

Clearwood Community
21603 N Clear Lake Blvd
Yelm, WA 98597



Phone (360) 894-2941
Fax (360)894-2497
www.clearwood-yelm.com

Friday, June 05, 2020

Re: MANAGEMENT TRANSITION

Dear Members,

As the president of CCA it is important to me that the community hear from the board and management in this time of transition. The board has initiated the transition of its General Manager position from Mitch Waterman to Racheal Paige. This is being completed in an orderly manner, to maintain continuity.

A short history in how we have arrived here.

CCA had come to a point in its growth and development when it needed professional management, and the conversation on how to implement management led to many conversations within Clearwood. While the conversations may have caused controversy and disagreements, because of CCA's many determined volunteers and employees, CCA persevered. I give my many thanks to past and present volunteers for all their dedication to our community as well as to our dedicated employees and our management team. We wouldn't be where we are today without you.

After much research done by the Management Research Committee, the board at the time made the decision to bring Mitch Waterman in as a consultant/change agent. The board understood we could not bring in just any type of management to what had been described as our "hornets' nest." We were suffering from the recent realization of an embezzlement; our finances were a mess. We were as well having constant board and employee turnover. That was just the surface. Mitch along with his team of Jennifer Spidle (Accounting Manager) and Ashely McCully (Administrative Management) came into CCA with a twelve-month plan to heal CCA and put us on the path to implement long term management. They rolled their sleeves up, got side by side with the board and employees to learn the ins and outs of our association, so they could see for themselves what was truly needed in Clearwood. The task seemed daunting, but within a few short months they had an action plan in how to get our finances back in order and align our election cycle with our budget season.

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Where is CCA Today?

One of our greatest accomplishments this past year is in the area of our finances. Clearwood, for the first time in the four years I have lived here, has up to date and correct financial statements. We know exactly how much cash we have, how much we're spending and what we're spending it on. Projects have their own line in the budget and files in the office. We know where all CCA money is and each dollar is in its correct account, with transfers happening every month. In addition, all necessary separation of duties and policies have been put in place to keep Clearwood safe from financial harm.

Management guided the board and committees in how to properly use Robert's Rules of Order and helped bring civility back to our discussions. Our committees and the board have been incredibly productive. We have created many policies to help guide the board and committees.

What might have been the hardest thing to learn, because the board had managed the Association for so long, was where the line between management and governance starts and ends. It's a delicate balance that is achievable and being enacted now. CCA is ready for our new path, thanks to all the dedication of the board, our employees, and the management team. I have such pride in what we've accomplished and high hopes for CCA's future.

The transition relationship between CCA and MA Waterman Consulting had been professional, friendly, and continuing. Mitch remains committed to the success of CCA, mentoring Racheal into her new role, and will remain with CCA as a consultant helping with complex capital projects.

The Board has been diligently working to smoothly transition the role of General Manager, maintain our staff's cohesion, and seamlessly transfer lines of communication within the community and with our business relationships. During the past 10-months, Mitch has been mentoring Racheal in the areas of association management, facility operations, risk management, and leadership. As well, Racheal has successfully completed courses with Community Association Institute specific to the management of HOAs.

Racheal is highly positioned and prepared for this role, as she understands the CCA culture, and its operations and, is ready to make informed decisions as GM. The departing General Manager had been maintaining continuous steady business operations. This has enabled Racheal to swiftly on-board as our GM and not be overwhelmed in her new position.

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Summary:

CCA is in a successful operating position. We are financially healthy, operationally stable, and well positioned to transfer General Management authority to the person who has been trained to assume this position.

Common Property: Racheal knows the Association's layout, divisions, common areas, parks and trails, lakes, bridges, and docks.

Staffing: All departments know Racheal has become the new GM effective June 5th.

Insurance: Racheal has been made familiar with our policies (Property, General Liability, Pollution, D&O, Business Auto, Umbrella.) and is now the point of contact for our Insurance Agent to represent the Association's interests.

CCRs: Racheal has been intimately involved in the recent development and updates of our Rules and Regulations, as well as our By-Laws.

- As a past member of the Violations Committee, she is knowledgeable of the Violations process, Compliance calendar, and the role of the Compliance Specialist.
- She is knowledgeable of our Articles of Incorporation, Governing Documents, ACC Guidelines, Fines and Fees, Employee Handbook, and Board Policies.

Stakeholder Contacts: As the Office Administrator, Racheal has been the point of contact to generate payments to our main stakeholders and is on a first name basis with a vast majority.

Finances: As a former member of the Finance Committee, Racheal is aware of our different capital accounts, their purposes, uses, and limitations. The Accounting Manager and Racheal have been collaborating on CCA financials, and plans are being put into place to further this transfer of knowledge.

How does CCA's management transition impact CCA financially?

We are still happily contracted with Jennifer Spidle as our accounting manager through March 2021, her report on this transition is as follows:

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Financial Picture as of May 2020

From Accounting Manager, Jennifer Spidle, CPA, CMCA, Spidle Office Solutions, LLC:

As of 05/31/2020 we are on target to meet our budget for General Operations, Water Operations and Operations Contingency as a whole. This year has a target of having \$94,000 in cash at the end of the year to rebuild Clearwood's operating cash- this way we will no longer be borrowing from prepaid dues to pay current bills. A budget is a plan, and plans change. This year is no exception. Major changes in our spending/ income that vary from budget include:

- 1. Collections is currently at 77.23% as of May 31, 2020. As of August 2019, collections were 85%. Budgeted collections are 92%.*
- 2. General Management has been moved from Contractor Mitch Waterman to Employee, Racheal Paige, with continued guidance from Contractor.*
- 3. The Senior Office Administrator position will be backfilled to ensure proper separation of duties.*
- 4. Audit of liens (and associated income) and training of staff has been moved to 2021.*
- 5. Business Insurance renewed with an 8.7% increase, which is less than the budgeted 12% increase.*
- 6. Employee health benefits renewed at less than the budgeted 10% increase, at 5% increase.*
- 7. Approximately \$32,000 spent on additional legal expenses related to the fraud investigation to enable the general prosecutor to take over the case.*
- 8. Cost of summer pool operations is still projected at 100% of the budgeted cost.*

Even with all of these changes, the Association is still projected to finish within budget for 2020.

How is the Transition Proceeding?

A notice/introduction letter will be shared with our stakeholders (i.e. members, contractors, etc.) notifying them of the GM transition. Business will continue seamlessly without interruption. The GM email will remain the contact email to reach the General Manager. GM Authority is being reassigned to the incoming GM. We are seamlessly transferring signature authority for banking, legal, contracts, and insurance.

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In conclusion.

Racheal has been a dedicated employee and member of Clearwood for many years. She has shown her intelligence, determination, dedication and poise throughout all we've been through in Clearwood these past few years. The board has so much faith in our decision to hand the torch of Clearwood's management to her. Thank you, Racheal, for taking on this role. We appreciate you.

Members, if you have questions or comments please reach out to the board at info@clearwood.org. Please find information at our website, <http://www.clearwood-yelm.com/>. Additionally, please attend our regular monthly board meeting scheduled on the fourth Saturdays of each month at 9am. Our next meeting is scheduled for Saturday, June 27.

Respectfully,

Malinda Poirier

President, Board of Directors
Clearwood Community Association