

Pine Forest Homeowners Association
Minutes—Annual Meeting
May 28, 2016, 2pm-4:30pm

57 of 135 lots (42%) were represented at the meeting.

Summary of President's Report

- Pine Forest is now designated a Firewise community.
- Forest fires and subsequent harvest of salvage trees have drastically reduced timber prices. As a result, the board has postponed the proposed timber harvest, which it originally conceived as an action that would not cost members, but would generate \$\$.
- Annual HOA member fees increased by \$125 this year. The dues structure changed, with water fees now folded into the yearly dues, now totaling \$1125 per lot, with no separate water fee.
- The board was notified of a tax on fees charged for water services and now will have to pay an estimated \$11,000 in back taxes. The new dues structure eliminates the water fee charge and subsequent taxation.
- Proposals to address possible water leaks, upgrading pump houses, building a garbage/refuse center and entrance sign replacement have been put on hold because we feel strongly that we should focus our efforts on Forest Health and FireWise this year.

Treasurer's Report

Revenues

- Reductions in revenue have occurred in two ways:
 - Lot consolidation over the last 17 years
 - Elimination of the extra charge for garbage removal. This reduced revenue by approximately \$5000/yr.
- Two members are in arrears on dues. To address this situation, the Board approved adding a second late fee, or lien fee, of \$100 for invoices which go beyond the end of the year.

Expenses beyond normal operating expenses

- Improvements to the web site: \$1500
- New signage: \$760
- Firewise: \$50,000 as opposed to the previous yearly expense of the long term average of \$15,100 for Forest Health

The combination of decreased revenue and increased expenses resulted in an operating income of approximately -\$44,000.

Pine Forest Balance Sheet

- Components of the balance sheet are liquid assets (bank accounts) and Infrastructure (water system).

- As of yearend, bank account balances were approximately \$100,000. As of April 2016 month-end balances were approximately \$60,000.
- The owner's equity for 2014 was approximately \$170,000. That number decreased in 2015 to \$166,000. The decrease is accounted for by changes in liquid assets.
- The remaining balance on the water loan is \$232,000 and the loan will be paid off in 2025. The association has no other long term debt.

Variability of Expenses and Its Impact

- Most Pine Forest expenses are stable year-to-year.
- Snowplowing and road maintenance can vary by double digit percentages associated with the amount of snow and moisture.
- Periodically, the water system will require the expense of a new pump.
- A reserve fund has been calculated to cover the variability in expense so that dues can remain somewhat stable.
- The association has had to dip into that reserve fund this year to remain solvent.

Possible reserves for catastrophic events

- Currently there are insufficient funds to cover replacing the water system infrastructure due to wild fire (or any other event).
- Replacing the infrastructure would require an incremental assessment in excess of \$500 per lot.
- Since the only source of revenue is the members and Pine Forest has limited investment opportunities (certainly less opportunities than members) it has been decided that it is better to leave the funds with members until the reserves are needed.

Significant events

- Change from Jodi Smith as bookkeeper to Methow Valley Business Resources and the associated change to QuickBook Online. While there were some costs in conversion, anticipated savings and flexibility will benefit the association.
- Being notified in March 2016 the Washington State Department of Revenue was enforcing a Washington Public Utilities Tax on Home Owners Associations in the Methow Valley. The PUT tax would be 5.2% of revenue labeled as water fees. In prior years, Pine Forest had \$156,000 labeled water fees so the tax would be approximately \$3,000 per year.
- Since revenues below \$24,000 per year do not have to be reported or paid, the Board changed dues and fee structure to fall below that threshold. Discussions are ongoing with the DOR regarding back taxes and possible penalties. It is expected \$11,000 plus will be owed by Pine Forest. This is another example of uses for a reserve fund.

Member Comments

- One member asked that the Board have a reserve study performed to determine how much the association should have in its reserve account.
- The member also suggested that the Board develop a 5-year maintenance/budget plan.
- A member asked why there appears to be no loan payments made in the last three years.

- Members discussed taxing of the PF water assessment, some commenting that the strategy suggested by our lawyer is questionable/a dodge or keeps the Association from paying appropriate taxes.
- Members wanted to know why since at the 2015 annual meeting members approved it and a possible assessment to pay for it, the garbage/recycling structure project has not been undertaken. In his opening remarks Kim had said that the Board has chosen not to move have been put on hold because it feels strongly that “we should focus our efforts on Forest Health and FireWise this year.”

Board Election

Elected/re-elected are Kent Hitch, Jim Wurzer, Robin Jeffers.

Firewise/Timber Sale

Board member Heather Dean gave an overview of our Firewise accomplishments (Firewise designation, website tab, owner checklists, etc.) & ongoing plans, including the program’s recommendations & requirements for renewal. In addition, Firewise committee members Rose O’Donnell, Lynn Lewicki, and Jim Wurzer) described resources to help folks know fire status; the terms of our agreement with the landowners of the northeast (i.e., the “alfalfa field”) emergency egress route; and the upcoming road assessment by OCFD6. The Emergency Evacuation plan will be posted on PF web page.

The committee also touched briefly on forest health and the timber harvest/sale. Members asked questions about why the harvesting and sale of timber proposed as a Firewise activity now appears to be something that will cost the association \$\$ instead of generating funds. Board and other members explained that timber is a commodity whose prices fluctuate; currently, prices for pine are exceptionally low because of the amount/availability of salvage timber from forest fires.

Regarding the evacuation plan one member asked whether we, as a community, want to do more. Another member said that there had been discussion of “safe plan/safe zone” for people who can’t evacuate PF when a fire threatens. Another member asked about the status of the north end of Lodgepole Drive, pointing out that that it’s almost impassable and wondering whether it would be maintained. The Board responded that our special use permit for the parts of Lodgepole & Longleaf that are on USFS land allows us to maintain them. Road maintenance is an upcoming Board agenda item.

Revised Architectural Guidelines

Board approved changes will take effect July 1, 2016 and are not retroactive.

Changes include

- Four new forms for requesting AC approval: primary residential structure, ancillary structure, exterior remodel, site change.
- Firewise design required where possible
- Refundable building deposit changed to building fee, one portion of which is refundable, as follows
 - **Primary residence:** \$3500, \$1500 refundable, 18 mos for completion of work

- **Ancillary structure:** amount of building fee and refundable deposit determined by structure size and need for water hookup.
 - If larger than 200 sq ft or needing water hookup, \$3500 building fee, \$1500 refundable.
 - If 200 sq ft or less and needing no water hookup, \$750 building fee, \$500 refundable.
- **Exterior remodel**
- *Time allowed for completing work determined by type of work: remodel other than paint or roof--12 months. Re-roofing--6 months. Exterior paint/stain in new color: 6 months.*
- *Building fee determined by type of work:*
 - *Exterior remodel other than paint or roof--\$1500 (\$1000 refundable).*
 - *Re-roofing--\$500 refundable deposit only.*
 - *Exterior paint/stain in new color: \$500 refundable deposit only.*
 - Exterior remodel other than paint or roof--\$1500, \$1000 refundable
 - Re-roofing--\$500 refundable deposit only.
 - Exterior paint/stain in new color: \$500 refundable deposit only.
- **Site Change:** no building fee

Pine Forest Manager's Report

Brad Sawtell talked about

- Forest health from a forester's perspective
- Reasons for Pine Forest signage
 - 15 mph speed on roads slows road deterioration
 - We fill the metal garbage dumpster first because we own that one and pay more if two dumpsters have to be emptied. Also, items that can be recycled DO NOT belong in the dumpsters.
- The state of the Pine Forest water system:
 - Structures need to be "Firewised" and doing so would cost \$\$
 - One water leak has been discovered/fixed water and there may be more. There is a bid of \$2000 to locate any other leaks.
 - The transfer station wiring needs to be upgraded, and doing so would cost \$\$.

Other Discussion

Assessments: Members asked to be informed before an assessment of exactly how the \$\$ will be spent and then vote on the proposal

Member Survey Results

as of 6/9/2016 # respondents = 64

Do you support upgrading the roads for FireWise?

Answer Choices	Responses	
▼ Yes	85.71%	54
▼ No	14.29%	9
Total	63	

Would you be willing to pay a one-time assessment to reduce the risk of catastrophic wild fire to Pine Forest?

Answer Choices	Responses	
▼ Yes	79.03%	49
▼ No	20.97%	13
Total	62	

Is snowplowing adequate?

Answer Choices	Responses	
▼ Yes	83.33%	50
▼ No	16.67%	10
Total	60	

Is the condition of roads adequate?

Answer Choices	Responses	
▼ Yes	80.95%	51
▼ No	19.05%	12
Total	63	

Should the current sign be replaced, should the board seek a lower cost replacement or should the sign not be replaced?

Answer Choices	Responses	
▼ Replace current sign	29.31%	17
▼ Replace current sign with one that costs less	12.07%	7
▼ Don't replace the sign.	58.62%	34
Total	58	

Would you be willing to pay higher dues and/or a one-time assessment to build and maintain [a garbage/recycling] facility?

Answer Choices	Responses
Higher dues	12.90% 8
One-time assessment	22.58% 14
Neither	19.35% 12
Comment?	Responses 45.16% 28
Total	62

Please prioritize the actions addressed in the preceding questions.

	First	Second	Third	Fourth	Fifth	Sixth	Total	Weighted Average
Make Firewise road improvements	40.98% 25	40.98% 25	8.20% 5	3.28% 2	3.28% 2	3.28% 2	61	5.03
Harvest and sell timber	38.60% 22	29.82% 17	14.04% 8	10.53% 6	1.75% 1	5.26% 3	57	4.77
Increase snowplowing	0.00% 0	7.41% 4	12.96% 7	27.78% 15	35.19% 19	16.67% 9	54	2.59
Increase road maintenance	8.62% 5	8.62% 5	36.21% 21	20.69% 12	18.97% 11	6.90% 4	58	3.47
Replace Pine Forest sign	0.00% 0	3.39% 2	10.17% 6	13.56% 8	13.56% 8	59.32% 35	59	1.85
Build a shed to house Pine Forest refuse and recycling	10.53% 6	8.77% 5	15.79% 9	22.81% 13	29.82% 17	12.28% 7	57	3.11

The most recent PFOA dues increase should cover current costs, but leave little left over to fund other activities or increases in service. Should the Board . . .

Answer Choices	Responses
Increase annual dues by \$100	30.00% 18
Increase annual dues by \$200	8.33% 5
Increase annual dues by \$300	5.00% 3
Increase annual dues by \$400	1.67% 1
Fund projects by one-time assessments	40.00% 24
Do not increase dues. Maintain current level of service and undertake no new projects.	15.00% 9
Total	60

Do you . . .

Answer Choices	Responses
▼ Own a lot without a home on it	7.94% 5
▼ Own a lot with a home on it	71.43% 45
▼ Own multiple lots without a home on them	3.17% 2
▼ Own multiple lots with a home on them	17.46% 11
Total	63

How do you use your lot(s) in Pine Forest? Check all that apply.

Answer Choices	Responses
▼ Full-time resident	18.03% 11
▼ Extended stays	57.38% 35
▼ Weekend stays	49.18% 30
Total Respondents: 61	