

**Park at Timberhill Owners Association**  
**Minutes of the Board of Directors Meeting**  
**March 20, 2006**

**Call to Order**

President Todd Lewis called the meeting to order at 7:05 p.m. in the conference room of the Kings Crossing building, 2211 NW Professional Drive.

Attendees: Board members: Todd Lewis, Fred Bruck and Curtis Wright.

Community Manager: Dave Stubbs, DLS Associates.

**Open Forum** (One-half hour maximum allocated time for owners/residents to address the Board on matters not on the agenda.)

Fred Bruck, (Lot 18) 3351 Poppy Drive, informed the Board that there was a satellite dish sitting on the ground, visible from the street, on Lot 9 (3399 Poppy Drive). This is an apparent violation of the CC&Rs. Dave Stubbs, Community Manager, said he would investigate (in coordination with the ARC), take appropriate action, and report back to the Board.

**Approval of Prior Meeting's Minutes**

Motion made by Fred Bruck to approve the minutes of the last meeting as distributed.

Seconded by Todd Lewis. Approved unanimously by the Board.

**Treasurer's Report**

1. Fred Bruck advised the Board that he had reviewed the latest financial statements provided by DLS Associates and that all appeared in order. He did note that updated balances were needed for the Reserve Accounts. Dave Stubbs said monthly transfers could be made and reported automatically, but he has held off doing so this year, until the Board took action on the Reserve Schedule under "New Business" later on the agenda.

Motion by Todd Lewis to accept the Treasurer's Report. Seconded by Curtis Wright.

Approved unanimously by the Board.

**Community Manager's Report/Action Items**

1. Dave Stubbs informed the Board that the two street trees on Foxtail that were hit by a car on March 8th have been replaced by the driver of the car, with trees obtained from the City Forester. Dave Stubbs has requested Stutzman, PATOA's landscaping service, to check on the trees, make sure the planting has been done properly, assure that the trees are okay.
2. Dave Stubbs advised the Board that a complete record of all known ARC applications and committee actions has been provided to Brian Egan, the acting ARC chair.

3. Dave Stubbs reported that he has been in contact with Crystal Lake, a prior PATOA Community Management firm, regarding \$100 in transfer fees owed to the Association. He is waiting for another reply.
4. Dave Stubbs advised the Board that he is still waiting for NWCM to send him the Association's November 2005 bank statement, or provide a copy of it, since the original is thought to have been mis-sent in the mail. Dave said he has done prior and post month's balances, so there is no financial problem; it is just a matter of providing a complete audit trail.
5. Dave informed the Board of an organization, the Community Associations Institute (CAI) that is available for Board members, should any be interested in its services.

#### **Architectural Review Committee (ARC) Report**

No report.

#### **Landscaping Committee Report**

No report.

#### **Welcoming Committee Report**

No report.

#### **Old Business**

No report on Policies and Procedures document that was posted on the agenda, due to unforeseen absence of the Board member spearheading update effort.

#### **New Business**

Dave Stubbs presented the Board a report on the PATOA Reserves Schedule, including a detailed listing of all items for which Reserve Accounts had been created by the developer(s), and accrued funds in each account, along with recommendations for changes to specific account items. (The report is attached hereto and made a part of these Minutes.) The recommended changes will bring the current funding levels in balance with required accruals.

Motion by Curtis Wright to accept the report on PATOA Reserves Schedule from DLS Associates and to adopt its recommendations. Seconded by Todd Lewis. Approved unanimously by the Board.

Motion by Todd Lewis to have DLS Associates provide the Board with an update of the Budget and Reserve Schedule by the next Board meeting. Seconded by Curtis Wright. Approved unanimously by the Board.

Dave Stubbs also informed the Board that he has made arrangements with Stutzman to provide a complete description/accounting for irrigation control valves when Stutzman activates the system for summer operation.

**Notice of Next Meeting**

Contrary to the April 20 date indicated on the posted agenda, the next meeting will not be until 7:00 p.m. on Monday, June 19. The location will be the conference room of the Kings Crossing building, 2211 NW Professional Drive, unless decided otherwise; please check the Web site for the latest location.

**Adjournment**

There being no further business before the Board, President Todd Lewis adjourned the meeting at 7:50 p.m.

Submitted on March 25, 2006 by

Curtis Wright  
Secretary

Addendum: PATOA Reserve Schedule report from DLS Associates

## ITEMS LISTED IN PATOA RESERVE SCHEDULE

ITEM	LOC	Qty	Units	\$/Unit	Life Ex	Total \$	\$/yr
Handrail & Posts	Tract C	1	Unit	200	15	200	13
Stairs	Tract C	1	Unit	100	1	100	100
Asphalt Path	Tract C	675	SF	1	5	675	135
Gravel Path	Tract C	175	SF	1.95	3	341	114
Fence	HB - 4' Cedar	399	LF	17.50	15	6983	466
Retaining Wall	HB	1	Unit	100	1	100	100
Irrigation Controllers - Battery		3	Unit	250	3	750	250
Irrigation Controllers - Electric		3	Unit	750	7	2250	321
Barkdust		10850	SF	200	2	1447	723
Monument	Tract A	1	Unit	150	5	150	30
						12996	2252

The first property was conveyed to owners on 7/31/2002. According to ORS 94.595(2)(b) the reserve account starts at that time. Therefore, based on the above Schedule, the Reserve balance at 12/31/2005 should be \$7694 (\$938 for 5 months of 2002 and \$2252 for each of 2003, 2004, and 2005). The actual balance was \$4504 – or \$3190 under funded. However, before you draw too many conclusions, please read the discussion below.

## DISCUSSION OF ITEMS

### Handrails & Posts

There is a "handrail" along the stairs at the east end of Huckleberry at the south end of the path between lots 21 & 22 in Tract C which consists of 8 fence posts with two chain strands draped between each. The 15-year life expectancy is probably adequate. The \$200 cost would cover materials, but probably not labor. I would suggest that \$500 would be a better estimate of cost.

### Stairs

The stairs at the east end of Huckleberry in Tract C are concrete. The life expectancy of one year sounds more like a routine maintenance item. I would propose removing this from the Reserve Schedule since the life expectancy probably exceeds the 30-year provision in ORS. However, the annual budget should include money in the grounds maintenance line item to ensure regular inspection and cleaning.

### Asphalt and Gravel Path

When this Schedule was initiated, there may have been a section of gravel path; however, the entire path running in Tract C between lots 21 & 22 is now asphalt. It is about 170' long and 5' wide giving approximately 850 sq ft of surface. Although I would think that the life expectancy would be greater than the stated five years, it should probably be cleaned and sealed (may require some "resurfacing") on approximately five-year intervals, so this is probably a reasonable Reserve item. The \$1 rate for 850 sq ft or \$850 spread over five years seems reasonable.

### Fence

The Board has determined that the fences are owner responsibility and this item should be removed from the Reserve Schedule. [450' of 4' plus 425' of 6']

### Retaining Wall

Frankly, this item puzzles me. A one-year life expectancy is not appropriate and a \$100 value is unrealistic. It seems to me that the life expectancy of the wall exceeds the statutory 30-year principle. So, this amount seems to represent a maintenance expense number. It should be removed from the Reserve Schedule and added to the annual grounds maintenance budget provision.

### Irrigation Controllers (Battery and Electric)

I'm unclear why there would be both battery and electric controllers on the Reserve Schedule. I will need to spend some time with Stutzman to figure this one out. I'm also at a loss as to the logic of these being Reserve items rather than annual maintenance items.

## Barkdust

With a two-year life expectancy, this would not be a normal Reserve Schedule item. The usual way of dealing with this item would be to include an annual operating budget line item for the appropriate expense. You may spend more one year than another, but it doesn't require a Reserve. The two-year period is usually a reasonable interval; bark does decay quickly in this climate. It also is reasonable to do all the surface areas at one time to provide consistency of appearance in the community.

In calculating bark requirements, I determined there would be approximately 18,240 sq ft (rather than the 10,850 stated in the old Reserve Schedule). [432' x 20' = 8640 along Huckleberry, 440' x 15' = 6600 along 29<sup>th</sup> north of Huckleberry, and 150' x 20' = 3000 along 29<sup>th</sup> behind 4002 Poppy] A bark "unit" consists of 7.5 cu yd and covers about 1200 sq ft to a depth of 2". To cover our 18,240 sq ft would require approx 15 units. Hemlock (higher quality) would cost about \$157.50/unit delivered or \$245/unit blown onto the surface areas. Fir (lower quality) is about \$120/unit delivered or \$225/unit blown. Total for our needs would be \$3675 or \$3375. I believe the blown price is the useful value here since I don't have a good labor estimate for spreading bark only delivered in piles. This is a substantially higher number than provided in the previous study, primarily due to the understatement of area coverage needed.

Although, technically, a two-year interval is not a mandatory Reserve Schedule item, it may be worthwhile to put this in the Reserves. Because this is the "big ticket" item, it is easier to commit \$1700 to the Reserves than to try to carry it forward in the operating budget. (Some of the owners might look at an operating surplus and want a dues reduction.)

This item as described here only includes three large-surface areas, so it does not include any bark around the street trees in the community. We ought to get that street tree "piece work" included in our landscape maintenance contract.

## Monument

The "monument" is the large brick community identifying sign at 29<sup>th</sup> & Huckleberry. A five-year life expectancy does not have meaning to me. The \$150 over five years may be a statement of polishing the metal lettering or something. That sounds more like an annual budget maintenance item for me. If you really expect the thing will fall down sometime and need to be replaced, I'm thinking in the thousands of dollars rather than \$150. And, frankly, if it does fall down in 20 years, will you want to actually build a new one?

So, here are my recommendations (I hesitate to provide these before discussion because it really depends on your philosophy not mine, but here they are):

<u>Item</u>	<u>Amount</u>	<u>Duration</u>	<u>Annual Reserve</u>
Handrail and posts	\$ 500	15 yrs	\$ 33
Stairs	Remove		
Asphalt path	\$ 850	5 yrs	\$ 170
Fence	Already removed		

Retaining wall	Remove		
Irrigation controllers	Remove		
Barkdust*	\$ 3375	2 yrs	\$ 1688
Monument	Remove		
<b>Total</b>			<u><b>\$ 1891</b></u>

\*Although 3 yr and 5 mo (the "legal" duration of the Reserve Account) of this reserve rate would be \$6461, I would recommend capping the Barkdust line item at \$3375. Then the required reserve balance would be \$4069, actually quite close to our current balance.

Oregon Revised Statute providing for reserve account for Planned Developments

**94.595 Reserve account for replacing common property; reserve study.**

- (1) The declarant shall:
  - (a) Conduct a reserve study described in subsection (3) of this section; and
  - (b) Establish a reserve account for replacement of all items of common property which will normally require replacement, in whole or in part, in more than three and less than 30 years, for exterior painting if the common property includes exterior painted surfaces, for other items, whether or not involving common property, if the association has responsibility to maintain the items and for other items required by the declaration or bylaws. The reserve account need not include reserves for those items:
    - (A) That could reasonably be funded from operating assessments; or
    - (B) For which one or more owners are responsible for maintenance and replacement under the provisions of the declaration or bylaws.
- (2)
  - (a) A reserve account established under this section must be funded by assessments against the individual lots for which the reserves are established.
  - (b) Unless the declaration provides otherwise, the assessments under this subsection begin accruing for all lots from the date the first lot is conveyed.
- (3)
  - (a) The reserve account shall be established in the name of the homeowners association. The association is responsible for administering the account and for making periodic payments into the account.
  - (b) The reserve portion of the initial assessment determined by the declarant shall be based on:
    - (A) The reserve study described in paragraph (c) of this subsection; or
    - (B) Other sources of reliable information.
  - (c) The board of directors of the association annually shall conduct a reserve study or review and update an existing study to determine the reserve account requirements and may:
    - (A) Adjust the amount of payments as indicated by the study or update; and
    - (B) Provide for other reserve items that the board of directors, in its discretion, may deem appropriate.
  - (d) The reserve study shall include:
    - (A) Identification of all items for which reserves are required to be established;
    - (B) The estimated remaining useful life of each item as of the date of the reserve study;
    - (C) The estimated cost of maintenance, repair or replacement of each item at the end of its useful life; and
    - (D) A 30-year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule.
- (4)
  - (a) If the declaration or bylaws require a reserve account, the reserve study requirements of subsection (3) of this section first apply to the association of a subdivision that meets the definition of a planned community under ORS 94.550 and is recorded prior to October 23, 1999, when:
    - (A) The board of directors adopts a resolution in compliance with the bylaws that applies the requirements of subsection (3) of this section to the association; or
    - (B) A petition signed by a majority of owners is submitted to the board of directors mandating that the requirements of subsection (3) of this section apply to the association.
  - (b) A reserve study shall be completed within one year of adoption of the resolution or submission of the petition to the board of directors.
- (5)
  - (a) Except as provided in paragraph (b) of this subsection, the reserve account may be used only for the purposes for which reserves have been established and is to be kept separate from other funds.
  - (b) After the individual lot owners have assumed responsibility for administration of the planned community under ORS 94.616, if the board of directors has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds:
    - (A) The board of directors may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses.
    - (B) Not later than the adoption of the budget for the following year, the board of directors shall

adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period.

- (6) Nothing in this section prohibits prudent investment of reserve account funds subject to any constraints imposed by the declaration, bylaws or rules of the association.
- (7) In addition to the authority of the board of directors under subsection (3)(c) of this section, following the second year after the association has assumed administrative responsibility for the planned community under ORS 94.616:
  - (a) By an affirmative vote of at least 75 percent of the owners of the planned community, the association may elect to reduce or increase future assessments for the reserve account; and
  - (b) The association may, on an annual basis by a unanimous vote, elect not to fund the reserve account.
- (8) Assessments paid into the reserve account are the property of the association and are not refundable to sellers or owners of lots. [1981 c.782 §15; 1999 c.677 §7; 2001 c.756 §10; 2003 c.569 §8]