

**Eagle Ridge 17th Annual Home Owners Association
Meeting Agenda
5:30pm, Thursday, June 13, 2013 – St. John’s Lutheran Church**

I. Roll Call – Introductions

Lori Henriksen – President, Cindy Mathis – Secretary, Joanne Pritchard – Resident Member, Tim Lively – Resident Member, Al French – ARC Committee, Lauri Liptac, Nikki Bardwell & Andy Butler – WEB Properties, Inc. Staff and 29 Eagle Ridge Homeowners (see attendance sheets).

II. Proof of Notice of Meeting

III. Reading of Minutes from Previous Annual Meeting

Lori motioned to approve minutes, Joanne seconded the motion.

IV. Reports of Officers

Treasurer Report

Prepared by William E Butler, presented by Lauri Liptac

2012 Financials

2012 Budget to 2012 Actual

**Eagle Ridge
2012 Actual vs 2012 Budget Summary**

INCOME	2012 Actual	2012 Budget	Variance
Total Income	\$ 279,520	\$262,070	\$ 17,450
EXPENSES			
Total Maintenance	\$ 11,147	\$ 12,950	\$ (1,803)
Total Landscaping	\$ 94,592	\$ 98,573	\$ (3,981)
Total Streets	\$ 471	\$ 10,700	\$ (10,229)
Total Utilities	\$ 63,442	\$ 59,340	\$ 4,102
Total Tax & License	\$ 310	\$ 400	\$ (90)
Total Payroll	\$ 59,177	\$ 50,100	\$ 9,077
Total Payroll Taxes	\$ 11,104	\$ 9,739	\$ 1,365
Total Community Events	\$ 8,604	\$ 400	\$ 8,204
Total Administrative	\$ 65,121	\$ 48,980	\$ 16,141
Total Insurance	\$ 14,914	\$ 14,165	\$ 749
Total Office	\$ 5,989	\$ 3,540	\$ 2,449
Total Non Operating	\$ -	\$ 5,900	\$ (5,900)
Total Operating Expenses	\$ 334,873	\$314,787	\$ 20,086
Net Operating Income	\$ (55,353)	\$ (52,717)	\$ (2,636)

Expenses were budgeted at \$314,787; however actual expenses were up 6.4% at \$334,873. Notable variances are as follows:

Streets – We budgeted \$10,700 however we only spent \$471. Typically we have instances where the City is unable (or unwilling) to plow and or sand some streets in a reasonable time frame. While we did complete some sanding we did not have to plow any of the streets this year due to light snowfall.

Utilities – We budgeted \$59,340 and actual expenses were \$63,442. This \$4,102 variance was due mainly to new water meter charges. The City discovered a couple of locations where no meters were ever installed for common area watering. In one case, the Shelby Waterfalls, we had been receiving water at no cost for over seven years. As neither we nor the City was aware of the problem, they did not back charge us for the use.

Payroll – This category was 18% over budget due to extra work that was accomplished in house in order to save money. The main sprinkler line that runs under Eagle Ridge Blvd at Cedar broke during the previous winter and we had to hand dig large areas on both sides and the center of the street. While this was labor intensive, we were able to save thousands of dollars under what contractors estimated it would cost. Some additional labor was also over budget when the fences were stained.

Marketing – All of the overage in this category was due to not budgeting the \$8,000 annual theater cost for Whispering Pines Park.

Administrative – We budgeted \$48,980 and spent \$65,121. A portion of this was carryover from the previous year (see non-operating) which effectively lowers the deficit in this category to \$10,241 or a 21% variance. This deficit was due to legal fees incurred mainly for the Catucci delinquency, which we will cover in our delinquency discussion.

It should be noted that we received \$55,000.00 from Newland to cover the operating deficit.

2012 Actual to 2013 Budget

**Eagle Ridge
2012 Actual vs 2013 Budget Summary**

	Actual 2012	Budget 2013	Variance
INCOME			
Total Income	\$279,520	\$ 325,320	\$ 45,800
EXPENSES			
Total Maintenance	\$ 11,147	\$ 15,765	\$ 4,618
Total Landscaping	\$ 94,592	\$ 103,450	\$ 8,858
Total Streets	\$ 471	\$ 1,200	\$ 729
Total Utilities	\$ 63,442	\$ 61,320	\$ (2,122)
Total Tax & License	\$ 310	\$ 600	\$ 290
Total Payroll	\$ 59,177	\$ 57,600	\$ (1,577)
Total Payroll Taxes	\$ 11,104	\$ 11,347	\$ 243
Total Community Events	\$ 8,604	\$ 14,772	\$ 6,168
Total Administrative	\$ 65,121	\$ 50,600	\$ (14,521)
Total Insurance	\$ 14,914	\$ 15,600	\$ 686
Total Office	\$ 5,989	\$ 5,120	\$ (869)
Total Non Operating	\$ -	\$ -	\$ -
Total Operating Expenses	\$334,873	\$ 337,374	\$ 2,501
Net Operating Income	\$ (56,000)	\$ (12,054)	\$ 43,946
		Dec 2012	May 2013
Reserve Cash Balance		\$20,764.33	\$59,327.76

Income

We have budgeted an increase of \$45,800, or 16% over what was collected in 2012. This increase is due primarily to raising of the dues which will be covered in new business later in this meeting.

Expenses

Maintenance – We have budgeted a \$4,618 increase in anticipation of additional materials needed to stain a larger area of common fences.

Landscaping – While this category is set to increase \$8,858 over the previous year, this 9% increase was in anticipated cost for maintaining new area in the 9th addition. When the original budget was drafted in August 2012 the 9th addition was projected to start earlier than it did. It is likely we will not have to utilize most of these funds in 2013.

Marketing – We have added the cost of two events, the Easter Egg Hunt and End of School Party. These are activities that the developer paid for in the past, but are community functions of the Home Owners Association.

Administrative – The large decrease in this category is due to a reduction in legal fees as we do not anticipate any legal action this year.

Operating cash balance at the end of the year \$954.05.

Reserve cash balance at year end was \$20,764.33. No funds have been spent from the reserve fund.

V. Reports of Committees

Architectural Committee: Al French

It is great to welcome our new neighbors to the Eagle Ridge community as construction of new homes continues at a robust pace. As the development continues to expand we have more homes installing new landscaping and fencing as well as existing home owners making improvements to their property. As these improvements are made we need to keep in mind the water drainage patterns and how they impact neighboring properties.

The Design Review Guidelines and the laws of the State of Washington require that water located on a site whether it is the result of site irrigation or rain water is to be contained on site unless there is an alternative drainage system in place. In the case of Eagle Ridge some phases have irrigation ditches, some areas are designed to drain to the street and then to area swales, in areas fronting natural hillside common areas homes are permitted to drain to the common areas and in all other conditions water is to be contained onsite. There are a number of techniques to insure that water is contained on site. I would suggest that the property owner seeks assistance from their landscape consultant or local nursery for the appropriate technique for their site condition.

Please also keep in mind that the Design Guidelines require committee approval for new decks, deck covers/roofs, pergolas, fence installations as well as sheds and other permanent structures. These requests can be submitted to my office via email at www.afrencharchitect@aol.com.

It is a pleasure to serve you and please contact me at 509-994-4351 if you have any questions or issues that you want my assistance with.

Development Update: Lori Henriksen

Eagle Ridge 8th Addition:

- **Historical:** Major infrastructure was completed on 191 lots in September of 2008 and lots have been completed in 4 phases - as the market demanded..
- The final 25 lots were completed and marketed as of August 2012.
- Construction of 8th Addition is officially COMPLETE.

North Side Landscape :

- Final Landscaping on the most northern Osprey Heights intersection – was completed as of Oct 2012.
- Minor Landscaping of remaining 8th Addition swales and open areas will be completed July 2013.

South Side Construction:

- Preliminary design of approximately 400+/- lots is currently planned for the south side Eagle Ridge Blvd.
- We anticipate construction to take place in 4 phases (9th Addition – 12th Addition), each Addition comprised of approximately 100 lots a year from 2013 – 2016.

Eagle Ridge 9th Addition:

Comprised of 91 lots, was submitted to the City of Spokane October 2012

- City approval was received January 2013.
- Construction of the 91 lots commenced in March 2013.
- Substantial lot completion is anticipated 8/16/13.
- Full completion of 9th Addition neighborhood is slated for 11/1/13.
- We anticipate that lots will be on the market as of July 1, 2013.
- **Builder Team:**

Eagle Ridge will continue to work with our existing builder teams:

- Paras Homes
- Morse Western Homes
- Greenstone Homes

With the exception of Condrion Homes, who has shifted business gears and is now focusing on custom home building. Hayden Homes will be taking over this product niche.

Eagle Ridge 10th Addition:

Taylor Engineers is currently designing 10th Addition anticipated to be 100-115

South Side Landscape:

Trail Head Park: a habitat discovery area complimented by a spray feature pond, natural landscaping, dry creek feature, benches and trail head bridge feature will be constructed July-November 2013.

Eagle Scout Nature Signs and Bird Houses will be constructed to enhance the habitat area and to call out the natural wildlife and vegetation unique to this area.

A Sticks –N-Stones- Log and Boulder climbing/play area will be incorporated to allow for fun, down-to-earth recreation

Cedar Rd and Eagle Ridge Blvd. will be landscaped with natural grasses wild flowers and a diverse and colorful array of trees.

Events Update: Cindy Mathis

- Schools Out Party June 19, 2013 at the Spray Park
- Residents should check on EagleRidgeLife.com for Community Events

VI. Unfinished/Updated Old Business

2013 Dues

Through the 8th Addition, there will be 773 homes total in Eagle Ridge. To cover annual expenses, each home would have to pay \$36.37 per month, which is a \$1.37 more than they are currently paying.

If dues were only increased to \$36.37 per home per month there would be zero room for variance and could put Newland into a subsidy situation. Bill Butler recommended a dues increase to \$40 per home per month. This additional amount will not only stabilize cash flow, but will insure that we will not need another increase for several years to come. Kori Labsch motioned to accept new dues amount, Cindy Mathis seconded the motion, and the Board approved dues increase unanimously.

Newland has paid \$695,000.00 since 2004

Reserve Funds

In July of 2011 Eagle Ridge residents started paying \$2.00 per home per month to start a reserve fund, that at that time, was just to start a fund that would later be detailed in an in depth study of needs. The WA state legislature enacted new laws that made it mandatory to have a reserve study assessment performed by an outside independent contractor. That study was completed and is posted on both the Eagle Ridge Life and WEB Properties websites.

No Reserve Assessment money collected has been spent and it is kept in a separate bank account.

The Reserve Study broke down the costs of replacing or repairing large items at Eagle Ridge such as side walk repairs, trail repairs, replacing monument letters, replacing pond and waterfall pumps, fence replacement, replacing benches, tables, garbage cans & pits, repair & resurfacing sport courts, play sets & water spray park, etc. It also adjusts for a 3% inflation cost over the next 30 years.

- a. The Reserve Study suggested 3 alternatives for a dues increase:
 - i. Alternative 1 – Set the contribution immediately to \$105.00 per unit per year, then decrease the contribution to \$97.00 per unit per year in year 15. This alternative will maintain the minimum balance. Bill Butler thought that this alternative was “too skinny” and the Board agreed.

- ii. Alternative 2 – Set the contribution amount immediately to \$120.00 per unit per year and decrease the contribution 8% in year 5, year 10, and year 15 to a total of \$93.44 per unit per year following year 25. Bill Butler thought that the amount should not be dropped as suggested.
 - iii. Alternative 3 - Set the contribution amount immediately to \$90.00 per year and levy a special assessment of \$159.00 per unit in year 5 and another special assessment of \$159.00 in year 15. The Board stated that they did not like this alternative because they are trying to avoid special assessments all together.
- b. After much discussion by all, Bill Butler recommended that the contribution be set at \$120.00 per year per unit which equates to \$10.00 Reserve Assessment per month per home and let future boards adjust as necessary if there becomes a surplus of Reserve Funds. Lori Henriksen motioned to increase Reserve Assessment from \$2.00 to \$10.00 per month and Cindy Mathis seconded the motion, the Board agreed unanimously.
 - c. The Reserve Study is based on 630 homes and provides a good base and the Board can re-assess at a later date.
 - d. Reserve money is not a savings for Operating Expenses; it is to be used for capital improvements only.

Total amount paid per month increased to \$40 (Operating money) + \$10 (Reserve money) = \$50.00 per home per month, beginning January 1st, 2013.

VII. New Business

Delinquency Program

Over the years delinquencies of home owner’s dues and now reserve assessments have continued to increase. At the end of 2012 outstanding amounts equaled \$56,485.09. At the end of May 2013 delinquencies were reduced to \$40,279.48. This is a 29% drop in delinquencies owed.

The \$40,279.48 comes from 100 homeowners.

34 of the homeowners owe \$150.00 or less totaling \$1,787.74.

55 owe less than \$1,000.00 (between \$150.91 and \$892.35) totaling \$13,545.67.

The remaining \$24,946.07 is 11 homeowners that owe between \$1,026.35 & \$9,031.36.

Liens –

Original Lien Date	Name	Current Lien Amt	Current Balance	Re-Liened
05/19/2008	Frank Catucci – 6415 S. Latah Hills Ct	\$8,078.77	\$9,031.36	10/01/10
10/01/2010	Steve & Tami Rebstock – 6606 S. Echo Ridge	\$3,079.47	\$3,130.95	05/30/13

02/26/2010	Eric & Lisa Gethers – 6201 S. Brookhaven	\$911.06	\$2,609.95	02/08/13 payment plan
02/26/2010	Grant Rice – 1031 W. Tapestry Dr.	\$439.77	\$ 150.91	payment plan
02/08/2013	Valeriy & Tatyana Smelik - 7207 S. Moran View	\$2,045.88	\$1,795.88	payment plan
02/08/2013	Steven Boyd - 6705 S. Echo Ridge St.	\$1,220.57	\$1,070.57	payment plan
05/30/2013	James & Tempe Lalonde – 6104 S. Latah Hills Ct.	\$1,123.98	\$1,148.35	
05/30/2013	Matthew & Marcy Pacheco- 6414 S Sandstone St.	\$1,136.65	\$1,161.20	
05/30/2013	Steven & Jennifer Martone – 7115 S Moran View	\$1,531.66	\$1,561.55	

We lien home owners once their balance exceeds one year's worth of dues (\$600.00). We do this by first sending a notice of impending lien and requesting they contact us to bring their account current or make payment arrangements and give them a specific amount of time for response. If we do not hear from them we file the lien and once we receive the recorded copy from the county we send the home owner a new notice with the copy of the recorded lien. We again ask for their cooperation to bring their account current or make payment arrangements and again give them a specific amount of time for response. In this letter we warn them that if we do not hear from them in the specified period of time we will turn the matter over to an attorney for further action. We also let them know that this will result in additional legal costs that they will be responsible for. Once this time frame is not meant we send it to the attorney and a letter is sent giving them a specific time period to respond or a suit will be filed against them to recover amounts owed.

In the past we continued to write the home owner ourselves and have only recently (2012) added the letter from the attorney. This new step has proven to be quite successful in getting a response from home owners. We have seen a nearly 1/3 reduction in delinquencies so far in 2013 and have several home owners on payment plans in addition to those who paid the full amounts owed.

Of the \$40,000 currently owed in delinquencies 14% are under payment plans and nearly 25% is owed by Catucci. We most likely will never see the funds from Catucci recovered.

Reserve Funds Future Spending Request

Reserve funds are restrictive by nature and no funds can be spent without prior Board approval (except in an emergency). We intend to request funds from the Board for several, as yet, un-bid items. This includes a new shed for the maintenance area, as equipment is now being stored out in the open, and we are experiencing theft of some items. Water brought in to the maintenance area. We currently have a tank truck come in each month to pressure wash the sewage lift station. Possibly some snow removal equipment that would fit on the front of the Cub Cadet. Reconditioning of the surfaces on the Sports Courts in both the Keely Court and Whispering Pines Parks. Several areas of the trail that are in need of replacement.

At the end of May 2013 the balance in the Reserve Account is \$59,327.76.

Fence Staining

We are in the 5th year of a five year rotating schedule for fence staining of common area fences. In 2014 we will start again on fences that were stained five years ago. We are hopeful that the next round of staining won't be as intense as this first round. We went way too many years before we started a program and most fences were very weathered and bleached out.

Open Forum:

- Homeowners expressed interest in continuing to try to get a Fire Station for the Latah Valley.
- Homeowners would like a Reserve Fund Advisory Committee, one is already in place.

VIII. Adjournment

Meeting Adjourned at 8:00pm