

Fern Crest Home Owners Association

2012 Annual Meeting

Agenda

- **Approve 2011 Meeting Minutes**
- **Presidents report**
- **Treasurer's report**
- **Approval of 2013 budget**
- **Nominations for two open board positions**
- **Vote (Q&A during tally)**
- **Results**
- **Adjourn**

Fern Crest Home Owners Association

President's Report

Fern Crest HOA

- **The “HOA” is all of us!**
 - Introduction of the 2012 BOD
- **Manage and maintain the common areas**
- **Maintain Property Values for all of us**
 - Maintain safe, attractive parks and common areas
 - Repair, maintain and replace HOA infrastructure
 - Property Improvement Committee (PIC) process
 - Monthly drive through with Management company
 - Maintain a consistently high level of appearance throughout the community
 - Work together to provide a pleasant, safe and enjoyable neighborhood!

2012 in review

- **Legal Action with Quadrant**
 - Quadrant agreed to replace failing retaining wall on Tract A
- **Conducted a second traffic speed audit**
 - Speed still well controlled – below 25 MPH
 - A couple of people still need reminders
- **Recovered more than \$24,000 in legal fees expended in past years**
 - More on this in the Treasurer's report
- **City of Kent restricted parking to one side on narrow streets**
 - Allows emergency vehicle access

2012 in review

- **Foundation for Blockwatch Groups starting**
 - **Homeowner Volunteered/attended Blockwatch 101**
 - **Working with Blockwatch Chair to develop Fern Crest training materials**
 - **Train groups on our schedule**
 - **Build up Blockwatch Groups to combat break-ins**
 - **Break-ins are King County major issue**

Fern Crest Home Owners Association

Treasurer's Report

2011 Budget Report

- **How we did in 2012**
- **Our Reserves and Reserve Planning**
 - 2013 and beyond
- **The 2013 Budgeting Process**
- **Vote on the 2013 Budget**

How we did in 2012

Overall stayed within our proposed budget

- **Where we spent more than budgeted**
 - **Legal fees**
 - **Tract A retaining wall legal action against Quadrant**
 - Budgeted \$5000; Spent \$8700 (as of October 1, 2012)
 - Paid for Engineering firms to give opinion on wall and on soil/slope
 - **Quadrant agreed to replace failing section**
 - Agreed not properly designed
 - Agreed not properly installed
 - Provided engineering for replacement wall and contractor to install

How we did in 2012

- **Quadrant action: What did Fern Crest get for the money?**
 - Wall replacement
 - Would have cost Fern Crest \$20,000 to \$30,000
 - Engineering
 - Contractor
 - Materials
 - Eliminates possible HOA liability should wall have failed

How we did in 2012

- **Water Billing errors in 2011 and early 2012 fixed**
 - **Some water accounts with similar account numbers billed to Fern Crest**
 - **About \$2000 from 2011 and \$1400 in 2012.**
 - “refunded” to our account
 - It appeared we were spending less
 - **Actual expenses were about the same as earlier**
- **Printing and Mailing higher than budgeted**
 - **Revised rules mailing**
 - **Will have similar in 2013 with Reserve Update Study summary mailing**

How we did in 2012

- **Recovered Legal Fees Spent in Past Years**
 - **We recovered over \$24,000 past legal fees**
 - **Judgments against owners who did not comply**
 - Resulted in collection via court order
 - **Owners who offered payment plan requests**
 - Payments over the year
 - **Settlements**
 - Recover legal fees and assessments and a negotiated amount of fines, interest and penalties
 - For non-compliance fines, owners agree to 12 months of no compliance issues.
 - Fines will be reinstated if there are issues

Creates a “Contingency” fund

2012 Treasurer's Report

Why a “Contingency Fund”?

- **Accountants/Auditors recommend contingency fund**
 - 3 months of expenses immediately available
- **Overall economy is poor – but emergencies still occur**
 - Damaged irrigation systems
 - Damaged landscaping
 - Ice storm last February caused damages/losses
 - Trees from HOA owned sensitive areas/tracts falling onto owner property

2011 Budget Reserve study

Why a “Contingency Fund”?

- **If no contingency fund.....**
 - **Special assessments**
 - *All homeowners must pay: mandatory*
 - **Borrow from Reserves**
 - Limited as to reasons you can borrow
 - Must be paid back. Must show how and when it will be repaid

We can handle emergencies without Special Assessments

Our Reserves and Reserve Planning



Our Reserves and Reserve Planning

What is the cost to replace?

- Picnic tables and benches (15 year life) - \$15,000 to \$20,000
- Fences (about 20 year life) – about \$10,000
- Mailboxes (20 year life) – about \$1,600 each or \$22,400 for all
- Asphalt paths and play areas (10 years) - about \$17,200
- Bark and Play Chips (2 year life) - \$5000
- Play Equipment (15 year life) - \$75,000

If we do not replace?

Home value impact

Increased legal liability (injury)

Injury from trip hazard or damaged play equipment

No mail delivery

Legal liability - Fencing

Sensitive area (per city code/platting requirement)

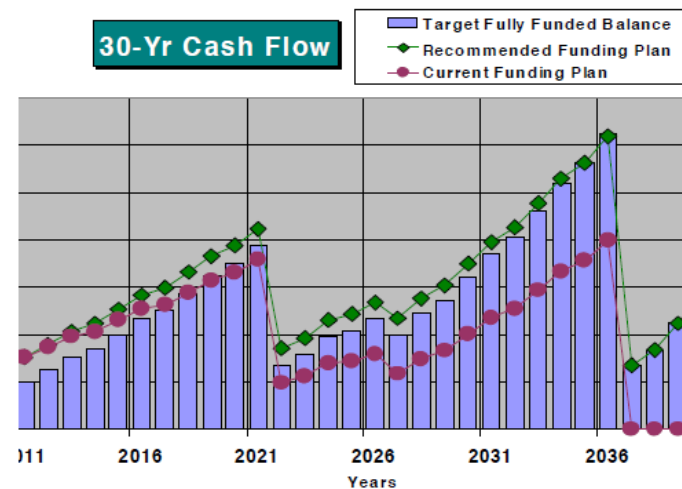
Attractive nuisance

We are currently 5 years into the life of these assets

Our Reserves and Reserve Planning

Output from Reserve Study

Have the needed money to replace without special assessments



We are following the GREEN curve

Our Reserves and Reserve Planning

- **2013 is the year for our next Reserve Update**
 - BOD has been doing these every two years since 2007
 - State now requires it by law.
 - It is in the budget!

Our Reserves and Reserve Planning

2013 Budgeting Process

- **The budget: How much we ANTICIPATE we will need for 2013**
- **Landscaper and Management Company**
 - No increase for 2013!
- **Printing and Mailing Increased**
 - **Special mailings**
 - Post card announcements
 - Rules document
 - Reserve Study Mailing (2013) will be about the same cost

2013 Budget

2013 Budgeting Process

- **Increased maintenance costs**

- **Playgrounds**
 - Wear and tear
- **Irrigation system repairs**
 - Timers
 - Sprinkler heads damaged
- **Landscaping**
 - Damaged plants/dead plants

2013 Budget

- **Legal Budget reduced**
 - No special litigation anticipated 2013
 - Last year we knew we were going to address retaining wall with Quadrant
- **“Bad Debt” Increased – Unpaid Assessments**
 - Bad economy may impact us

2013 Budget

Account	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Accounting Services (Tax Preparation / Audit)	0.00	0.00	0.00	0.00	0.00	0.00	2,200.00	0.00	0.00	0.00	0.00	0.00	2,200.00
Administrative Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00	0.00	20.00
Banks Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	100.00
Electricity (Street Lights)	700.00	700.00	700.00	600.00	500.00	400.00	400.00	400.00	600.00	500.00	600.00	600.00	6,700.00
Backflow Testing (will be billed under 5240)	0.00	0.00	0.00	0.00	180.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	180.00
Functions & Facilities	0.00	0.00	350.00	0.00	0.00	0.00	350.00	0.00	0.00	0.00	0.00	0.00	700.00
Insurance (Liability & Property)	0.00	0.00	0.00	0.00	0.00	2,650.00	0.00	0.00	0.00	0.00	0.00	0.00	2,650.00
Landscaping (monthly/qtrly contract)	1,506.10	1,506.10	1,506.10	1,506.10	1,506.10	1,506.10	1,506.10	1,506.10	1,506.10	1,506.10	1,506.10	1,506.10	18,073.20
Landscaping -(broken out unscheduled maint / repairs / replacements for irrigation systems (will be billed under 5250))	0.00	0.00	0.00	700.00	500.00	100.00	100.00	100.00	100.00	100.00	300.00	0.00	2,000.00
Legal Fees	1,200.00	1,200.00	1,200.00	1,200.00	1,300.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,200.00	1,200.00	16,000.00
Lien Recording Fee	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	1,500.00
License Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Delinquent HO Dues/Bad Debt to HOA	0.00	3,000.00	0.00	0.00	0.00	0.00	0.00	3,000.00	0.00	0.00	0.00	0.00	6,000.00
Maintenance	120.00	65.00	65.00	65.00	65.00	120.00	120.00	120.00	120.00	120.00	65.00	65.00	1,110.00
Management Fees	1,735.00	1,735.00	1,735.00	1,735.00	1,735.00	1,735.00	1,735.00	1,735.00	1,735.00	1,735.00	1,735.00	1,735.00	\$20,820.00
Newsletters/Postcard mailers	0.00	0.00	210.00	0.00	0.00	210.00	0.00	0.00	210.00	0.00	0.00	0.00	630.00
Postage	0.00	0.00	65.00	0.00	150.00	65.00	12.00	0.00	65.00	200.00	0.00	10.00	567.00
Security Services	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	2,160.00
Services (Park Equip repair)	0.00	0.00	0.00	125.00	0.00	0.00	175.00	175.00	125.00	125.00	0.00	0.00	725.00
Special Services (Mailouts (CC&R revisions, printing, special notices))	10.00	1,700.00	35.00	0.00	180.00	35.00	0.00	0.00	650.00	0.00	0.00	35.00	2,645.00
Storage (HOA Files - at Iron Mountain)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	120.00
Supplies (dog waste bags, parking notices)	110.00	0.00	0.00	150.00		110.00	70.00	0.00	150.00	110.00	0.00	0.00	700.00
Taxes	0.00	0.00	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200.00
Water / Sewer	200.00	0.00	200.00	0.00	800.00	0.00	1,200.00	0.00	1,400.00	0.00	2,000.00	0.00	5,800.00
Website	30.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.00	0.00	60.00
Welcome Packets / Baskets	95.00	95.00	0.00	95.00	95.00	0.00	95.00	95.00	0.00	95.00	0.00	95.00	760.00
Total Expenses	5,519.14	7,819.14	5,899.14	5,539.14	6,319.14	10,999.14	8,569.14	9,319.14	6,699.14	5,419.14	6,239.14	7,364.14	92,420.20

2013 Budget

- **Budget slightly higher than 2010 and 2011**
 - **Propose NO INCREASE in assessment**
 - Recovered substantial dollars from previous year's legal expenses
 - Can cover the difference from these funds and still maintain the contingency fund
 - No added burden on home owners

2013 Assessment: \$231.50 every six months

Vote on Budget

Fern Crest Home Owners Association

Board of Directors Nomination and Vote

Elections (2 positions open)

- **BOD Nominations prior to meeting**
- **BOD nominations from the floor**
 - Open board positions are 2 year terms and not role specific
 - Nominees introduction/remarks (3 min each)
 - Q&A from Home owners (20 minutes max)
- **Vote/results**

During ballot count: Q&A from Home Owners

Nominees

1. Manu Parhar
2. Prem Singh
- 3.
- 4.
- 5.

New business

- New business
- Next meeting
- New BOD meets briefly to establish 2013 roles

Fern Crest Home Owners Association

Adjourn