

## **2021 CCW Annual Meeting**

*Eugene Country Club*

*Thursday, Oct 21, 2021*

*Members Present: 30 of 46 individual members; 15 of 27 households*

*Board President Duane Iversen called the meeting to order at 5:30pm*

He welcomed everyone noting that it was nice to be back with our normal meeting format after last year's Annual Report without an in-person meeting due to the pandemic.

Duane thanked Elaine for once again hosting our annual HOA potluck in late summer.

Duane also offered the condolences of all the neighbors for the passing of Arlen Swearingen and Scott Wentworth during the year.

New neighbors were welcomed to the HOA: Steven and Michell Jung (735 Sand Ave) and Tim and Kara DeRuyter (650 Sand Ave).

Also, the Platt house at 665 Sand Ave, sold but do not yet know the names of the new neighbors.

## **2021 Projects and Policy Review**

Duane explained the following projects and other changes that happened during 2021.

### *Sidewalk Repair*

Two sections of sidewalk (near 735 and 770 Sand Ave) needed attention because of uplift caused by street trees. The issue became urgent when one of the frequent walkers on our street tripped on the raised concrete (which was painted as a warning) and fell. The woman, not part of our HOA suffered some injuries that required medical attention. She recovered and did not approach the HOA with a liability complaint. However, the need to get the sidewalk repaired went to the top of our project list. We reviewed all the sidewalks within the HOA and found that two had uplift sufficient to require remediation. We contracted with the city to do the repairs. They removed the damaged sections of sidewalk, pruned back the offending roots and laid new sidewalk. No trees needed to be removed. The total cost for the repairs was \$2100.

### *HOA Insurance Policy Review and Update*

The injury related to the sidewalk uplift prompted us to review our HOA insurance policy. We had a two million dollar liability coverage. We also had replacement coverage for property damage but it only applied to the mail boxes. and a \$5000 medical liability coverage. Following the review the Board voted to keep the existing two million dollar overall liability coverage and increase the medical liability coverage to \$10,000. The Board also made the decision to add HOA fences and the irrigation control housing and electronic controller to the property damage coverage. These changes resulted in an \$100 increase in our annual insurance premiums.

### *Mailbox Damage and Repairs*

One of the mailboxes on the street was hit and pushed over by a riding mower driven by a member of the Rexius landscape crew. This mailbox included individual mail boxes for six homes: 740, 750, 760, 745, 755 and 765. Rexius replaced the damaged posts, reattached the box and positioned the unit where it was originally. We thought problem solved. However, the affected neighbors said their mail was not being delivered. Duane caught a couple of the delivery drivers and asked them why mail was not being delivered. They said they could not

open the lock on the back of the box to insert the mail. They said the metal box was slightly bent which they thought caused the problem. Duane contacted the downtown post office many times to get a postal repair person to fix the problem. Eventually he learned the only authorized repair person was located in Portland and came to Eugene periodically. They also said the waiting list for repairs in Eugene was long. After several weeks of neighbors going downtown to get their mail and of post office inaction, Duane, Mike Layne and Doug Knecht thought the problem might be that the new posts were too tight against the metal box. They were able to relieve the pressure on the metal box. It worked and mail could finally be delivered. The HOA incurred on costs.

#### *Tree Removal and New Turf Installed*

An HOA tree in common area between the homes at 785 and 795 was not healthy. In addition it dumped a large amount of leaves each fall that tended to get into the storm drain in the driveway. This drain has been a problem for a couple of years (after one rain storm, water got into the garage at 795). The storm drain pipe runs directly under a street tree on it's way to the large drain in the street. A root from the tree had grown into the pipe and was causing a partial blockage. The blockage was aggravated by leaves and bark from another nearby HOA bed getting into the storm drain. The ultimate fix was to remove the street tree which would require replacing sidewalk - an expensive option. Alternately we chose to have Roto Rooter attempt to grind out the root in late 2020 - it was mostly successful. This year we removed the tree between 785 and 795 to eliminate the problem of leaves in the drain (\$700). In addition, Duane and Dave laid turf where there had been loose bark in the HOA bed (\$150). The combination of these "fixes" seems to be working. Duane noted that all the storm drains on the street has been professionally cleaned in the last few years, but that it could be an issue that needs attention periodically.

#### *Landscape Contract Addition*

Each year we find areas of the landscape contract that need to be added or improved or the language needs to be edited so that there is no confusion about what we want done. This year one area of focus is on fall leaf removal in the front of homes. The majority of trees on the street are the responsibility of the HOA. On the street side of homes, the leaves fall mostly in the driveway, on the sidewalk or in the shrub beds. This affects some homeowners more than others. Historically the removal of the leaves has fallen to both homeowners (who often hire someone to do it) and the landscape crew. The problem has been no clear line of responsibility. The Board decided we should have the landscape crew remove tree leaves all the way back to the private property lines. This addition will add some expense to the contract but because the situation only occurs during a few weeks each year it will not be a significant expense.

#### *Pruning Wax Myrtle Hedge at North End*

The wax myrtle hedge that runs along the north end of the cul de sac was getting so overgrown it was growing into the sides and roof of two homes at 650 and 655 Sand Ave. We had the landscape crew cut back the hedge significantly. It will grow back and fill in nicely over the next couple of years.

#### *Gate Repair*

There are 7 wrought iron gates (with locks) on the street that control access to the backyard common areas. These gates are for security and, primarily, for use by the landscape crew to get mowers and equipment to the lawns in the back. The fences and gates have been in place for over 30 years. Most of the gates are failing to work properly because of rot in the posts where large screws hold the hinges onto the fence posts. Some gates have come completely off the posts. The quick fix the last few years has been to drill new holes and use larger screws. However, the rot seems to be significant enough that the only solution is to replace the

supporting posts. Our initial quote was around \$1000 per gate. We will get more quotes, but the plan is to fix two gates each year.

#### *Comments*

Willa asked if the gates are even necessary? She wondered if they really provide much security? There was no followup discussion on Willa's point, but it may be worth polling the members to get additional feedback.

\*\* The following discussion of the 2021 financial review and 2022-2023 budgets reference sheets that are attached to these minutes.

### **2021 Financial Review**

Duane started the financial review by noting the amount of money left in our bank account at the end of 2020: \$28,719. The ending balance of the previous year is carried over to the starting balance for the next year. Adding this carryover to our annual dues total of \$52,200 the total available funds for 2021 was \$80,919.

The expenses for 2021 followed our normal budgeting categories of "recurring annual expenses" and "special projects & contingency expenses". Duane noted the side-by-side Budget column and the Estimated Year End Actual Expense column. We project that for both the recurring annual expenses and our special projects we will end the year under our budget amount. The year-end balance is expected be \$24,717 which will carryover to the 2022 budget.

Duane said our largest expense line items each year are the Lawns & Landscape contract and the EWEB water bills (irrigation). He also said 2021 had a relatively mild winter so we had minimal storm related damaged to trees that often result in added expenses. We also managed the irrigation controller in the long summer to walk the line between water savings and a consistently good looking lawn such that our EWEB bill stayed within budget. We also had far fewer damaged or broken irrigation nozzles and pipes than in previous years and will come in significantly under budget for that line item.

### **2022 - 2023 Budgets**

Duane pointed to the carryover of \$24,717 from the projected ending balance in 2021 that is included with the dues of \$52,200 to give us our 2022 available funds. The total funds amount for 2022 is projected to be \$76,917.

Duane said Rexus has informed us our Lawns and Landscape contract will go up 6% over the 2021 amount. Inflation plus higher labor costs have been the cause for this increase. The Board decided to apply that same 6% increase to many of the line items on our 2022 budget.

For the 2023 budget we anticipate an additional 2% increase in costs.

Duane reviewed the line items in these budgets including the usual recurring annual expense items and the addition of gate post repair and possible storm drain cleanup to the expected irrigation repairs in the projects part of the budget.

### **Reserve Fund**

Duane noted we can think of our year-end balance as effectively our reserves. We carry over that amount to the available funds for the next year. He pointed out that there is starting to be a steady decline in our year end reserves:

2020 - \$28,719

2021 - \$24,717 (projected)

2022 - \$17,729 (projected)

2023 - \$10,212 (projected)

\*\* For background on this discussion of Reserve Fund, see the sheet titled Reserve Fund attached to these minutes.

Duane explained that we have always treated our year-end bank balance effectively as our “reserve”. We use these funds to cover unanticipated expenses such as minor fence repairs, removal of dead or storm damaged trees, repair of broken irrigation pipe and nozzles, etc. We have been aware of the fact that the “reserve” may not be large enough to cover extraordinary expenses similar to what we had when the City of Eugene told us we needed to take out all of our old pear trees and replant. That expense ended up around \$15,000 but could have easily been higher. The last assessment we had was in 2016 to cover the pear tree removal and new tree planting project.

There is a State of Oregon statute (100.175) that spells out the requirements for HOAs to keep a Reserve Fund based on an independent Reserve Audit. We are a small HOA without common structures or pools and up to now have managed to maintain our finances without the need of a formal reserve fund.

Today our HOA is over 30 years old. The infrastructure such as the wrought iron fences along the east boundary, the long arborvitae hedge along the west boundary, the deeply buried main irrigation lines, the very large trees near the pond and the corner where Sand Ave turns north/south are all assets that could require significant amounts to replace.

In addition, in recent years as homes in our HOA have gone on the market, listing real estate agents have started asking to see our “Reserve Fund”. We have always pointed to the year-end balance in our bank account, but at some point if it continues to decline, it may not give prospective buyers confidence that we are on strong financial footing.

For these reasons, the Board recommends we establish a target amount of \$25,000 to \$30,000 as our year-end bank balance and that we call it officially our Reserve Fund Balance. The actual amount will vary from year to year, but with periodic assessments we can keep a healthy balance that will give us the ability to respond quickly to significant expenses and will show prospective buyers we have our finances in good order.

The Board also recommended an assessment of \$500 per lot in January of 2020 to replenish our declining reserve.

#### *Comments*

Willa said she understands there is an Oregon statute regarding reserve funds but she does not see anything in the handout about amounts or what specifically is required of us?

Dave said the law does not provide an amount, it says HOAs need to get an independent audit to establish a Reserve Fund amount appropriate for that HOA. The statute says the way to arrive at an amount is with an independent Reserve Audit.

Duane responded by saying an example would be Black Butte Ranch and HOA with several swimming pools, tennis courts, common structures and many other assets. Their Reserve Fund is in the millions of dollars.

Willa and others thought we should look into adding language about our Reserve Fund to the CC&Rs.

Darrell suggested we get an audit.

Mike Layne said he took the known Black Butte reserve fund amount divided by the number of lots and came up with a per unit amount of around \$850. Applying the same per lot amount to our HOA comes out to around \$25,000.

Cordy suggested we raise our dues rather than have an assessment.

Duane said that in the past when asked if they preferred a dues increase or an assessment, member generally preferred the assessment because it was largely hidden from prospective buyers. We are required to give the listing agent our quarterly dues amount.

**Motion**

*Doug moved we have a \$500 assessment in January 2022. Tim seconded the motion.*

*There was no further discussion.*

*\*\*In a voice vote the motion was approved.*

**Other New Business**

Duane asked if there was any other new business. There was none.

Duane adjourned the meeting at 6:15pm