

2019 Special Membership Election Timeline

The Board of Directors initiated action starting this past June to address and resolve a multitude of past issues that have impacted the Association for the past five years. The Board is taking significant steps forward by hiring a professional management team tasked to achieve financial and cultural stability. The timeline of the events since the Board of Directors initiated their June action is noted chronologically below.

June 26, 2019: Board of Directors unanimously approved a contract to hire a consultant to perform a two-day Operations Review of Clearwood Association.

- On June 27th, the Consultant completed the two-day review and briefed the main points to the Board and attending community members as follows:
 - Financial reports provided to Board, Treasurer and membership are minimal and lack credibility.
 - Having seven (7) different Board Presidents (and many other Board members) over the last two-years is damaging to the Association's operational, cultural and financial stability.
 - Legal Counsel and current Accounting service contractor did not understand Homeowner Association law or accounting.
 - That model of operating the Association by volunteers is outdated and not effective. The community demographics have changed; older original members that did operate the Association for many years have moved on, passed on, or now just do not have the vigor to continue.
 - Clearwood had evolved into a small full-time community requiring trained staff to maintain continuity in operations and the Association lacked the skills to move the organization to that level.
 - To be viable, the corporation must gain control of their finances, policies, and clarify roles and responsibilities.

July 30, 2019: Board unanimously voted to employ a Professional Management Team comprised of a General Manager, Accounting Manager and Human Resource Manager

July 30, 2019 through October 4, 2019: Consultants learned HOA budgeting cycle is essentially an 18-month cycle meaning the Fiscal Year 2020 budget was developed using actuals from 2017 (not 2018 or 2019's actuals as is standard practice). Also, that the voting cycle was not effectively aligned with the budget and election processes.

- Given the 2020 budget was not created using any actual current or prior year costs, it is a reasonable presumption that the 2020 budget was inaccurate.
- The 2020 budget was not based on a complete set of operational requirements or actual costs of operation but rather the same budget as the prior year.
- Consultants discovered Governing Documents had not been updated since 2015 to include the Measures that had been passed at annual elections.
- Evaluation of voting Bylaws suggested a significant update was required to eliminate confusion and align with budget development.

- Management team suggested to Board of Directors to repair these critical issues immediately.

October 4, 2019: BOD unanimously voted to have Special Membership Meeting in December and directed management team to:

- Create credible 2020 budget.
- Bring Governing Documents up to date.
- Draft Bylaw change for elections and budgets.

October 28, 2019: Joint Board and Finance Meeting held at Lackamas Elementary School to publicly review the draft budget and allowed members to observe how their budget was created.

- Accounting Manager projected budget on screen and reviewed each line of the budget for Finance Committee and Board Directors to give input, challenge, reject or accept.
- The Board, Finance Committee and membership were fully apprised on projected budget shortfalls.
- The Board tasked Management to develop more options within two days, and the Board scheduled to reconvene the meeting Wednesday October 30th; two days later.

Wednesday October 30, 2019: Board and Finance Committee reconvened joint meeting.

- Accounting Manager finished line by line budget review and showed another financial option to address shortfall.
- Board eliminated \$76,000 from the draft budget during line by line review.
- During review, Board President found flaw in newly proposed option: determined the assessment funding level shown two days earlier on Monday, October 28th was the correct number.

Next Actions in this process occur as follows:

November 3, 2019: Town Hall meeting at 3:00 p.m. at Lackamas Elementary School. Membership will have the floor and be given the opportunity to voice their thoughts and opinions on what is being funded to the Finance Committee and Board of Directors.

November 6, 2019: at 6:00 p.m. at Lackamas Elementary School. Second opportunity for Membership to voice their thoughts and opinions on what is being funded and provide feedback to the Finance Committee and Board of Directors.

November 9 2019: A meeting of the Board of Directors where they must decide on what to place on the ballot for the proposed 2020 Budget and Bylaw.

- If approved, a ballot will be created and mailed to the membership.
- December 14, 2019 at 9:00 a.m. at Lackamas Elementary: the Board will hold a Special Membership Meeting to approve or Reject the newly proposed 2020 budget and bylaw changes.