secure the information necessary to develop the Position Announcement and advertise the position.

2. Advertising for the position.

3. Administrative support for the search including all office related expenses.

- 4. Review of resumes received and distribution of follow-up questionnaire and request for detailed information to those making the first cut.
- 5. Review of supplementary information received in order to narrow the field to approximately ten (10).

6. First round interviews by Management Matters via telephone.

- 7. Travel expenses (two trips) to Člearwood for the second and third round of interviews.
- 8. Testing expense for the three finalists by an independent testing group that will provide the profile and narrative for each of the finalists.
- 9. The expenses of background and reference checks for the candidate selected by the Board.
- 10. Assistance to the Board in developing a formal offer of employment (and employment contract if desired) for the candidate selected.
- 11. Development of an announcement for the Clearwood Community Association's new General Manager.

Contingency- In the event the Clearwood Community Association Board of Directors is not satisfied with the three finalists brought to them by Management Matters, the search will continue with the Clearwood Community Association paying only for the continued expenses of the search (advertising, testing and travel) at cost.

Guarantee - In the event the new General Manager ultimately selected and approved by the Board leaves in 180 calendar days or less, Management Matters will renew the search with Clearwood Community Association paying only for the expenses of the renewed search (advertising, testing and travel) at cost.

Note- This proposal is valid through March 31, 2019.

Every candidate is unique. Let Management Matters identify the candidate that is uniquely right for the Clearwood Community Association.

Appendix Z Page 1 of 3

Julie Adamen <julie@adamen-inc.com> Tue 2/5/2019 8:21 AM You

Fee for placement is 17% if and only if a placement is made. By stating this, I am not saying I would definitely take this contract, I would need to speak with you/the Board directly prior to making that decision. It must be a fit for all of us.

To assist you with the management company option, you would fall in to the normal consulting agreement. \$275/hr on retainer.

There are no terms re the job posting option. Just email us a 75-word posting and we'll put it there for 30 days for \$99. If you also wish to post a full job description, that is an additional \$50 per month. We take Visa/MC/and Amex.

Julie Adamen, President 360.779.6507 phone 877.368.1509 toll free Visit me on LinkedIn

AUTHOR AND PUBLISHER OF ONLINE CLASSES FOR NEW MANAGERS AND STAFF: <u>COMMUNITY ASSOCIATION MANAGEMENT 101</u>
Revolutionizing how we train and support community managers

COMING SOON! COMMUNITY ASSOCIATION MANAGEMENT 101 FOR BOARD MEMBERS!

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From: Suzan LeFurgey [mailto:suzanlefurgeyworks@hotmail.com]

Sent: Monday, February 04, 2019 4:52 PM

To: Julie Adamen

Subject: Re: RFP - Clearwood Community Association

We are at data collecting stage. We are looking at costs for the different options I mentioned: 1) Headhunter service - Dan said something about 17% of first year salary of on-site Community Association Manager we hire. That in writing would be sufficient and maybe a list of what it includes. 2) And, then although it is not my area for data gathering I could pass on any information you can send about cost of you helping us hire a property management company and we would ask from them I suppose what the cost would be to hire a full time on-site manager or what it would cost to take part in their manager system where a manager makes occasional visits because the manager would have a portfolio of other properties to manage also. 3) And, then we can see terms on your webpage for the \$99 a month participation fee for posting our own advertisement for a Community Association Manager. I printed that out already to add to our data.

You can send me any additional information that you feel will give us information for the membership to look at to help with a decision making process. Dan did say, too, that you might give us a half hour to speak with you by phone if we have more questions and I will add that offer to my submission of information to our Management Research Committee, too. After they review it, they may want to call.

Thank you for your help.

Suzie LeFurgey

From: Julie Adamen <julie@adamen-inc.com> Sent: Monday, February 4, 2019 2:09 PM

To: 'Suzan LeFurgey'

Subject: RE: RFP - Clearwood Community Association

I can send you contracts to review. Will that work?

Julie Adamen, President 360.779.6507 phone 877.368.1509 toll free Visit me on <u>LinkedIn</u>

AUTHOR AND PUBLISHER OF ONLINE CLASSES FOR NEW MANAGERS AND STAFF: COMMUNITY ASSOCIATION MANAGEMENT 101

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From: Suzan LeFurgey [mailto:suzanlefurgeyworks@hotmail.com]

Sent: Monday, February 04, 2019 1:38 PM

To: julie@adamen-inc.com

Subject: RFP - Clearwood Community Association

I spoke with Dan this morning and as part of our community association's Management Research Committee data gathering we are in need of some information from you.

We are interested in two things:

Headhunter services to hire an on-site Community Association Manager

Consulting services to hire a property management company to include either an on-site Community Manager or a Community Manager who includes our association in a portfolio of associations.

Data Dan said you would need from us:

Clearwood Community Association 21603 N. Clear Lake Blvd SE, Yelm, WA 98597 http://www.clearwood-yelm.com/

<u>Clearwood Yelm - A Quiet and Lovely Gated Community near Yelm, Washington</u>

Appendix 30F3

Welcome to Clearwood Community Association Official Web Site. A Quiet and Lovely Gated Community near Yelm, Washington. *BOARD VACANCY* We are still actively searching for dedicated members of the community to fill open and available seats on the Board of Directors.

www.clearwood-yelm.com

360 894 2941 (office phone)

of lots = 1355

Source of Income: Annual Dues \$740.00 (for general assessments, general reserves, future reserves and water service), miscellaneous income and water usage charges

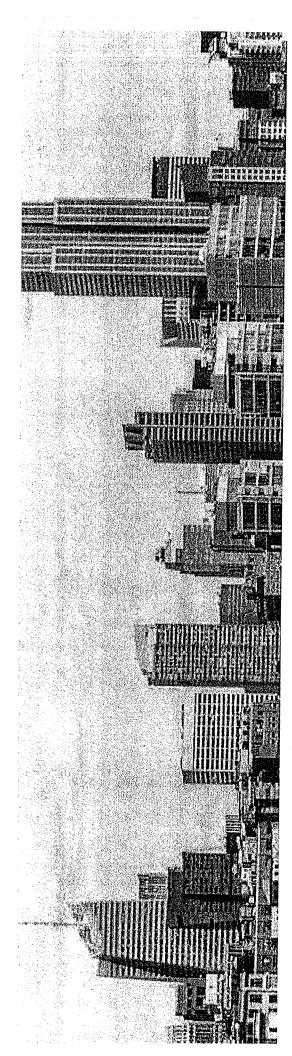
Annual Budget = projected 2019 General Operations Budget \$614,400; projected 2019 Water Operations Budget \$209,908.00

Current # of employees: two full-time in office, one on-call; five full-time maintenance; seasonal pool employees one manager and various life-guards

Amenities = three lakes with six beaches, 14 miles of maintained trails, 14 parks with 14 restroom and 10 picnic cabanas (some with running water and electricity) and several bbq facilities, 16 miles of community maintained roads, five miles of fencing around community, new and effective front and back gates with card key access and one additional free standing emergency gate, community owned water system with five wells and incoming water system to all houses, all houses on individual septic for outgoing water, community office building with boardroom, maintenance building, RV dump site, various recreational areas include two baseball diamonds, two basketball courts, horseshoe court, three tennis courts, swimming pool with jacuzzi, showers and restrooms, playground equipment at five parks, kayak launch at larger lake, and various boat docks and boat storage/moorage/tie-up areas.

Thank you. FYI: I believe I told Dan that we could use the information you can get us at our next meeting of our Management Research Committee and our next meeting is on Wednesday, February 13, 2019.

Suzie LeFurgey 360 894 0256

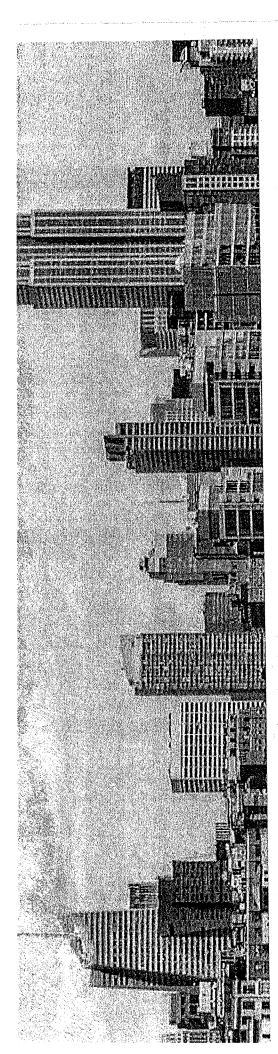


A Summary of Our Process

- the search to better understand your company. We use a detailed agenda to guide our questions about your organization and the position Step 1--Understand the Situation: Prior to defining the role and initiating the internal search process, we will meet face-to-face with
- Step 2 Internally Start the Search: We follow a detailed search start-up process with our researchers, associates, principals and sea communicate what we learn in Step 1 about your company.
- Step 3 Define the Position: We also use our initial discussions to develop a Position Profile which will serve as both the "blueprint" document that can be shared with the prospective candidates.
- Step 4-Identify the Potential Candidate Universe: Guided by the your requirements, we will identify potential candidates.
- Step 5 Evaluate Potential Candidates: Our objective is to interview and critically evaluate the most promising professionals and in who have a history of success.
- Step 6 Provide Weekly Status Reports: We conduct a weekly call with our client and our key search team members to discuss our p includes market intelligence, companies we have targeted, the number of solicited and responded candidates and specific candidates th company
- Step 7 Present the Candidates: We will provide a full Candidate Profile, including appraisal of fit, for every candidate we present committee/stakeholders.

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A Summary of Our Process (Continued)

- Step 8 Facilitate the Interview: We will facilitate the scheduling of your interviews with prospective candidates and provide pre-brit meetings with all parties. Our Managing Directors/Principals personally meet every candidate that you plan to interview in-person.
- Step 9 Facilitate Selection: We will work with you to select the final candidates who are the best fit based upon the intelligence gains reference checking and in-depth interviewing by the RH ES team and by you. This is the point at which we often serve as an advisor to prospective candidate(s),
- and former superiors, subordinates, peers and third parties. In addition, we verify postsecondary degrees, relevant certifications and lice Step 10 - Check References: Once mutual interest is assured, we conduct "360-degree" reference checks on your finalist(s), reaching written Reference Report that details the fit to the Position Profiles.
- Step 11 Facilitate an Offer and Acceptance: We will work with you to develop a mutually beneficial arrangement based upon the c history. Our frequent communication with you and the candidate will ensure everyone is well-informed about the status of the offer and
- concluded, including you, your staff and finalist candidates to foster a positive perception for your reputation and goodwill among those Step 12 - Conclude the Search: We maintain continuous communication with all of those who have been involved to make sure they



Fee Structure

RH ES requires the payment of a retainer fee for this Search P one-third of the placement's actual total first-year cash comp Search Project, we have reduced our standard fee to thirty pe placement's actual total first-year cash compensation (e.g., b: sign-on bonuses, and any other cash components) (the "Fee"

For the Property Manager search, our initial retainer fee will total first-year cash compensation of \$110,000. Thus, our init Search Project is \$33,000.

Additionally, we will charge you a flat administrative fee of \$4 that make up these administrative fees include all administrationterview-related videoconference and communication costs; education, license(s), and certification(s); and supplemental c

Fee Structure	
Search Fee Summary	
Fee Percentage to Calculate Retainer*	30%
Fee for Administrative Services	\$4,000
Retainer Payment Terms	
Upon execution of our agreement	1/3 rd of Fee
30 days after execution of our agreement	1/3 rd of Fee
60 days after execution of our agreement	1/3 rd of Fee
*based on first years' total cash compensation as defined in Fee Structure	ed in Fee Structure

COST RECAP

Note: All costs are approximate, based on information received during research

1.	Board (Self) Managed	\$850,000
2.	Dissolve HOA- City/Annex	\$1,000,000+
3.	Professional Property Management	\$600,000 - \$850,000
4.	Community Association Manager	\$810,000 - \$840,000

Please refer to page number for individual cost data:

Cost Spreadsheet	52
Community Operations Costs 5 year Review	54
General Operations Budget	55
General Reserves Reserve Study	59
Water Operations Budget	67
Pool Expense	69

	PPM Costs	
Total Property Management	487,400.00	\$9/H/M plus maint and pool staff
Vantage	480,408.20	8.57/H/M plus Maint & Pool staff costs
HOA Community Solutions	300,000.00	25,000/M
Vista	454,880.00	7/H/M plus maint and pool staff*
Association Services	525,860.00	15,400/M plus Maint and pool staff
	449,709.64	the state of the s
	The Association and the As	*Doesn't inc. Vendor Management
Community Costs not cover	ed by PPM from 2019 budget	
Administration		Notes
Audit	10,000.00	
Legal	6,000.00	-
Bad Debt	6,500.00	1
Board Expense	1,300.00	
Collection Costs	2,500.00	2
Dues and Subscriptions	4,500.00	
Utilities	14,750.00	
Insurance	14,800.00	
Propety Tax	1,600.00	
Licenses and fees	50	
Lease/Rent	4,700.00	3
Community Support	1,500.00	3
Business Taxes	1,000.00	
Admin Total		
	69,200.00	
Maintenance		
Contingency	300	
Utilities	8,650.00	
Supplies	5,000.00	- Parkers - Indian -
Insurance	19,100.00	
Training	100	
Fuel	8,300.00	
Repairs & Maintenance	15,500.00	
Licensaes and Fees	850	
Small tools & Equip	1,000.00	
Lease/rent	100	
Maint total	58,900.00	
Pool		
Utilities	13,200.00	
Insurance	9,250.00	
Supplies	7,750.00	The state of the s
Equipment	500	
Licenses and fees	350	
Small Tools & Equipment	500	
Pool Total	31,550.00	
Other/Misc	24,050.00	
Security	30,440.00	The state of the s
Water	79,994.00	
Total Costs not covered by PPM	294,134.00	
Colombiato		
Salary info	lh a sa Sitta	
	benefits	water
43,087.00		water
	payroll tax	water
168,598.00		Maintenance
32,938.00		Maintenance
	payroll tax	Maintenance
39,910.00	salary	Pool

8,679.00	payroll tax	Pool
	Approx based on \$16/hour w25% markup	One office staff 4 days/week
374,340.00		
2019 Budgeted		
Total general operations	614,400.00	
Total water operations	209,908.00	
Total Operations	824,308.00	
PPM Savings between 4,000 and 200,000		
	,	<u> </u>
No	otes	
1	We will always have bad debt expense.	
2	These collection costs are related to accounts	currently placed with collection company
3	Equipment under lease contract	

j.

1

Community Operations Costs 5 Year Review

	General Operations	Water Operations	Total
2015 Actual*	498,599	156,123	654,722
2016 Actual**	535,331	116,775	652,106
2017 Actual**	545,253	185,034	730,287
2018 Budgeted**	623,225	189,191	812,416
2019 Budgeted**	614,400	209,908	824,308
			3,673,839
*From 2017 online hudget		- 1	734,767.80

^{*}From 2017 online budget

^{**} From 2019 online budget

	GENERAL OPERATIONS BUDGET					
			Actual 2016	Actual 2017	Amended 2018	Projected 2019
$\neg \dagger$		GENERAL OPERATIONS I	NCOME		12:	12-1
1		41000 Basic Assessments	420,865	430,043	535,225	535,225
2	_	41001 · CREDIT CARD INCOME	2,517	4,184	2,150	2,825
3	~	41002 · FINANCE CHARGES INCOME	24,557	16,651	21,500	15,000
4		41003 · FEES/LIENS/TRANSFERS/RENTERS	61,349	66,778	45,000	45,000
5		41004 · FINES-OTHER THAN RADAR	9,940	3,700	8,500	5,000
6		41005 · RADAR FINES	-	100	-	-
7		41006 · GATE CARD INCOME	7,413	9,057	6,500	7,000
8		41007 · MAILBOX INCOME	2,275	3,045	2,250	2,250
9		41008 - MISC INCOME	12,744	1,969	-	-
10		41009 · INTEREST INCOME	127	430	100	100
11		41103 · ACC INCOME	2,315	2,835	2,000	2,000
12		45004 - EARLY PAYMENT DISCOUNT	_	-	-	-
13	Tot	al Income	544,102	538,791	623,225	614,400
14						~ <u>~</u>
15		GENERAL OPERATIONS E	XPENSES			X-MANAGEMENT AND A SECOND AND A
	AD	MINISTRATION Expense				
17		61000 · PROFESSIONAL SERVICES				
18	J	61000.1 - AUDITING EXPENSE	9,800	10,165	10,000	10,000
19		61000.2 · ACCOUNTING EXPENSE	29,863	34,750	36,000	36,000
20		61000.3 · LEGAL EXPENSE	3,786	9,452	4,080	6,000
21		Total 61000 · PROFESSIONAL SERVICES	43,449	54,367	50,080	52,000
22		61004 · MERCHANT SERVICES EXPENSE	3,610	4,583	3,600	4,000
23		61005 - BAD DEBT EXPENSE	28,668	5,627	10,000	6,500
24		61006 · BANK/LATE FEES	2,039	1,138	1,500	1,500
25		61007 · BOARD EXPENSE	2,139	4,411	1,650	1,300
26		61010 - COLLECTION COSTS	1,480	6,774	2,500	2,500
27		61011 · COMPUTER SUPPORT SERVICES	8,403	14,221	11,075	12,960
28	_	61012 · CONTINGENCY/MISCELLANEOUS	1,466	3,600	1,500	1,000
29		61015 - DUES AND SUBSCRIPTIONS	250	2,747	5,050	4,500
30		61020 · UTILITIES EXPENSE			0.000	
31		61020.1 · ELECTRICITY EXPENSE	9,312	7,996	9,000	8,500
32		61020.2 · TELEPHONE/INTERNET EXPENSE	6,162	6,388	5,900	6,250
33		61020.3 - WATER	-	_	-	
34		Total 61020 · UTILITIES EXPENSE	15,474	14,385	14,900	14,750
35		61025 · EMPLOYEE BENEFITS	1,082	4,279	8,558	13,776
36		61031 · BUSINESS INSURANCE EXPENSE	12,884	13,403	13,200	14,800
37		61050.1 · OFFICE SUPPLIES	14,321	12,853	13,421	11,000
38		61055 · PAYROLL EXPENSE	63,552	84,253	102,481	96,841
39		61056 · PAYROLL TAXES	6,949	8,400	9,900	9,387
40	1	61057 - PROPERTY TAX	433	1,433	1,600	1,600
41		61066 · TRAINING EXPENSE		_	2,900	1,450

ГТ					
		Actual	Actual	Amended	Projected
<u> </u>	T	2016	2017	2018	2019
1	61070 · MILEAGE REIMBURSEMENT	-	64	1,000	1,000
2	61090 · ALLOCATED EXPENSE	-	(70,945)	(70,000)	(71,000)
3	62020.1 GROUNDS EXPENSE	33	-	-	-
4	62020.6 STRUCTURAL	439	-		-
5	62026 · LICENSES AND FEES	31	181	50	50
6	65016 · LEASE/RENT EXPENSE	6,296	5,068	7,200	4,700
7	65020 · COMMUNITY SUPPORT				
8	65020.1 · COMMUNITY MEETING EXPENSE	-	42	4,700	500
9	65020.3 · NEWSLETTER EXPENSE	1,074	937	1,000	1,000
10	Total 65020 · COMMUNITY SUPPORT	1,074	979	5,700	1,500
11	66040 · BUSINESS TAXES	1,758	1,104	1,000	1,000
12 A	DMINISTRATION Total Expense	215,830	172,924	198,865	187,114
13					
14 V	IAINTENANCE Expense				
15	61012 · CONTINGENCY/MISCELLANEOUS	288	1,309	300	300
16	61020 · UTILITIES EXPENSE		9		
17	61020.2 - ELECTRICITY	-	-	-	
18	61020.2 · TELEPHONE/INTERNET EXPENSE	1,351	1,469	1,200	1,500
19	61020.4 · PROPANE EXPENSE	552	1,942	1,050	1,150
20	61020.5 · REFUSE EXPENSE	5,857	8,181	6,100	6,000
21	Total 61020 · UTILITIES EXPENSE	7,760	11,593	8,350	8,650
22	61025 · EMPLOYEE BENEFITS	14,070	21,253	23,727	32,938
23	61031 · BUSINESS INSURANCE EXPENSE	16,642	17,312	15,600	19,100
24	61050 · SUPPLIES				
25	61050.1 OFFICE SUPPLIES	294	33	300	300
26	61050.2 · CUSTODIAL SUPPLIES	3,172	3,511	3,600	2,500
27	61050 SUPPLIES OTHER	3,696	4,271	2,520	1,000
28	61050.3 · SAFETY GEAR & CLOTHING	1,150	1,892	1,200	1,200
29	Total 61050 · SUPPLIES	8,312	9,706	7,620	5,000
30	61055 · PAYROLL EXPENSE	116,610	136,224	167,113	168,598
31	61056 · PAYROLL TAXES	19,577	22,256	28,700	32,021
32	61066 · TRAINING EXPENSE	57	8		100
33	61070 - MILEAGE		128	40	-
34	62015 · FUEL EXPENSE	7,029	8,847	9,600	8,300
35	62020 · REPAIRS & MAINTENANCE				
36	62020.1 · GROUNDS EXPENSE	3,587	3,006	4,000	3,500
37	62020.2 · TREE/DEBRIS REMOVAL	354	3,836	3,600	1,000
38	62020.4 · ROAD EXPENSES	1,676	6,393	5,900	4,000
39	62020.6 - STRUCTURAL	641	1,430	2,000	1,000
40	62020.7 · EQUIPMENT	8,357	11,084	6,000	6,000
41	Total 62020 · REPAIRS & MAINTENANCE	14,615	25,750	21,500	15,500
42	62026 · LICENSES AND FEES	1,727	796	2,040	850
-	62046 · SMALL TOOLS & EQUIPMENT	2,087	297	2,000	1,000
43	102040 'SIVIALL TOOLS & FOUIPIVIFIXI	/ 1/0/ 1	/ 4 / 1	/ [[[[]]]	

			т т			
			Actual	Actual	Amended	Projected
			2016	2017	2018	2019
1		65016 · LEASE/RENT EXPENSE	83	121	500	100
2	MA	AINTENANCE Total Expense	208,857	255,601	287,090	292,457
3						
4	SEC	CURITY Expense				
5		61012 · CONTINGENCY/MISCELLANEOUS	-		-	-
6		61020.2 · TELEPHONE/INTERNET EXPENSE	4,486	4,142	5,004	4,600
7		61050.1 · OFFICE SUPPLIES	10	-	-	-
8		61050 · SUPPLIES - OTHER	2,855	-	950	-
9		61070 · MILEAGE REIMBURSEMENT	552	452	944	500
10		61090 · ALLOCATED WAGES	1,622	866	-	1,235
11		62020.5 - GATE EXPENSE	2,255	4,773	1,200	1,200
12		63010 · DEPUTY SHERIFF STIPEND	8,944	10,287	20,328	20,325
13		63020 - SECURITY SYSTEM	3,642	4,403	3,720	2,580
14	SE	CURITY Total Expense	24,366	24,922	32,146	30,440
15		\				
16	PO	OOL Expense				
17		61012 · CONTINGENCY/MISCELLANEOUS	100	187	504	200
18		61020 · UTILITIES EXPENSE		18 2 2		
19		61020.1 · ELECTRICITY EXPENSE	5,889	5,779	7,008	5,750
20		61020.2 · TELEPHONE/INTERNET EXPENSE	413	400	504	450
21		61020.3 - WATER		-	-	
22		61020.4 · PROPANE EXPENSE	6,656	7,097	8,000	7,000
23	3	Total 61020 · UTILITIES EXPENSE	12,958	13,276	15,512	13,200
24	1	61025 EMPLOYEE BENEFITS	1,319	1,177	1,160	-
25	5	61031 · BUSINESS INSURANCE EXPENSE	8,052	8,377	8,520	9,250
26	5	61050 · SUPPLIES				
27	7	61050.1 · OFFICE SUPPLIES	13	-	250	-
28	3	61050.2 · CUSTODIAL SUPPLIES		74		-
29	9	61050.3 - SAFETY GEAR & CLOTHING	-	1,573	1,000	1,500
30		61050.4 - CHEMICALS	4,115	4,712	6,590	4,750
3:	1	61050 - SUPPLIES OTHER	2,053	1,560	2,500	1,500
32	2	Total 61050 · SUPPLIES	6,181	7,919	10,340	7,750
33	3	61055 · PAYROLL EXPENSE	30,434	33,659	28,824	39,910
34	4	61056 · PAYROLL TAXES	5,997	7,019	5,874	- × 8,679
3.5	5	61066 · TRAINING EXPENSE	380		1,200	-
30	6	61090 · ALLOCATED EXPENSES	_	-	-	-
3	7	62020 · REPAIRS & MAINTENANCE				
3	8	62020.1 GROUNDS EXPENSE	_	46	-	-
3	9	62020.6 - STRUCTURAL	2,180	-	3,000	
4	0	62020.7 · EQUIPMENT	302	595	1,600	500
4	1	Total 62020 · REPAIRS & MAINTENANCE	2,482	642	4,600	500
4	2	62026 · LICENSES AND FEES	339	346		
4	3	62046 · SMALL TOOLS & EQUIPMENT	1,780	174	3,000	<u>£500</u>

			Actual	Actual	Amended	Projected
		,	2016	2017	2018	2019
1	POOL T	otal Expense	70,022	72,776	79,934	80,339
2					9	
3	OTHER,	/MISC EXPENSES				
4	6101	12 · CONTINGENCY/MISCELLANEOUS	18	-	_	-
5	6202	20 · REPAIRS & MAINTENANCE				
6		62020.8 LAKES	, 10,226	8,701	10,500	10,250
7	,	62020.9 VANDALISM	2,436	3,572	2,800	3,500
8	Tota	al 62020 · REPAIRS & MAINTENANCE	12,662	12,273	13,300	13,750
9	6202	26 - LICENSES AND FEES	550	-	550	-
10	6503	16 - LEASE/RENT EXPENSE	1,349	2,560	2,640	2,600
11	6502	20 · COMMUNITY SUPPORT				
12		65020.2 FISHING DERBY	1,594	2,789	2,700	2,700
13		65020.4 COMMITTEE	83	1,409	5,000	4,000
14	Tota	al 65020 · COMMUNITY SUPPORT	1,677	4,198	7,700	6,700
15	650	70 · COMMITTEE MILEAGE REIMBURSEMENT	-	-	1,000	1,000
16	OTHER/	/MISC Total Expense	16,256	19,031	25,190	24,050
17						
18	OPERA	TIONS TOTAL EXPENSES	535,331	545,253	623,225	614,400
19	5				an g	
20		OPERATIONS NET PROFIT	8,771	(6,462)		- \ -

Clearwood Homeowners Association Yelm, Washington

General Reserves Reserve Study

Level III: Update with no visual site Inspection

For Period Beginning: January 1, 2017

For Period Ending: December 31, 2017

Date Prepared: March 22, 2016

Prepared by Ben Budde

Clearwood Treasurer and Finance Committee Chairman

Association: Clearwood

Location: Yelm, WA

Number of Units: 1355

Report Period: January 1, 2017 through December 31, 2017

Findings as of 1/1/2017

Reserves % Funded: 61%	3	0%	70%	130%
Mark the second	4			
Special Assessment Risk:	High	Medium		Low

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves.... 0.95%

Annual Inflation Rate...... 3.00%

The General Reserves is currently 61% Funded. There is a medium risk of needing a Special Assessment at some time in the future. In order to get to 100% funded in the 30 year period the assessment would need to increase \$130 per lot plus an 3% annual increase thereafter. In order to maintain a baseline funding in the 30 year period the assessment would need to increase \$43 per lot plus an 3% annual increase thereafter.

The next three pages contain the component list. Components due to be renovate in 2017 are mark with yellow. Components due to be renovate the four years following 2017 are mark in green. Following the component list is the Budget Disclosure statement for General Reserves included tables of projections for the next 30 years for the current budgeted plan and the fully funded plan.

This reserve study meets all requirements of RCW 64.38.070. This study was done by the Clearwood Treasurer and Finance Committee chairman without the assistance of a reserve study professional. This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

#	Component	Useful Life	Remaining	Current Cost
	•	(yrs)	Useful Life (yrs)	Estimate
Comi	nunity Property			NEW TOTAL STATE OF THE STATE OF
Charles on the proper and	The said Control of the State o	40	8	\$51,500
100	Spillways, Concrete-Repair/Replace	25	8	\$5,459
100	Spillways, Gates & Weirs - Replace	10	8	\$12,103
102	Bridge - Arch	10	8	\$6,386
103	Bridge - Blue Lake, Lower Spillway	10	8	\$6,386
104	Bridge - Blue Lake, Upper Spillway	10	8	\$4,378
105	Bridge - Bear Island	10	8	\$8,652
106	Bridge - Brookside Bridge - Blue Lake, Inlet	10	8	\$4,378
108		10	8	\$19,055
109	Bridge - Longmire	10	1	\$11,845
111*		10	8	\$5,253
112	Bridge - Reichel	15	9	\$11,330
114		C. Michael and Company of the Control of the Contro	J.,	\$11,330
114		15.	0	\$25,000
114	Beach bulkheads Reichel	15	O to the second	
1145		1/5 15	14	\$25,000. \$11,330
114	Beach bulkheads Windy		19	
115	Cabana - Division 7	25		\$15,965
117	Cabana - Hi Lo	25	13	\$15,965
118	Cabana - Longmire	25		\$15,965*
119	Cabana - Madrona	25	21	\$15,965
120	Cabana - Otter Beach	25	17	\$15,965
122	Cabana - Pool	25	15	\$15,965
123	Cabana - Reichel	25	24	\$23,690
124	Cabana - Sunset	25	11	\$15,965
.125	CabanaVine Lane	25	3	Ψ10,900;
126	Cabana - Windy	25	12	\$15,965
<u>_130</u> ^	Dock - Blue Lk Fishing (1 of 4)	30	2	\$23,999
130	Dock - Blue Lk Fishing (2 of 4)	30	2.	\$23,999
130	Dock - Blue Lk Fishing (3 of 4)	30	4	\$23,999
130	Dock - Blue Lk Fishing (4 of 4)	30	6	\$23,999
130	Dock - Clear Lake	30	28	\$21,630
131	Dock - Horseshoe (a - right)	30	1	\$22,506
132	Dock - Horseshoe (b - left)	30	17	\$20,600
133	Dock - Horseshoe (c - rear)	30	28	\$23,175
134	Dock - Longmire (fish, swim)	30	8	\$39,140
135	Dock - Madrona (fish, swim)	30	10	\$25,750
136	Dock - Otter (fishing)	30	The state of the s	\$21,630
137	Dock - Otter (swim)	30	12	\$8,807
139	Dock - Reichel (swim)	30	14	\$8,807
140	Dock - Sunset (fish, swim)	30	19	\$26,265
141	Dock - Windy (fish, swim)	30	23	\$36,565
145	Fence - Chain Link	3 4		\$10,300
146	Fence - Front and Back Gates	20	2	\$17,510
148	Fence - Office	20	16	\$5,665
150	Restroom - Well #4	20	8	\$7,725
151	Restroom - Blue Water	20	16	\$7,725
152	Restroom - Loop	20	0	\$24,205
153	Restroom - Rampart	20	10	\$7,725
154	Restroom - Hi-Lo	20	10	\$7,725
155	Restrooms - Longmire	20	14	\$15,450
156	Restroom - Madrona	20	14	\$7,725

## Component Useful Life (vrs) Useful				D	C
157 Restroom - Otter Beach 20	#	Component	Useful Life	Remaining	Current Cost
156			(yrs)		
158 Restroom - Perimeter	157	Restroom - Otter Beach	20	12	\$15,450
Restroom - Sports Court			20	10	
Restroom - Reichel			20		
1622 Restroom - Sunset 20 10 \$7,725 163 Restroom - Woodside 20 10 \$7,725 164 Restroom - Woodside 20 10 \$7,725 176 Talls - Misintain/Rebail 4 1 \$5,820 176 Talls - Misintain/Rebail 4 1 \$5,820 178 Talls - Misintain/Rebail 4 1 \$5,820 186 Rotchell-Brach Sprinklor-System N/A 1 \$3,939 185 Sensi - Longmire (replace) 40 15 \$8,240 186 Tannis - Longmire (replace) 40 3 \$52,175 187 Tannis - Longmire (replace) 40 5 \$44,290 188 Tannis - Rampari (replace) 40 5 \$44,290 188 Saltis - Rampari (replace) 40 5 \$44,290 189 Maliboxes - Replace Big Fir 20 5 \$24,720 190 Maliboxes - Replace Big Fir 20 5 \$24,720 190 Maliboxes - Replace Big Elic 20 7 \$30,900 190 Maliboxes - Replace Big Elic 20 9 \$39,140 190 Maliboxes - Replace Big Elic 20 9 \$39,140 190 Maliboxes - Replace Engrif Gate 20 1 \$16,480 190 Maliboxes - Replace Windly Beach 30 28 \$31,930 190 Maliboxes - Replace Windly Beach 30 28 \$31,930 190 Road Project D-3: Resurface 30 1 \$222,050 201 Road Project D-3: Resurface 30 1 \$222,050 202 Road Project D-5: Resurface 30 1 \$222,050 203 Road Project D-5: Resurface 30 10 \$222,050 204 Road Project D-5: Resurface 30 19 \$222,950 205 Road Project D-6: Resurface 30 19 \$222,950 206 Road Project D-7: Resurface 30 20 \$1,950 207 Road Project D-7: Resurface 30 22 \$13,900 208 Road Project D-7: Resurface 30 22 \$13,900 209 Road Project D-7: Resurface 30 22 \$13,900 201 Road Project D-7: Resurface 30 24 \$39,900 202 Road Project D-7: Resurface 30 24 \$39,900 203 Road Project D-7: Resurface 30 24 \$39,900 204 Road Project D-7: Resurface 30 24 \$39,900 205 Road Project D-7: Resurface 30 24 \$39,900 206 Road Project D-7: Resurface 30 24 \$39,900 207 Road Project D-7: Resurface 30 24 \$39,900 208 Road			20	10	\$15,450
163			20	10	\$7,725
1664 Restroom - Woodslde			20	8	\$7,725
			20	10	\$7,725
	170		- 4	1.	\$5,820
185 Basketball Court - Longmire 40		Reichel Beach Sprinkler System	N/A	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	\$8,395
185 Tennis Longmire (replace) 10 3 \$23,175 186 Tennis & Baktbi - Hi Lo (replace) 40 5 \$44,290 187 Jannis Rampart (replace) 40 3 \$30,900 188 Salifield / Field (Digrade N/A 1 \$11,330 190 Maliboxes - Replace Big Fir 20 5 \$24,720 190 Maliboxes - Replace Big Fir 20 5 \$24,720 190 Maliboxes - Replace Big Fir 20 9 \$39,140 190 Maliboxes - Replace Big Edwill Lake Court 20 9 \$39,140 190 Maliboxes - Replace Fort Gate 20 1 \$16,480 190 Maliboxes - Replace Longmire 20 3 \$15,450 190 Maliboxes - Replace Windy Beach 30 28 \$31,930 180 Road Project D-15 Resurface 30 1 \$242,050 190 Road Project D-3: Resurface 30 7 \$185,400 201 Road Roject D-3: Resurface 30 7 \$185,400 202 Road Project D-3: Resurface 30 13 \$228,660 204 Road Project D-5: Resurface 30 13 \$228,660 205 Road Project D-5: Resurface 30 18 \$228,660 206 Road Project D-6: Resurface 30 19 \$272,950 207 Road Project D-7: Resurface 30 22 \$133,900 208 Road Project D-8: Resurface 30 22 \$133,900 209 Road Project D-8: Resurface 30 24 \$339,900 209 Road Project 1 Resurface 30 24 \$339,900 201 Road Project 1 Resurface 30 24 \$339,900 202 Road Project 1 Resurface 30 25 \$612,850 210 Road Project 1 Resurface 30 25 \$612,850 211 Roads Replaced Road Project 1 Resurface 30 25 \$612,850 212 Roads Replaced Road Ro			40	15	
Tennis & Dorgmire (seal)			40	3	\$23,175
186 Tennis & Bsktbl - Hi Lo (replace)			10	3	\$7,571
187 Jennis - Rampart (replace)			40	5	\$44,290
190 Mallboxes - Replace Big Fir 20 5 \$24,720 190 Mallboxes - Replace Big Fir 20 5 \$24,720 190 Mallboxes - Replace Biue Hills Loop 20 7 \$30,900 190 Mallboxes - Replace Biue Lake Court 20 9 \$39,140 190 Mallboxes - Replace Biue Lake Court 20 9 \$39,140 190 Mallboxes - Replace Enorit Gate 20 1 \$16,480 190 Mallboxes - Replace Longinire 20 3 \$15,450 190 Mallboxes - Replace Longinire 20 3 \$15,450 190 Mallboxes - Replace Windy Beach 30 28 \$31,930 190 Road Project D-1: Resurface 30 1 \$224,050 201 Road Project D-2: Resurface 30 4 \$3,85,400 202 Road Project D-3: Resurface 30 7 \$185,400 203 Road Project D-4: Resurface 30 10 \$224,050 204 Road Project D-5a: Resurface 30 10 \$224,050 205 Road Project D-5a: Resurface 30 13 \$228,660 204 Road Project D-6: Resurface 30 16 \$228,660 205 Road Project D-6: Resurface 30 19 \$272,950 206 Road Project D-7: Resurface 30 22 \$133,900 207 Road Project B: Resurface 30 22 \$133,900 208 Road Project B: Resurface 30 23 \$339,900 209 Road Project I: Resurface 30 24 \$339,900 209 Road Project I: Resurface 30 25 \$612,850 210 Road Project I: Resurface 30 26 \$612,850 211 Roads replaced in 2002 30 16 \$242,050 212 Roads replaced in 2009 30 23 \$417,150 Playground Equip - Vine Lane 15 7 \$4,635 213 Playground Equip - Vine Lane 15 7 \$4,635 214 Playground Equip - Perimeter 20 8 \$34,505 215 Playground Equip - Hi Lo 20 12 \$22,145 220 Pool - Bidg Rocf (rear) 40 4 \$31,905 222 Pool - Bidg Rocf (rear) 40 4 \$31,905 223 Pool - Bidg Rocf (front) 20 5 \$6,953 224 Pool - Bidg Rocf (front) 20 5 \$6,953 225 Pool - Bidg Rocf (front) 20 5 \$6,953 226 Pool - Bidg Rocf (front) 20 5 \$6,953 227 Pool - Bidg Rocf (front)			40	-3-	\$30,900
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190 Mailboxes - Replace Windy Beach 30 28 \$31,930 Roads Roads			20	. 3	\$15,450
Roads 200 Road Project Dil Resurface 30		[N	30	28	\$31,930
200 Road Project D 1: Resurface 30					200, or 100 cm o
201 Road Project D-2: Resurface 30	The state of the s		30	1	\$242,050
202 Road Project D-3: Resurface 30 7 \$185,400 203 Road Project D-4: Resurface 30 10 \$242,050 204 Road Project D-5a: Resurface 30 16 \$228,660 204 Road Project D-5b: Resurface 30 16 \$228,660 205 Road Project D-6: Resurface 30 19 \$272,950 206 Road Project D-7: Resurface 30 22 \$133,900 207 Road Project S: Resurface 30 23 \$339,900 207 Road Project 9: Resurface 30 24 \$339,900 208 Road Project 10: Resurface 30 24 \$339,900 209 Road Project 10: Resurface 30 25 \$612,850 210 Road Project 10: Resurface 30 26 \$612,850 210 Road Project 10: Resurface 30 26 \$612,850 211 Road Project 10: Resurface 30 26 \$612,850 211 Road Project 10: Resurface 30<			A Section of the section of the property of the party of		
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# Component Useful Life Remaining Current Cost	ni-		the court of the second property of the court of the cour	THE R. P. S. LEWIS CO., LANSING MICH. 49 P. LEWIS CO., LANSING CO., LA	
	#	Component	Useful Life	Remaining	Current Cost

		(yrs)	Useful Life (yrs)	Estimate
229	Pool - Heaters	15	13	\$7,725
230	Pool/Spa - Filters	20	19	\$6,953
231	Spa - Heater	20	18	\$2,575
232	Spa - Resurface	8	6	\$5,820
233.	Pool - Bldg Exterior Paint/Seal	- 5	4	\$5,202
· 238	Pool - Winter Cover/Blanket	12	3	\$16,480
240	Pools - Replaster	20	18	\$31,930
241	Pool/Spa - Tile & Coping	40	17	\$19,055
242	Pool Plumbing - Repair	10	8	\$10,918
Secu			The same and the s	
	Security Cameras	8	1. 1	\$5,150
290	Security Cameras	8	3	\$5,150
290	Security Cameras	8	5	\$5,150
291	Security - Card Readers	15	12	\$24,205
292	Security - Gate Operators	15	6	\$12,875
296	Security - Sally Arm System	12	11	\$5,665
297	Security - Spikes	15	9	\$6,953
	tenance Building			
	Maintenance Bldg - Ext Paint	10	4	\$6,077
302	Maintenance Bldg - Ovrhd Bay Doors	20	15	\$6,953
306	Maintenance Bldg - Roof	20	11	\$10,300
308	Maintenance Bldg - Shop Heaters	20	2	\$7,262
309	Maintenance Bidg Carport	50	46	\$92,700
	tenance Equipment			
310		N/A	1	\$5,459
310	Maint Equip Backhoe	20	1	\$69,525
311	Maint Equip - Boom Lift Genie Prtbl	20	5 7	\$16,480
316	Maint Equip - Bobcat Excavator	15 12	1	\$49,440 \$7,571
317		20	2	\$23,1.75
320	Maint Equip - Kubota Tractor	40	17	\$26,265
321	Maint Equip - Fuel Tank & Pumps	12	11	\$20,203 \$18,540
322	Maint Equip - Kubota RTV (old)	10	6	\$18,540
323 327	Maint Equip - Kubota RTV (newer) Maint Equip - Sander (old)	15	1	\$8,086
328	Maint Equip - Sander (newer)	15	8	\$8,086
		15	1	\$6,953
330	Maint Equip - Plow (old) Maint Equip - Plow (new)	15	8	\$6,953
332		10	2	\$20,600
333		12	2	\$43,260
338		10	4 1 2 3	\$43,260
339		- 10	. 2	\$28,840
341	Maint Equip - Truck 2008 Ford F150	10	7	\$21,630
342		10	9	\$24,720
343	Flatbed Trailer for Excavator	10	6	\$5,305
344	Paint Striper	10	8	\$6,489
Offi				The state of the s
	⊚Office Bidg - Carpet, Paint	12	1 1 1	\$5,820
361	Office Bldg - Roof	30	10	\$5,820
362		30	10	\$40,685
364		25		\$8,034
365	See a control of the	5.0	4	\$13,905
146				A sign of the sign

Assessment and Reserve Funding Disclosure Summary Clearwood Community Association General Reserves

For Fiscal Year Beginning: 1/1/2017

of units: 1355

a)

Budgeted Amounts:	Total	Per Unit
Reserve Contributions	\$196,475	\$145
Operating Assessments	\$ 467 , 475	\$345

per: Year

Recommended Amount:	Total	Per Unit				
Reserve Contributions	\$372,930	\$275.23				
Funding Plan Objective	Full Fu	Full Funding				

per: Year

- b) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members: None
- c) Based on the most recent Reserve Study and other information available to the Board of Directors, will currently projected Reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years? **NO**
- d) If the answer to c) is no, what additional assessments or other contributions to Reserves would be necessary to ensure that sufficient Reserve Funds will be available each year during the next 30 years?

Approximate Fiscal Year Assessment will be due	Average Amount of Special one time Special Assessment per unit				
2036	\$4100				

e)

All computations/disclosures are based on the fiscal year start date of:	1/1/2017
Fully Funded Balance (based on Formula defined in RCW 64.34.020)	\$2,948,930
Projected Reserve Fund Balance:	\$1,800,058
Percent Funded:	61.1%
Reserve Deficit on a mathematical avg-per-unit basis:	\$848

From 2017 Reserve Study

f/g) See attached 30-yr Summary Tables, showing the projected Reserve Funding Plan, Reserve Balance, and Percent Funded for the current budgeted and the fully funded Reserve Funding Plans.

-Table 1: 30-Year Current Funding Summary

Fiscal Year Start:

01/01/17

Reserve Fund Strength Calculations (All values as of Fiscal Year Start Date)

Projected Reserve Balance Changes

	Starting	Fully		Special		Loans or		
	Reserve	Funded	Percent	Assmt	Reserve	Special	Interest	Reserve
Year	Balance	Balance	Funded	Risk	Contribs.	Assmts	Income	Expenses
2017	\$1,800,058	\$2,948,467	61.1%	Med	\$196,475	\$0	\$17,598	\$107,864
2018	\$1,906,2 67	\$3,218,456	59.2%	Med	\$196,475	\$0	\$16,595	\$530,503
2019	\$1, 58 8,8 34	\$3,056,64 6	52.0%	Med	\$196,475	\$0	\$14,932	\$244,139
2 020	\$1,556,103	\$3,193,578	48.7%	Med	\$196,475	\$0	\$15,045	\$155,151
20 2 1	\$1,612,4 71	\$3 ,43 5,177	46,9%	Med	\$196,475	\$0	\$14,762	\$327,205
2022	\$1,496,503	\$3,515,976	42.6%	Med	\$196,475	\$0	\$14,612	\$126,629
2023	\$1,580,960	\$3,815,235	41. 4 %	Med	\$196,475	\$0	\$15,326	\$145,863
2 02 4	\$1,646,899	\$4,11 3,38 7	40.0%	Med	\$196,475	\$0	\$14,877	\$371,797
2025	\$1,486,454	\$4,197,790	35.4%	Med	\$196,475	\$0	\$13,639	\$310,471
2026	\$1,386,097	\$4,358,209	31.8%	Med	\$196,475	\$0	\$13,535	\$131,637
2027	\$1,464,470	\$4,718,269	31.0%	Med	\$196,475	\$0	\$12,401	\$526,078
2028	\$1, 1 47,268	\$4,69 3,80 2	24.4%	High	\$196,475	\$0	\$11,153	\$153,269
2029	\$1, 2 01,627	\$5,063,870	23.7%	High	\$196,475	\$0	\$11,365	\$217,416
203 0	\$1 ,1 92,051	\$5,390,582	22.1%	High	\$196,475	\$0	\$10,182	\$446,214
2031	\$9 52,4 94	\$5, 503,396	17,3%	High	\$196,475	\$0	\$9,177	\$177,842
2032	\$980,304	\$5,908,338	16,6%	High	\$196,475	\$0	\$9,708	\$122,233
2033	\$1,064,253	\$6,395,396	16.6%	High	\$196,475	\$0	\$6,745	\$911,132
2034	\$3 56,3 41	\$6,097,571	5.8%	High	\$196,475	\$0	\$3,237	\$230,547
2035	\$325,507	\$6,505,278	5.0%	· High	\$196,475	\$0	\$2,600	\$302,567
2036	\$222,014	\$6,864,902	3.2%	High	\$196,475	\$0	\$0	\$668,803
2037	-\$250,314	\$6,872,376	0.0%	High	\$196,475	\$0	\$0	\$96,084
2038	-\$149,923	\$7,484,686	0.0%	High	\$196,475	\$0	\$0	\$336,564
2039	-\$290,011	\$7,882,824	0.0%	High	\$196,475	\$0	\$0	\$635,890
2040	-\$729,426	\$8,000,209	0.0%	High	\$196,475	\$0	\$0	\$1,689,150
2041	-\$2,222,101	\$7,052,333	0.0%	High	\$196,475	\$0	\$0	\$804,429
2042	-\$2,830,056	\$7,003,841	0.0%	High	\$196,475	\$0	\$0	\$1,485,568
2043	-\$4,119,149	\$6,269,376	0.0%	👫 High	\$196,475	\$0	\$0	\$1,483,044
2044	-\$5,405,717	\$5,533,045	0.0%	High	\$196,475	\$0	\$0	\$218,497
2045	-\$5,427,739	\$6,095,200	0.0%	High	\$196,475	\$0	\$0	\$617,538
2046	-\$5,848,802	\$6,281,844	0.0%	High	\$196,475	\$0	\$0	\$248,066

Table 2: 30-Year Reserve 100% Funding Summary

Fiscal Year Start:

01/01/17

Interest: 1.0% Inflation: 3.0%

Reserve Fund Strength Calculations (All values as of Fiscal Year Start Date)

Projected Reserve Balance Changes

	Starting	Fully		Special		Loans or		•
	Reserve	Funded	Percent	Assmt	Reserve	Special	Interest	Reserve
Year	Balance	Balance	Funded	Risk	Contribs.	Assmts	Income	Expenses
2017	\$1,800,058	\$2,948,467	61.1%	Med	\$372,930	\$0	\$18,440	\$107,864
2018	\$2,083,564	\$3,218,456	64.7%	Med	\$384,118	\$0	\$19,182	\$530,503
2019	\$1,956,361	\$3,056,646	64.0%	Med	\$395,641	\$0	\$19,389	\$244,139
2020	\$2,1 2 7,25 3	\$3,193,578	66.6%	Med	\$407,511	\$0	\$21,501	\$155,151
2 021	\$2, 4 01,11 3	\$3,435,177	69.9%	Med	\$419,736	\$0	\$23,352	\$327,205
2022	\$2,516,996	\$3,515,976	71.6%	Low	\$432,328	\$0	\$25,474	\$126,629
2023	\$2,848,16 9	\$3,815,235	74.7%	Low	\$445,298	\$0	\$28,604	\$145,863
2024	\$3, 17 6,20 8	\$4,113,387	77.2%	Low	\$458,657	\$0	\$30,720	\$371,797
2025	\$3,293,788	\$4,197,790	78.5%	Low	\$472,417	\$0	\$32,200	\$310,471
2026	\$3,487,934	\$4 ,35 8,209	80.0%	Low	\$486,589	\$0	\$34,973	\$131,637
2027	\$3,877,860	\$4,718,269	82.2%	Low	\$501,187	\$0	\$36,882	\$526,078
2028	\$3,889,850	\$4,693,802	82.9%	Low	\$516,222	\$0	\$38,846	\$153,269
2029	\$4,291,649	\$5,063,870	84.8%	Low	\$531,709	\$0	\$42,448	\$217,416
203 Q	\$4, 64 8,39 0	\$5,390,582	86.2%	Low	\$547,660	\$0	\$44,836	\$446,214
2031	\$4, 79 4,67 3	\$5,503,396	87.1%	Low	\$564,090	\$0	\$47,591	\$177,842
2032	\$5,228,512	\$5,908,338	88.5%	Low	\$581,013	\$0	\$52,076	\$122,233
2033	\$5,739,368	\$6,395,396	89.7%	Low	\$598,443	\$0	\$53,270	\$911,132
2034	\$5,479,949	\$6,097,571	89.9%	Low	\$616,396	\$0	\$54,128	\$230,547
2035	\$5,919,926	\$6,505,278	91.0%	Low	\$634,888	\$0	\$58,070	\$302,567
2036	\$6,310,317	\$6,864,902	91.9%	Low	\$653,935	\$0	\$60,139	\$668,803
2037	\$6,355,588	\$6,872,376	92.5%	. Low	\$673,553	\$0	\$63,397	\$96,084
2038	\$6,996,454	\$7,484,686	93.5%	Low	\$693,760	\$0	\$68,461	\$336,564
2039	\$7,422,110	\$7,882,824	94.2%	Low	\$714,572	\$0	\$71,193	\$635,890
2040	\$7,571,987	\$8,000,209	94.6%	Low	\$736,010	\$0	\$67,701	\$1,689,150
2041	\$6,686,547	\$7,052,333	94.8%	Low	\$758,090	\$0	\$63,578	\$804,429
2042	\$6,703,785	\$7,003,841	95.7%	Low	\$780,833	\$0	\$60,602	\$1,485,568
2043	\$6,059,652	\$6,269,376	96.7%	Low	\$800,353	\$0	\$54,561	\$1,483,044
2044	\$5,431,523	\$5,533,045	98.2%	Low	\$820,362	\$0	\$54,696	\$218,497
2045	\$6,088,084	\$6,095,200	99.9%	Low	\$840,871	\$0	\$59,155	\$617,538
2046	\$6,370,572	\$6,281,844	101.4%	Low	\$861,893	\$0	\$63,713	\$248,066

		Clearwood Water Operations Budget					
			Actual	Actual	Ratified	Proposed	
			2016	2017	2018	2019	
1		Income			V		
2	T	41009 · INTEREST INCOME	307	409	-	-	
, 3		45001 · WATER CONSUMPTION RATE	192,483	245,801	189,191	209,908	
4	T	Total Income	192,790	246,210	189,191	209,908	
5	0	Gross Profit			,		
6		Expense					
7		61000 · PROFESSIONAL SERVICES					
8	┸	61000.3 - LEGAL EXPENSE	-	-	-	<u>-</u>	
9	┸	61000.4 ENGINEERING EXPENSE	-	_	-	-	
10		Total 61000 · PROFESSIONAL SERVICES	-	-	-	-	
11	\perp	61005 · BAD DEBT EXPENSE	1,476	103	5,000	1,000	
12	1	61012 · CONTINGENCY/MISCELLANEOUS	-	95	-	-	
13	╙	61015 · DUES AND SUBSCRIPTIONS	482	732	-	750	
14	\perp	61020 · UTILITIES EXPENSE			· · · · · · · · · · · · · · · · · · ·		
15	\perp	61020.1 · ELECTRICITY EXPENSE	8,818	9,382	11,000	8,700	
16	1	61020.2 · TELEPHONE/INTERNET EXPENSE	300	300	360	300	
17	4	61020.4 · PROPANE EXPENSE	_	-	-	-	
18	_	61020 · UTILITIES EXPENSE - Other	ī.	795	-	<u>.</u> ^	
19	\downarrow	Total 61020 · UTILITIES EXPENSE	9,118	10,476	11,360	9,000	
20	1	61025 · EMPLOYEE BENEFITS	3,505	3,583	4,011	7,382	
21	1	61031 · BUSINESS INSURANCE EXPENSE	16,330	16,753	16,800	18,500	
22	1	INTEREST FOR LOAN	-	_	-		
23	_	61050 · SUPPLIES					
24	_	61050.1 · OFFICE SUPPLIES	1,017	79	-		
25	\perp	61050.2 · CUSTODIAL SUPPLIES	-	25	-	-	
26	4	61050.3 · SAFETY GEAR & CLOTHING	-	5	600	200	
27	1	61050.4 · CHEMICALS	21,416	25,377	33,500	22,000	
28		61050 - SUPPLIES OTHER	1,342	2,797	4,300	2,800	
29		Total 61050 · SUPPLIES	23,775	28,283	38,400	25,000	
30	\downarrow	61055 · PAYROLL EXPENSE	31,568	32,607	30,118	43,087	
31	4	61056 · PAYROLL TAXES	5,062	5,190	6,022	8,445	
32	4	61066 · TRAINING EXPENSE	-	1,230	2,000	1,100	
33	4	61070 · MILAGE REIMBURSEMENT		166	-	**	
34	4	61090 · ALLOCATED EXPENSES	-	70,945	50,000	71,000	
35	\parallel	62020 · REPAIRS & MAINTENANCE					
36	4	62020.1 - GROUNDS EXPENSE	600	_	1,000	1,000	
37	$\!$	62020.3 - WATER SYSTEM	7,915	1,430	7,200	7,200	
38	4	62020.6 - STRUCTURAL	-		500	500	
39	4	62020.7 · EQUIPMENT	3,061	1,211	3,800	2,804	
40	4	Total 62020 · REPAIRS & MAINTENANCE	11,576	2,641	12,500	11,504	
41	\parallel	62026 · LICENSES AND FEES	3,458	2,339	1,700	1,800	
42	$\!$	62046 · SMALL TOOLS & EQUIPMENT	-	10	600	200	
43	Ш	63020 · SECURITY SYSTEM	1,068	1,142	680	1,140	

			Actual	Actual	Ratified	Proposed
			2016	2017	2018	2019
1	Τ	65016 · LEASE/RENT EXPENSE	-	. ·	3	
2	T	66022 · OVERHEAD EXPENSE	-	-		
3	T	66040 · BUSINESS TAXES	9,357	8,739	10,000	10,000
4	T	Total Expense	116,775	185,034	189,191	209,908
5			76,015	61,176	-	-

			Т			
			Actual	Actual	Amended	Projected
			2016	2017	2018	2019
1	PO	OL Total Expense	70,022	72,776	79,934	80,339
.2	\Box					
3	ОТ	HER/MISC EXPENSES				
4		61012 · CONTINGENCY/MISCELLANEOUS	18	-	-	-
5		62020 · REPAIRS & MAINTENANCE			-	
6		62020.8 LAKES	10,226	8,701	10,500	10,250
7		62020.9 VANDALISM	2,436	3,572	2,800	3,500
8		Total 62020 · REPAIRS & MAINTENANCE	12,662	12,273	13,300	13,750
9		62026 - LICENSES AND FEES	550		550	-
10		65016 - LEASE/RENT EXPENSE	1,349	2,560	2,640	2,600
11		65020 · COMMUNITY SUPPORT				
12		65020.2 FISHING DERBY	1,594	2,789	2,700	2,700
13		65020.4 COMMITTEE	83	1,409	5,000	4,000
14		Total 65020 · COMMUNITY SUPPORT	1,677	4,198	7,700	6,700
15		65070 · COMMITTEE MILEAGE REIMBURSEMENT	-	·	1,000	1,000
16	ОТ	HER/MISC Total Expense	16,256	19,031	25,190	24,050
17		*				
18	OP	ERATIONS TOTAL EXPENSES	535,331	545,253	623,225	614,400
19					,	
20		OPERATIONS NET PROFIT	8,771	(6,462)	-	-

Reality Check

- Although the Committee has pledged to remain objective and unbiased, after all of the research hours, time spent talking to other HOA's, and observing the current operational practices in Clearwood, we feel the choice really comes down to two options: Hiring a Community Association Manager or contracting with a Professional Property Management Company.
- The question becomes: Which is better for Clearwood?
- That is decision each of us, as members, has to make. So how do we do that?

Should Cost be the Only Factor

In determining the best management option for the community, cost is always an important factor, but it should never be the only factor. Other things to consider are:

- What is our vision? Do we want to continue to operate how we are? Or do we want to grow, add new amenities, modernize, etc?
- Do we want a management style that has proven success (PPM) and may have a less personal touch? Or do we want a more customized management with a leader who realizes our community's unique needs?

Hire a Consultant

We love where we live, and sometimes it's hard to really see the flaws or what we should fix first. Often, an outside opinion can help us see clearly. Some options are:

Community Consultant

- Helps communities find their weaknesses
- Recommends policy changes
- Assists with management selection

Headhunter

• Finds qualified candidates for Operations Manage