

Reserve Study Report
April 2020
(footnotes added June 2020)

What's in this report below is pretty heady; in two pages it involves communicating to you certain complicated information that the state requires we communicate about our HOA... that, interwoven with the fiscal and administrative complexity of that our HOA is a corporation in charge of \$6,000,000 worth of 'common assets' – our roads – that access \$20,000,000+ worth of private property and land improvements. It all involves financial planning regarding a time scope of 30 years, including both income and expenditures. So please bear with the unfolding of this information. Everything below is required by state law to be divulged to all owners.

State laws governing our HOA require that we have an “independent reserve study professional” perform a comprehensive physical inspection and analysis and then fiscal recommendation regarding all periodic forecastable road repairs projected 30 years into the future. As indicated from the minutes of the January 18, 2020 Board meeting, the official state-required Reserve Study was completed and received by the Board (January 14, 2020). That study cost our HOA \$1200.00. HOA members are welcome to request a PDF sent to them of the full report. The Reserve Study includes information that the HOA is required to disclose to all HOA members per state laws in RCW64.38 regarding Reserve Funding.

This completes the state legal requirement for conducting the reserve study, however, the study is very inadequate as a practical stand-alone tool for us to use for actual applicable reserve fund planning. An HOA like ours who manages 32+ miles of gravel roads as the main reserve component is virtually an anomaly compared to the 'independent reserve study' service industry; that industry is geared toward performing studies for HOAs whose main reserve components are things like pools, fences, clubhouse re-roofing, etc., like a condominium association. What this means is that to perform an actually functional independent professional study for our scenario we would have to gather and pay several independent professions – a civil engineer, an economist/accountant, a civil project manager, possibly legal counsel, and a reserve study professional – and craft together a cooperative custom analysis. Such a custom analysis is not required by state law or our HOA governing documents.

According to estimates by two qualified professionals on our Board, including having input from some of the professions mentioned above, such a cooperative professional task would cost the HOA approximately \$20,000.00 or more and would still substantially rely on base information the Board provides them. At this point, given the scale of HOA funds and ability to generate income, the Board feels that such a study would be unduly burdensome for the HOA to bear the cost of. Further, RCW64.38.090 exempts our HOA from having to perform such an expensive level of Reserve Study because the cost of that study would exceed 5% of our annual budget.

However, what we will do as an alternative is have our two qualified Board members perform this custom analysis as volunteers while also incorporating into it the information we have already received from the professional study performed in January. Brett Coffman and Kirk Johnson are long-time experienced in the arena of civil and construction project management, road maintenance and building, civil engineering standards, fiscal projectioning and pricing, business management, and are deeply familiar with our roads, CCR requirements and what the actual purpose of state laws regarding Reserve Study intended. So over time this year they will pull together this analysis and provide it to the HOA for fiscal consideration.

You will notice that in the Proposed Budget for 2020/2021 there is \$3000 budgeted for “Reserve Fund Savings”. For now this amount is a general contribution of available funds going toward all future fiscal needs and requirements. The \$3000 simply represents an amount the Board feels comfortable adding into savings that does not jeopardize at least a minimum level of road maintenance in this year's budget. As has been repeatedly expressed by this Board since 2018, our annual assessments are too low to meet all HOA needs, such is why the Board has methodically pursued raising annual assessments and securing a special assessment.

There are two different legal requirements for our savings:

1. Our CCRs at Article IV, Section 4 require that the HOA have assessments at a level to, among other things, “...establish an adequate reserve fund for the maintenance, repair, and improvement of the roads and any other

Common Areas, plus any other costs or fees incurred by the Association.”

2. RCW 64.38.070 states, in part, “(1) A reserve study as described in RCW64.38.065 is supplemental to the association's operating and maintenance budget. In preparing a reserve study, the association shall estimate the anticipated major maintenance, repair, and replacement costs, whose infrequent nature make them impractical to be included in an annual budget.” There are also specifics about disclosing a calculated contribution rate to the state required¹ reserve fund, and specifics about accounting for it separately from the rest of HOA savings.

Because our historical HOA income rate has been too low, and because meeting the needs of the two above savings requirements and complicated associated administration has not been fully addressed by prior Boards, we are still in the early stages of accomplishing all that is required about this. As stated above we expect to have this comprehensive goal fully assessed and in place later this year.

Per RCW64.38.025(3) we are required to disclose to the membership the following specific additional information accompanying the Proposed Budget regarding the state-required Reserve Fund and Study. Again, state laws require us to relate to you this information *relative to the official Reserve Study* even though the final fiscal plan for assessments and expenditures adopted by the Board will differ from much of the Reserve Study:

- The Board will support and pursue raising the annual assessments 10% next fiscal year (2021/2022).
- The \$3000 budgeted for this year's contribution to savings does not meet with the January 2020 official Reserve Study recommended contribution rate of approximately \$210,000.00 in order to make the Reserve Fund fully funded according to the Study's recommendations.
- The Reserve Study recommends that our HOA have \$231,482.20 as a current “Fully Funded Reserve Balance”. The Reserve Study only accounts for this year's \$3000 contribution as being the total amount of money in the Reserve Fund, which would be 1.3% of the total recommended fund amount. However, as we commented in various statements above, the Study is an inadequate tool on its own and much work has yet to be done to make final reasonably accurate fiscal forecasts and determinations. Not yet incorporated into a total 'reserve funding picture' is the fact that our HOA has a gross existing savings amount of \$51,345.64; if we were to assume that a large portion of that – say 75% of it – would be for the state-required Reserve Fund then that amount plus this year's \$3000 contribution would suggest that 18% of our recommended Reserve Fund is funded. Obviously the total existing reserve funds and this year's contribution will not meet with the Reserve Study recommendations.
- Referencing the January 2020 Reserve Study chart entitled, “Projections – Component Calculation Method” (page 27 of 34 in the PDF) it recommends that the Reserve Fund be brought up to full recommended funding over the course of the next (7) years. According to that information, and assuming that 100% of all assessments would be collected for all (310) Lots, the Study recommends the following assessment changes be implemented per Lot *just to fund the Reserve Fund*:
 - for fiscal year 2020/2021, compared to the current rate of \$193.60 per Lot, annual assessments should be increased by \$817.00 per Lot for a total of \$1010.60 per Lot. An increase of this amount would require an assent vote of at least 25% of the membership.
 - for fiscal year 2021/2022, compared to the prior year's rate of \$1010.60 per Lot, annual assessments should be increased by \$86.00 per Lot for a total of \$1096.60 per Lot.
 - for fiscal year 2022/2023, compared to the prior year's rate of \$1096.60 per Lot, annual assessments should be increased by \$42.00 per Lot for a total of \$1138.60 per Lot.
 - for fiscal year 2023/2024, compared to the prior year's rate of \$1138.60 per Lot, annual assessments should be increased by \$222.00 per Lot for a total of \$1360.60 per Lot. An increase of this amount would require an assent vote of at least 25% of the membership.
 - for fiscal year 2024/2025, compared to the prior year's rate of \$1360.60 per Lot, annual assessments should be *decreased* by \$232.00 per Lot for a total of \$1128.60 per Lot.
 - for fiscal year 2025/2026, compared to the prior year's rate of \$1128.60 per Lot, annual assessments should be left the same for a total of \$1128.60 per Lot.
 - for fiscal year 2026/2027, compared to the prior year's rate of \$1128.60 per Lot, annual assessments should be increased by \$21.00 per Lot for a total of \$1128.60 per Lot.

Please again understand that the above speculated changes only address potential state-required² reserve funding, according to the recommendations in the January 2020 Reserve Study. This does not include potential

1 Please see the correction in error [explanation](#), noticed to the membership in June 2020.

2 Same as footnote 1.

rate changes to deal with potential changes in regular planned annual maintenance or other normal annual costs; those projections will be incorporated into an overall fiscal plan (including the Reserve Fund) being created now and through this year.

Removing the Existing Mileage Reimbursement Cap

10.30.20

At a Special Board Meeting on October 30, 2020 the Board voted 7-1 in favor of removing the existing mileage reimbursement cap for the Road Manager and Road Committee members; director Pam Lewis was the one dissenting vote.

In summary, the existing policy included an annual cap of \$200 allowed to reimburse individual directors or duly appointed committee members for mileage incurred while performing sanctioned duties on behalf of the Board. The Board has discovered that the cap is too low for the mileage actually needed to be driven in order to accomplish road management, so a motion was made out-of-meeting to raise the cap so that road work could continue. Director Pam Lewis was the sole vote against the motion, so per Bylaws Article VI, Section 4 the unanimously-required vote failed, which caused the Board to bring the motion up in the October 30, 2020 meeting and seek majority approval; as stated above, the vote passed 7-1 with the same votes by directors.

Included below is the complete email chain of the directors, showing the process of motion and deliberation for the vote that ended up passing in the October 30, 2020 Board meeting. For the convenience and clarity of the reader the emails have been 'cut and pasted' in actual chronological order as they happened, as opposed to the reverse and sometimes incomplete printing that email streams can appear in.

This Report is submitted to the membership so that they may have knowledge of the substance of the issue.

Johnson Reimbursement

Pamela Lewis <pamelalewisnmr@yahoo.com>

Sat 10/17/2020 5:39 PM

To: Bod <bod@9mileranchhoa.org>

This is in regards to the "Bill from Kirk Johnson for 9MR Expenses Reimbursement" dated 10/9/2020.

"9/14/20 7 miles 174,247-254; per ACC; inspect private drive culvert for approval"

① Questions I have regarding this entry:

1. Who inspected this? From the way the entry reads it was inspected by the ACC.
2. If so why then is Kirk asking for reimbursement for something he did not do?
3. Shouldn't the person that did the inspection be asking for reimbursement?

The mileage listed for the 9/14 inspection starts with 174,247 where the previous mileage entry on this reimbursement sheet on 8/25/20 starts with 177,022. You cannot go backwards on your mileage so it is obvious a different vehicle was used for the private drive culvert inspection.

Furthermore, I find that I will have to vote no on the reimbursement as it stand right now.

The previous reimbursement that was requested and later approved dated 5/19/20 has a total mileage reimbursement of 181.14 and on the one in question now the total mileage after the adjustment for the 7/1/20 error is 149.64 for a total of 330.78. According to the "NINE MILE RANCH HOA Board/Committee Reimbursement/Procurement Policy" "Annual mileage reimbursement for any one Board of Director or Committee member may not exceed a total of \$200.00 in a calendar year." As 330.78 exceeds the policy by 130.78 I will have to vote no on this unless it is adjusted to not exceed the 200.00 annual limit.

While reading through the policy I also noticed the following: "The HOA Treasurer shall make available to the BOD a monthly reconciliation of all bank statements by the 15th of each following month. Details of that monthly reconciliation shall include: check number, date check was issued, the name of the payee and the amount of the check. Any purchase/procurement greater than the amount of \$100.00 shall be pre-approved by the Board." Why haven't we seen this? Isn't this something that we should receive via email on a monthly basis?

> ----- Original Message -----

② > From: Susan Stewart Griffin <sustewart@shaw.ca>

> To: Pamela Lewis <pamelalewisnmr@yahoo.com>

> Cc: Bod <bod@9mileranchhoa.org>

> Sent: Sun, 18 Oct 2020 01:49:57 -0600 (MDT)

> Subject: Re: Johnson Reimbursement

>

> Does anyone honestly believe that Kirk is trying to steal a couple of hundred bucks from the ranch?
Oh my God!

> On Oct 18, 2020, at 12:51 AM, Susan Stewart Griffin <sustewart@shaw.ca> wrote:

③ >

> Kirk I will happily pay whatever you have exceeded in terms of ranch policy. You do so much for 9
mile ranch and I for one am very grateful.

>

> Just like the others who have donated gravel I am happy to contribute to the overall well-being of
all members.

> Just like the others who have donated gravel I am happy to contribute to the overall well-being of
all members.

>

> Please advise.

>

> Thank you,

>

> Susan

Firefox

<https://outlook.office.com/mail/inbox/id/AAQkADZmMjllMjE4LT...>

Re: Johnson Reimbursement

Rick Lewis <Roper1628@yahoo.com>

Sun 10/18/2020 8:25 AM

To: Susan Stewart Griffin <sustewart@shaw.ca>

Cc: Pamela Lewis <pamelalewisnmr@yahoo.com>; Bod <bod@9mileranchhoa.org>

④ Furthermore...

I will split the cost with Susan. Remove the request for reimbursement. We will take care of it. Then
Pam and Mathis can't complain about it...

Rick

----- Original Message -----

5

From: Stacey Johnson <stacey@wandabean.net>
To: Rick Lewis <Roper1628@yahoo.com>, Susan Stewart Griffin <sustewart@shaw.ca>
Cc: Pamela Lewis <pamelalewisnmr@yahoo.com>, Bod <bod@9mileranchhoa.org>
Sent: Sun, 18 Oct 2020 10:25:06 -0600 (MDT)
Subject: Re: Johnson Reimbursement

Oh my Pam, you have been busy.

To address some of your points:

"Per" the ACC mean per the request of the ACC. Do you really think that Kirk would lie to be reimbursed \$4.08? You are truly reaching here to find something wrong.

Yes, we have 4 vehicles. Kirk will drive different ones depending on his work for the day. Why are you bring this up?

Kirk and I contribute far more mileage than we ask for. We also contribute personal funds to the day to day running of this place...without reimbursement. For you, or any other Board member, to spend the time to nit-pick about \$4.08, etc., does not help the sustainability of this HOA. Eventually, no one will want to volunteer because of the bullshit. Then, the HOA will have to hire an outside person..... It's too bad you cannot seem to choose to support your fellow Board members. You stated once, in a letter to the membership, that Kirk has made his reimbursement/road manager a second income. It isn't a second income, but a second job. To do the job of road manager requires a tremendous amount of time (making decisions with the committee, sourcing material, sourcing contractors, marking the roads, follow up on work done, communicating/writing reports about everything, managing funds spent, and more). To question a \$4.08 reimbursement, to not seek to support the Road Manager (you could have made a motion to increase the policy to \$300 a year) does not invite others to volunteer, as well as looks petty and is a waste of time.

Regarding the Treasurer duty stated in the policy. The Policy states "shall make available". It does not say "provide". All records are available upon request. I do send all stated material to a member/cpa and a board member on a monthly basis. This is for internal control, which has never been done in the HOA before. I have asked the Board several times if they want more information. At one point it was discussed that I send quarterly financial statements to the Board, but that did not happen as monthly financial statements are posted to the website for review. ALL fund spent have been approved by the Board either through a motion at a meeting or by Board approved budget.

Firefox

<https://outlook.office.com/mail/inbox/id/AAQkADZmMjllMjE4LT...>

Re: Johnson Reimbursement

Susan Stewart Griffin <sustewart@shaw.ca>

Sun 10/18/2020 10:51 AM

To: Stacey Johnson <stacey@wandabean.net>

Cc: Rick Lewis <Roper1628@yahoo.com>; Pamela Lewis <pamelalewisnmr@yahoo.com>; Bod <bod@9mileranchhoa.org>

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I completely agree that it appears petty and ridiculous. Kirk please let me know how much I can donate to cover the costs. And thanks Rick for joining in.

⑦

From: "Kirk Johnson" <kirk@constructforyou.com>
To: "Stacey Johnson" <stacey@wandabean.net>, "Susan Stewart Griffin" <sustewart@shaw.ca>
Cc: "Rick Lewis" <Roper1628@yahoo.com>, "pamelalewisnmr" <pamelalewisnmr@yahoo.com>, "bod" <bod@9mileranchhoa.org>
Sent: Sunday, October 18, 2020 1:17:46 PM
Subject: Re: Johnson Reimbursement

Hello all, regarding the motion to reimburse, here are several thoughts I have:

Pam, you are welcome to request the email streams between the Road Committee and the ACC showing the ACC requests that the RC inspect (several) driveways and make recommendations to the ACC (who has jurisdiction over the matters, per CCRs) so they could in turn approve driveway/watershed specs for applying Lot Owners.

* I am absolutely unwilling to pay to perform Ranch road management, or pay for any other Ranch expense unless I personally chose to pay for it. So that means that if I am not reimbursed for my requested reimbursements, including all mileage, I will not perform the manager duties from this moment forward. So if the BOD chooses now to not reimburse my mileage then please be aware you need to immediately deal with substituting my place with another person who will pay for 'excess' mileage and do the work; I completely understand this is you choose it. Continuing tomorrow there is a list of existing coordination, gravel marking, contractor overseeing/delegating that needs to continue, so the BOD should immediately resolve to deal with this so contractors will not be left hanging.

* I appreciate and am thankful that Rick and Susan are willing to donate that HOA cost. Maybe that is what it will come down to.

* One option: someone amend Brian's motion to include language like, "In the best interests of the HOA accomplishing necessary road work and management, I Move to exceed the existing HOA mileage reimbursement cap of \$200 per year...". The BOD makes policies so the BOD can amend or exceed a policy as long as it is carried in a motion and the directors believe it is in the best interests of the HOA.

* Another option: as has been suggested/discussed, someone make a motion to amend the policy to either up the cap or get rid of it altogether. I have always thought that any cap at all is a disservice to the HOA accomplishing realistic business.

* Another option: I am willing to continue fronting HOA mileage expenses right now if a majority of directors affirm in email here right now that they will bring and support a motion in the next BOD meeting to have my expenses paid somehow, be that through a motion to exceed the cap or a motion to amend the policy.

8

From: Susan Stewart Griffin <<mailto:sustewart@shaw.ca>>
Sent: Sunday, October 18, 2020 2:57 PM
To: Kirk Johnson <<mailto:kirk@constructforyou.com>>
Cc: Stacey Johnson <<mailto:stacey@wandabean.net>>; Rick Lewis <<mailto:Roper1628@yahoo.com>>;
pamelalewisnmr <<mailto:pamelalewisnmr@yahoo.com>>; bod <<mailto:bod@9mileranchhoa.org>>
Subject: Re: Johnson Reimbursement

Thanks for the information Kirk.

I am affirming that I will assist you in supporting a motion as per your fifth bullet.

I genuinely appreciate the amount of time you devote to making 9 Mile Ranch a great place, and fixing a lot of what needs fixing with the amount of money that collect. I think you do a great job of prioritizing the work so that the best possible outcome occurs. This does mean a lot of driving and meeting with people and as you say, marking etc.

Thanks,

Susan

5 of 9

11/1/2020, 7:58 AM

----- Original Message -----

9

From: brian rabe <brianjrabe@hotmail.com>
To: Susan Stewart Griffin <sustewart@shaw.ca>, Kirk Johnson <kirk@constructforyou.com>
Cc: Stacey Johnson <stacey@wandabean.net>, Rick Lewis <Roper1628@yahoo.com>, pamelalewisnmr <pamelalewisnmr@yahoo.com>, bod <bod@9mileranchhoa.org>
Sent: Sun, 18 Oct 2020 20:19:06 -0600 (MDT)
Subject: RE: Johnson Reimbursement

I move to amend my motion that is currently under discussion to state:

"In the best interests of the HOA accomplishing necessary road work and management, I Move to remove the existing HOA mileage reimbursement cap of \$200 per year for mileage reimbursement for the road manager and any other road committee member for miles driven in the course of their volunteer service."

Sent from Mail <<https://go.microsoft.com/fwlink/?LinkId=550986>> for Windows 10

----- Original Message -----

10

From: Brett Coffman <brettamonre@gmail.com>
To: Susan Stewart Griffin <sustewart@shaw.ca>
Cc: Pamela Lewis <pamelalewisnmr@yahoo.com>, Bod <bod@9mileranchhoa.org>
Sent: Mon, 19 Oct 2020 08:35:53 -0600 (MDT)
Subject: Re: Johnson Reimbursement

Lets just offset with me Not turning mine in ay all for 3 years and pay it! move on...

Re: Johnson Reimbursement

Susan Stewart Griffin <sustewart@shaw.ca>

Mon 10/19/2020 8:45 AM

To: Brett Coffman <brettamonre@gmail.com>

Cc: Pamela Lewis <pamelalewisnmr@yahoo.com>; Bod <bod@9mileranchhoa.org>

Thank you for your contribution Brett.

(11)

RE: Johnson Reimbursement

Susan Stewart Griffin <sustewart@shaw.ca>

Mon 10/19/2020 9:05 AM

To: brian rabe <brianjrabe@hotmail.com>

Cc: Kirk Johnson <kirk@constructforyou.com>; Stacey Johnson <stacey@wandabean.net>; Rick Lewis <Roper1628@yahoo.com>; pamelalewisnmr <pamelalewisnmr@yahoo.com>; bod <bod@9mileranchhoa.org>

I second.

(12)

Re: Johnson Reimbursement

Kirk Johnson <kirk@constructforyou.com>

Wed 10/21/2020 6:01 AM

To: brian rabe <brianjrabe@hotmail.com>; Susan Stewart Griffin <sustewart@shaw.ca>

Cc: Stacey Johnson <stacey@wandabean.net>; Rick Lewis <Roper1628@yahoo.com>; pamelalewisnmr <pamelalewisnmr@yahoo.com>; Bod <bod@9mileranchhoa.org>

THIS MATTER NEEDS ATTENTION NOW, **please vote**: There are roads that need marking for special assessment gravel to be placed tomorrow, and today or tomorrow Tim Mason starts needing guidance on all other road repairs. I will not finance HOA expenses as volunteer without a guarantee of payment, so unless the BOD finds someone else to do it for free right now then road work will stop right now.

Please vote on Brian's amended motion: "In the best interests of the HOA accomplishing necessary road work and management, I Move to remove the existing HOA mileage reimbursement cap of \$200 per year for mileage reimbursement for the road manager and any other road committee member for miles driven in the course of their volunteer service."

(13)

From: Rick Lewis <Roper1628@yahoo.com>

Sent: Wednesday, October 21, 2020 7:25:41 AM

To: Kirk Johnson <kirk@constructforyou.com>

Cc: brian rabe <brianjrabe@hotmail.com>; Susan Stewart Griffin <sustewart@shaw.ca>; Stacey Johnson <stacey@wandabean.net>; pamelalewisnmr <pamelalewisnmr@yahoo.com>; Bod <bod@9mileranchhoa.org>

Subject: Re: Johnson Reimbursement

I vote in favor of removing the ceiling on reimbursement.

Rick

On Wed, Oct 21, 2020, 7:31 AM brian rabe <brianjrabe@hotmail.com> wrote:

I vote in favor also.

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Firefox

<https://outlook.office.com/mail/inbox/id/AAQkADZmMjllMjE4LT...>

Re: Johnson Reimbursement

brian rabe <brianjrabe@hotmail.com>

Wed 10/21/2020 7:34 AM

To: Kirk Johnson <kirk@constructforyou.com>

Kirk,

I personally guarantee reimbursement for your expenses for the next few weeks if this motion fails.

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<https://outlook.office.com/mail/inbox/id/AAQkADZmMjllMjE4LT...>

Re: Johnson Reimbursement

Brett Coffman <brettamonre@gmail.com>

Wed 10/21/2020 8:02 AM

To: brian rabe <brianjrabe@hotmail.com>

Cc: Kirk Johnson <kirk@constructforyou.com>; Rick Lewis <roper1628@yahoo.com>; Susan Stewart Griffin <sustewart@shaw.ca>; Stacey Johnson <stacey@wandabean.net>; pamelalewisnmr <pamelalewisnmr@yahoo.com>; Bod <bod@9mileranchhoa.org>

Go i vote in favor

Re: Johnson Reimbursement

Don Charnholm <donm9001@gmail.com>

Wed 10/21/2020 8:18 AM

(18) To: Brett Coffman <brettamonre@gmail.com>
Cc: brian rabe <brianjrabe@hotmail.com>; Kirk Johnson <kirk@constructforyou.com>; Rick Lewis <roper1628@yahoo.com>; Susan Stewart Griffin <sustewart@shaw.ca>; Stacey Johnson <stacey@wandabean.net>; pamelalewisnmr <pamelalewisnmr@yahoo.com>; Bod <bod@9mileranchhoa.org>

I vote yes

Sent from my iPhone

From: Susan Stewart Griffin <sustewart@shaw.ca>**Sent:** Wednesday, October 21, 2020 3:49 PM**To:** Rick Lewis <Roper1628@yahoo.com>

(19) **Cc:** kirk@constructforyou.com <kirk@constructforyou.com>; brian rabe <brianjrabe@hotmail.com>; Stacey Johnson <stacey@wandabean.net>; pamelalewisnmr <pamelalewisnmr@yahoo.com>; bod <bod@9mileranchhoa.org>

Subject: Re: Johnson Reimbursement

I agree as well.

Re: Johnson Reimbursement

Stacey Johnson <stacey@wandabean.net>

Wed 10/21/2020 6:34 PM

(20) To: Rick Lewis <Roper1628@yahoo.com>; Susan Stewart Griffin <sustewart@shaw.ca>
Cc: Kirk Johnson <kirk@constructforyou.com>; brian rabe <brianjrabe@hotmail.com>; pamelalewisnmr <pamelalewisnmr@yahoo.com>; Bod <bod@9mileranchhoa.org>

I also vote yes for the adjustment of the reimbursement policy.

On Thu, Oct 22, 2020 at 4:17 AM, Kirk Johnson <kirk@constructforyou.com> wrote:

(21) I also vote yes for the adjusted policy. To be clear, this is not a vote to directly approve Kirk's reimbursement request recently submitted; that would have to come in a separate motion, and I will recuse myself from that vote.

Pam, you are the only person who has not yet voted; will you please vote? Thank you.

On Mon, Oct 26, 2020, 12:45 PM Pamela Lewis <pamelalewisnmr@yahoo.com> wrote:

I vote no. The cap was put in place for the reason of stopping potential abuse. The members want a cap on it. I don't see what good having a cap does if when you get close to going over it or like in this case do go over it and then just turn around and raise the cap to meet your needs.

[Sent from Yahoo Mail on Android](#)

Firefox

<https://outlook.office.com/mail/inbox/id/AAQkADZmMjllMje4LT...>

Re: Johnson Reimbursement

Brett Coffman <brettamonre@gmail.com>

Mon 10/26/2020 12:49 PM

To: Pamela Lewis <pamelalewisnmr@yahoo.com>

Cc: Kirk Johnson <kirk@constructforyou.com>; Stacey Johnson <stacey@wandabean.net>; Rick Lewis <Roper1628@yahoo.com>; Susan Stewart Griffin <sustewart@shaw.ca>; brian rabe <brianjrabe@hotmail.com>; Bod <bod@9mileranchhoa.org>

I will turn in my reimbursement records for the year Pam. Come on really . Seriously. I way over compensate for the few dollars he is asking for. What about Bill B.

Next time we have a drive ,Pam is picking us up and driving all day on her dime right?

Firefox

<https://outlook.office.com/mail/inbox/id/AAQkADZmMjllMje4LT...>

Re: Johnson Reimbursement

Pamela Lewis <pamelalewisnmr@yahoo.com>

Mon 10/26/2020 1:03 PM

To: brettamonre@gmail.com <brettamonre@gmail.com>; Brett Coffman <brettamonre@gmail.com>

Cc: Kirk Johnson <kirk@constructforyou.com>; Stacey Johnson <stacey@wandabean.net>; Rick Lewis <Roper1628@yahoo.com>; Susan Stewart Griffin <sustewart@shaw.ca>; brian rabe <brianjrabe@hotmail.com>; Bod <bod@9mileranchhoa.org>

Wrong. Because I will not spend a entire day with you all stuffed into my Jeep or truck.

Re: Johnson Reimbursement

Rick Lewis <Roper1628@yahoo.com>

Mon 10/26/2020 1:11 PM

To: Brett Coffman <brettamonre@gmail.com>

Cc: Pamela Lewis <pamelalewisnmr@yahoo.com>; Kirk Johnson <kirk@constructforyou.com>; Stacey Johnson <stacey@wandabean.net>; Susan Stewart Griffin <sustewart@shaw.ca>; brian rabe <brianjrabe@hotmail.com>; Bod <bod@9mileranchhoa.org>

Furthermore...

(25)

The biggest shock for most members is because no previous road manager ever did enough to warrant reimbursement.

I can't wait to see how the next one performs

Rick

Re: Johnson Reimbursement

Stacey Johnson <stacey@wandabean.net>

Mon 10/26/2020 1:26 PM

To: Brett Coffman <brettamonre@gmail.com>; Pamela Lewis <pamelalewisnmr@yahoo.com>

Cc: Kirk Johnson <kirk@constructforyou.com>; Rick Lewis <Roper1628@yahoo.com>; Susan Stewart Griffin <sustewart@shaw.ca>; brian rabe <brianjrabe@hotmail.com>; Bod <bod@9mileranchhoa.org>

It continues to amaze me that some members believe that the volunteers should have to personally pay costs out of their own pocket to keep this HOA business running; pay to be a volunteer. Reimbursing a road manager for mileage is legally the only thing the HOA can do financially for our road manager, which is so small compared to the amount of time (life) that position requires. Maybe these members would rather pay an outside contractor to be our road manager?

(26)

I will say again that this household gives far more mileage for this HOA than is reported; Kirk doesn't ask for reimbursement of all his mileage and I consistently drive to town just to conduct HOA business. We give in other ways as well.

Pam, your attitude does not invite qualified volunteers to perform work for us. But I think we all know that you don't want Kirk as the road manager either. The HOA should be so thankful that we have you on the Board to stop the spending of \$130.00 for the most important job that is being done for their benefit.

From: Susan Stewart Griffin <sustewart@shaw.ca>

Sent: Monday, October 26, 2020 2:20 PM

To: Stacey Johnson <stacey@wandabean.net>

Cc: Brett Coffman <brettamonre@gmail.com>; pamelalewisnmr <pamelalewisnmr@yahoo.com>; Kirk Johnson <kirk@constructforyou.com>; Rick Lewis <Roper1628@yahoo.com>; brian rabe <brianjrabe@hotmail.com>; bod <bod@9mileranchhoa.org>

Subject: Re: Johnson Reimbursement

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I agree that it is very unfortunate that people don't value the hard work that many of us do for the board. I can assure you, I would not want my vehicle used constantly for driving over those roads. Gravel roads are hard on a vehicle. I am grateful that you spend so much of your time, Kirk and Stacey (and the others as we do a lot of reading etc) and that you choose to volunteer for a place you love.

It is a thankless job sometimes but there are many many who really appreciate the effort and they are also reaching out offering their words of support which is great! I too have received emails stating such (and I hardly know anyone at 9 Mile!).

Cheers,

Susan

Re: Johnson Reimbursement

Kirk Johnson <kirk@constructforyou.com>

Fri 10/30/2020 5:30 AM

To: Stacey Johnson <stacey@wandabean.net>; Susan Stewart Griffin <sustewart@shaw.ca>

Cc: Brett Coffman <brettamonre@gmail.com>; pamelalewisnmr <pamelalewisnmr@yahoo.com>; Rick Lewis <Roper1628@yahoo.com>; brian rabe <brianjrabe@hotmail.com>; Bod <bod@9mileranchhoa.org>

Pam, I am asking you to consider changing your position on this subject and voting for Brian's motion. I appreciate your expressed concern for preventing abuse, which I will address also. Please consider these reasons:

- The current reimbursement cap was set mostly arbitrarily, without studied calculation of actual realistic expected mileage needed to be performed for Ranch HOA duties.
- The cap was set when the mileage reimbursement rate was \$.34 per mile, and now the rate is \$.58 per mile, so the cap is now even more unrealistic.
- There is no practical (non-arbitrary) cap figure that I can personally imagine setting that does not harm the ability of the HOA to conduct legitimate business. Each year there are different degrees and numbers of business events that cause the need to incur mileage expenses, such as these examples:
 - varying numbers of times directors or committee members may need to meet with attorney counsel. At the current \$.58 mileage rate one trip to Omak costs \$69.60.
 - unique weed conditions each year cause different amounts and total miles of road inspections to be done.
 - differing numbers of emergency weather events - like heavy seasonal rains - cause greater or fewer road inspections to be done.
 - differing numbers of road work orders, and their particular complexities, cause differing amounts of work inspections and contractor meetings on-site to take place.
 - differing numbers of lot owner road issues and ACC approvals for driveway tie-ins that require incurring mileage.
 - differing numbers of roadside easement issues - like tree maintenance - that can cause mileage incurrence.
 - variables like the 2019 special assessment cause extra mileage to be incurred (marking gravel placements on roads, meeting contractors when necessary).
- Abuse cannot be prevented or controlled by setting an arbitrary cap limit; it is the duty of directors to review expense reimbursement requests to see that requests are duly justified. For example, you discovered an accounting error of approximately \$5.00 in my last reimbursement request. Any due review of a request shows abuse, and also keeps directors informed about what's going on... which is a director's management duty.
- This issue of 'arbitrary' is of core importance. Wa. state case law (see *Riss v. Angel, 131 Wn.2d 612, 1997*) shows that the state statute which governs directors' decision-making process is upheld, requiring that decision not be unreasonable or arbitrary, not made without adequate investigation, and not made based on inaccurate information. You may recall in your own 'animal densities' issue that the BOD stayed an initial determination in light of you bringing forward additional helpful information out of respect for the state law just mentioned, and in the end the BOD modified its decision for you and also included citing the state law in the final Domestic and Farm Animal Densities Rule.
- The HOA duties that are performed under the reimbursements are among the most

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fundamental and critical duties of the HOA. They represent discovering and overseeing and inspecting road work, attending to member road and easement issues, controlling weeds, ACC inspections, and administration of enforcement and legal liability issues. To arbitrarily cut off the Board's ability to carry forward those duties because of a mileage reimbursement cap is absurd or bad business management, period, especially for the very small amount of money that we're talking about here. It can actually cause harm to the HOA or place critical work in jeopardy, or unduly increase HOA liability.

- In the meeting tonight I will bring an amendment to Brian's motion stating to include this email stream as a report for the website that will inform the membership about our deliberation on this subject.

Re: Johnson Reimbursement

Pamela Lewis <pamelalewisnmr@yahoo.com>

Fri 10/30/2020 6:45 AM

To: Kirk Johnson <kirk@constructforyou.com>; Kirk Johnson <kirk@constructforyou.com>; Stacey Johnson <stacey@wandabean.net>; Susan Stewart Griffin <sustewart@shaw.ca>

Cc: Brett Coffman <brettamonre@gmail.com>; pamelalewisnmr <pamelalewisnmr@yahoo.com>; Rick Lewis <Roper1628@yahoo.com>; brian rabe <brianjrabe@hotmail.com>; Bod <bod@9mileranchhoa.org>

 Kirk,

You make some good points. I will consider this with the agreement that the .58/Mile rate is not increased and that it is written into the policy that the mileage rate never exceeds the the federal rate. I would even consider a new cap of double what it is now.

Re: Johnson Reimbursement

Susan Stewart Griffin <sustewart@shaw.ca>

Fri 10/30/2020 10:53 AM

To: Pamela Lewis <pamelalewisnmr@yahoo.com>

Cc: Kirk Johnson <kirk@constructforyou.com>; Stacey Johnson <stacey@wandabean.net>; Brett Coffman <brettamonre@gmail.com>; Rick Lewis <Roper1628@yahoo.com>; brian rabe <brianjrabe@hotmail.com>; Bod <bod@9mileranchhoa.org>

 I would like to bring to the table that this is obviously a necessary component of maintaining the roads. If we are moving in a direction of not reimbursing someone doing this task, I suggest that we hire someone and pay them directly.

Thanks,
Susan

Mileage Reimbursement Rate for Volunteers Using their Own V8 Vehicle for Road Assessment Touring

7/11/20

CONCLUSION: \$1.08 per mile

This rate should not be used for point-to-point traveling that does not involve the regimen of road assessment, or for road assessment using a vehicle with a smaller engine.

This report is to establish the reasonable rate to reimburse a volunteer for using their *V8 engine auto to perform typical road assessment touring* on Ranch roads. This type of touring is more costly than just driving from point to point because it involves a lot of idling while the engine is running in order to view and to take notes, so these things cause greater fuel expense (as well as greater car wear, but we won't address that because we have no way to empirically measure that cost). It is also understood that a V8 engine uses more fuel than average.

The calculation below uses actual fuel usage for an actual 55 mile road assessment tour in July 2020 (using a V8 engine van, which would be approximately the same as a V8 engine truck also), and plugs that into the breakdown of the federal mileage reimbursement breakdown in order to come up with a reasonable rate.

Starting here: the federal mileage reimbursement rate for 2019 is \$.58 per mile.

Here are the expense items that the federal reimbursement rate covers:

- fuel
- maintenance (including tires)
- insurance
- license, registration, taxes
- depreciation (the cost to purchase the car)

Now we must determine what percentage of the total rate is for each category shown above in order to single out the fuel alone. Per a research blog found on the internet (<https://companymileage.com/howmileageratedetermined/>) broke down the costs per category as follows (having analyzed (3) Chevrolets: small sedan, mid sedan, and SUV):

fuel = 30%

maintenance and tires = 6%

insurance = 12%

license, registration and taxes = 7%

depreciation = 45%

So 30% of \$.58 per mile is \$.17 per mile reimbursement rate for fuel alone.

Now we must determine what the actual road tour example fuel costs were:

- \$37.00 of fuel used, at \$3.15/gallon, to tour 55 miles.

- $\$37.00$ divided by 55 miles = $\$.67$ per mile.

So now we find the difference between $\$.67$ per mile actual cost and the federal portion being $\$.17$ per mile = $\$.50$ per mile; that's what should be added to the fed rate of $\$.58$.

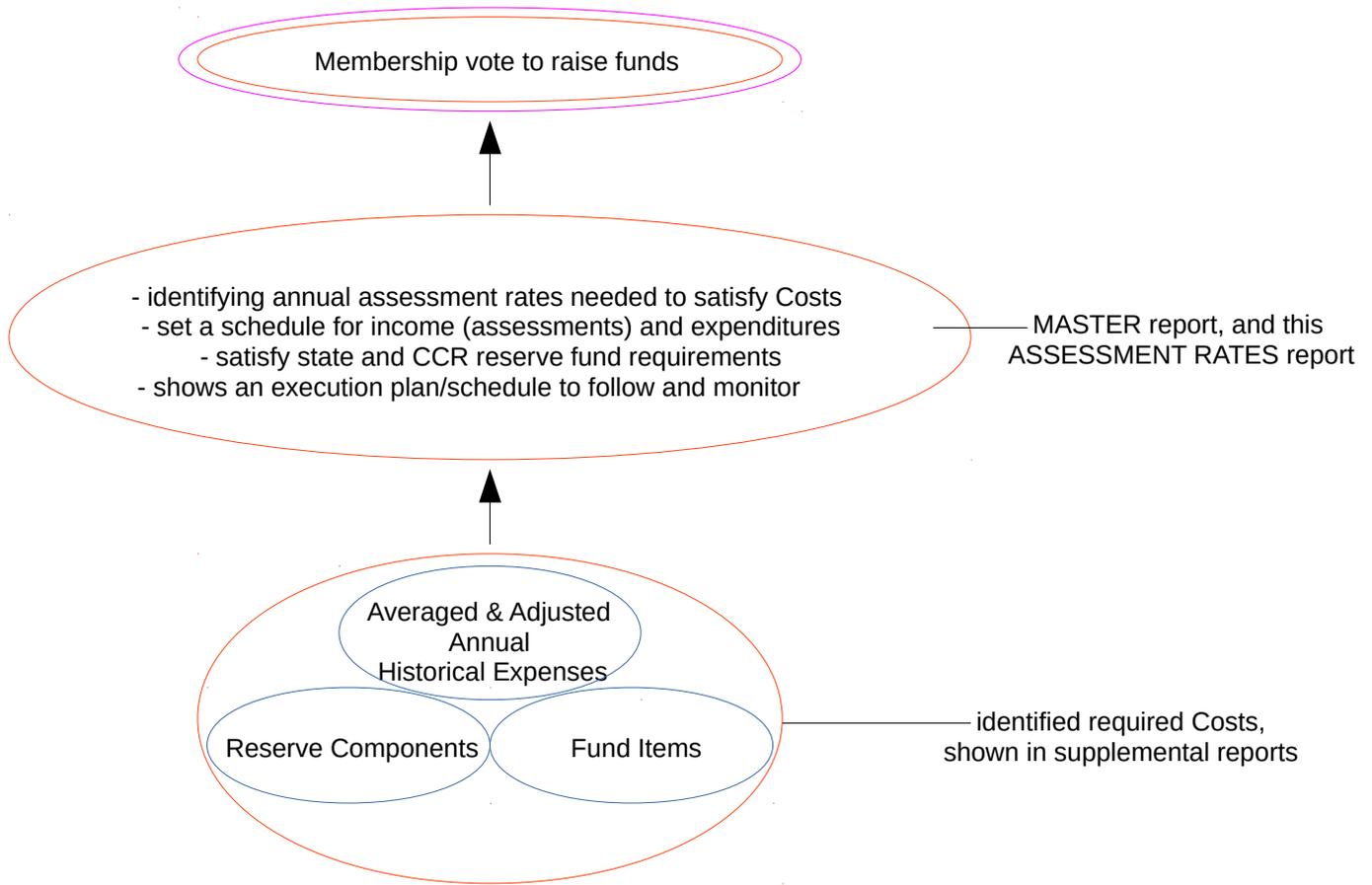
CONCLUSION: $\$1.08$ per mile

ASSESSMENT RATES REPORT

Version 2

March 2021

written by [Kirk Johnson](#)



Background & Summary

This report is for Board review and contains extensive details and links. All information¹ underpinning formulated rates is sourced and referenced and all methods are explained so readers can verify. It is of course the Board's collective decision about any actions to be taken and whether any votes get brought to the membership.

This report deals with potential annual assessment raises in the first section, and then three different

¹ DISCLAIMER: No professional engineering services or attorney review were provided to formulate any aspect of this Report or any supplemental or other report related to this Report. This author and all directors, committee members and agents of Nine Mile Ranch HOA hereby declare they are not professional engineers and/or attorneys, and in no way can any of this Report or supplemental or related reports be construed as including professional engineering or direct legal advice.

potential one-time special assessment options to accomplish some individual items in section II.

With regard to considering *annual assessment raises*, (not regarding potential special assessments) you will see below there are many different 'categories' of items that inform a potential total annual assessment raise amount; they are **all** needed items. If the Board does choose to bring a vote to the membership for them to raise annual assessments, a question for the Board is: for the voters' sake do you want to keep it simpler and offer all of the categories as one schedule of total assessment raise (those would be big numbers... \$400+ per Lot), or do you want to separate them into multiple categories that a voter can individually choose or reject? You'll see what I mean by looking at the breakdown chart on the next page. It is challenging because ALL categories are CCR-need based and fully justified in each sub report, so to have any one of the categories voted down as a separate item would constitute a failure of funding under the CCRs. However, it is the BOD's fiduciary duty to discover the costs for HOA needs and ask for funding; it is the *membership's* responsibility to choose or fail to choose to fund, and experience the practical and legal consequences of those choices.

The goal of the items proposed in this Report is to:

1. attend to the next (5) years of predictable income and expenditure items, so I am suggesting the Board offer the membership a 5-year schedule of annual assessment rate options, as you will see specified below; in other words, I as a voter would be voting for a specific schedule of assessment rates that would be committed to and would vary over the next 5 year period of time according to the expenses unique to each year.
2. offer accomplishing some irregular expenditure items in three separate Special Assessment voting items.

Remember that any successful membership vote to raise annual assessments or special assessments in this coming June 2021 election *would not be effective until July 1, 2022* according to the notice requirements² in our CCRs.

Everything within the rates shown below has been formulated with a view only toward what is 'required' (meeting HOA obligations) according to our governing documents and state law; there are no 'extras' or 'options'... anything not funded and performed below could have negative legal and equitable consequences in various ways. Remember there are right now several road sections that some Lot Owners are being denied winter access for, and other access issues (they're addressed herein). Also, as legal counsel has informed us, the Board's fiduciary duty to the membership is to discover what funds the HOA needs and then ask them to fund it...

So that's what this is.

I. Breakdown of Annual Assessments Needed for 5 Years

There are three 'separate' classes of expenditures that the membership needs to choose whether to fund:

² See [Bylaws](#) Article VII, Section 2(c)(i) and also [this](#) attorney document.

- [Averaged & Adjusted Annual P&L Expenditure Categories](#) (P&L base)
- [Necessary road capital improvements](#) (Reserve Components)
- [Fund Items](#) (“Added Driveway Culvert Clearing Expenses in HOA Easements”, “Added Replenishment Gravel Annually as Traffic Increases”, and “Catch-Up on Required Replenishment Road Gravel (for Years 2018-2021)”)”)

<u>year</u>	<u>P&L base</u>	<u>Res. Comp.</u>	<u>Fund Items</u>
2022/23	270.68	186.71	16.00
2023/24	277.45	165.22	18.78
2024/25	284.38	108.98	21.43
2025/26	291.49	107.71	24.71
2026/27	298.78	97.78	28.00

a. Breakdown of “(P&L base) Averaged & Adjusted Annual P&L Expenditure Categories”

Please see the [Averaged & Adjusted Annual P&L Expenditure Categories](#) report for detailed itemization descriptions and calculations.

<u>year</u>	<u>2021 base annual expense</u>	<u>w/inflation³</u>	<u>w/ add 4% uncollected⁴</u>	<u>assess. per Lot⁵</u>
22/23	78,969.10	80,943.00	84,180.72	\$270.68
23/24	78,969.10	82,967.00	86,285.68	\$277.45
24/25	78,969.10	85,041.00	88,442.64	\$284.38
25/26	78,969.10	87,167.00	90,653.68	\$291.49
26/27	78,969.10	89,346.00	92,919.84	\$298.78

b. “Necessary Road Capital Improvements” and Deposits for 5 Years

This is for a 5-year period of time to fund and perform several required road items as described and detailed in the [Reserve Components](#) report for that 5-year period of time, and to also make partial deposits into the CCR-required reserve fund for the first 5 years for other Reserve Component costs that will come due after this 5-year deposit period (but require incremental depositing during this first 5 years). All items under this category are one of two things:

1. “capital improvements” needed for road sections that are **currently inadequate** to allow Lot access at certain times of the year or that aren't adequate for some basic traffic aspects⁶. In other words, some Lot Owners are being denied their property rights because the road sections are too steep, boulder-laden and/or narrow to maintain winter passability and in

3 Note that, in addition to including inflation as a prudent fiscal consideration, [RCW64.38.070\(2\)\(g\)](#) requires HOAs to include inflation into reserve study fiscal projections.

4 The average rate of uncollected assessments in years 2018-2021 was 4%. Those years are the only years that comprehensive CCR-required collections procedures were performed, which lowered the prior rate of approximately 7% to 4%, so this is a realistic rate to plan on.

5 Based on 311 total lots.

6 The HOA CCRs, at Article III, Section 1 gives every Lot Owner “a right and an easement of enjoyment in and to any easement...”. The key words are “easement of enjoyment”, regarding which one internet definition states, “Full enjoyment of the easement means that the owner of the easement is able to exercise all the benefits of the easement that are described in the document that created the easement.” So given the CCRs provide easements for recreational and residential use one would assume that all roads would be required to allow Lot Owners to conduct activities on the easements commensurate with residential and recreational uses, including driving autos and having delivery trucks and trailers, etc associated with residential activity in a development of this stature and location. And that if nothing else all Lot should have equal use of this nature compared to each other.

certain circumstances hinder access in regular seasons for certain regular traffic needs. Under the CCRs all Lot Owners are guaranteed year-round access to their Lot for residential recreational purposes, and some Owners are being and have been denied that for years. These items need to be completed as soon as possible, as their current failure to be completed appears to be a contractual breach of what is owed to some Lot Owners. All these types of items are in Section II below, as “Reserve Components”, and have a completion date of within the next 5 years.

2. annual deposits into the HOA reserve fund for “capital improvements” for similar substandard road sections that are not currently depriving any Lot Owner of reasonable Lot access but are projected to become failures in some years beyond 5 years from now, so the expenses for those items need to be accumulated over a number of years specific to each item, as shown in Section 2 as “Reserve Components”. Accounting for these items also meets the reserve study requirements of RCW64.38.

Remember that RCW64.38's 'reserve study and reporting' requires our HOA to identify and cost out all “Reserve Components” and create a funding schedule for them, so that's included in the yearly breakdowns below (and for the following 25 years after that, per RCW64.38, which are shown in [this report](#)).

Year 2022

<u>item #⁷</u>	<u>year manifest project</u>	<u>deposit amount</u>	<u>w/ add 4% uncollected⁸</u>	<u>assess. Per Lot⁹</u>
II.1.31	2031	114.50 (1/10th)	119.08	\$0.38
II.2.29-32	2032	5648.23 (1/11th)	5874.16	\$18.89
IV.1.21	2021	2927.00 (100%)	3044.08	\$9.79
V.1.41	2041	328.60 (1/20th)	341.74	\$1.10
V.2.29	2029	367.38 (1/8th)	382.07	\$1.23
V.3.23-24	2023	380.67 (1/3)	395.89	\$1.27
V.4.31	2031	9083.49 (1/10th)	9446.83	\$30.38
V.5.25	2025	1035.00 (1/4th)	1076.40	\$3.46
V.6.25	2025	1111.75 (1/4th)	1156.22	\$3.72
V.7.24	2024	823.33 (1/4th)	856.26	\$2.75
VI.1.27	2027	1162.83 (1/6th)	1209.35	\$3.89
VI.2.33	2033	501.17 (1/12th)	521.21	\$1.68
VII.1.23	2023	6762.00 (½)	7032.48	\$22.61
VIII.1.31	2031	242.80 (1/10th)	252.51	\$0.81
VIII.2.26	2026	11,788.40 (1/5th)	12,259.94	\$39.42
VIII.3.21-22	2022	10,057.50 (½)	10,459.80	\$33.63
VIII.4.21	2021	3500.00 (100%)	3640.00	<u>\$11.70</u>
TOTAL ASSESSMENT COST:				\$186.71

Year 2023

<u>item #</u>	<u>year manifest project</u>	<u>deposit amount</u>	<u>w/ add 4% uncollected</u>	<u>assess. Per Lot</u>
II.1.31	2031	114.50 (1/10th)	119.08	\$0.38

7 Corresponds to numbers in the [Reserve Components](#) report, which shows complete analysis and justified calculations for each item.

8 Same as footnote #4.

9 Based on 311 Lots.

II.2.29-32	2032	5648.23 (1/11th)	5874.16	\$18.89
V.1.41	2041	328.60 (1/20th)	341.74	\$1.10
V.2.29	2029	367.38 (1/8th)	382.07	\$1.23
V.3.23-24	2023	380.67 (1/3)	395.89	\$1.27
V.4.31	2031	9083.49 (1/10th)	9446.83	\$30.38
V.5.25	2025	1035 (1/4th)	1076.40	\$3.46
V.6.25	2025	1111.75 (1/4th)	1156.22	\$3.72
V.7.24	2024	823.33 (1/4th)	856.26	\$2.75
VI.1.27	2027	1162.83 (1/6th)	1209.35	\$3.89
VI.2.33	2033	501.17 (1/12th)	521.21	\$1.68
VII.1.23	2023	6762.00 (½)	7032.48	\$22.61
VIII.1.31	2031	242.80 (1/10th)	252.51	\$0.81
VIII.2.26	2026	11,788.40 (1/5th)	12,259.94	\$39.42
VIII.3.21-22	2022	10,057.50 (½)	10,459.80	<u>\$33.63</u>
			TOTAL ASSESSMENT COST:	\$165.22

Year 2024

<u>item #</u>	<u>year manifest project</u>	<u>deposit amount</u>	<u>w/ add 4% uncollected</u>	<u>assess. Per Lot</u>
II.1.31	2031	114.50 (1/10th)	119.08	\$0.38
II.2.29-32	2032	5648.23 (1/11th)	5874.16	\$18.89
V.1.41	2041	328.60 (1/20th)	341.74	\$1.10
V.2.29	2029	367.38 (1/8th)	382.07	\$1.23
V.3.23-24	2023	380.67 (1/3)	395.89	\$1.27
V.4.31	2031	9083.49 (1/10th)	9446.83	\$30.38
V.5.25	2025	1035 (1/4th)	1076.40	\$3.46
V.6.25	2025	1111.75 (1/4th)	1156.22	\$3.72
V.7.24	2024	823.33 (1/4th)	856.26	\$2.75
VI.1.27	2027	1162.83 (1/6th)	1209.35	\$3.89
VI.2.33	2033	501.17 (1/12th)	521.21	\$1.68
VIII.1.31	2031	242.80 (1/10th)	252.51	\$0.81
VIII.2.26	2026	11,788.40 (1/5th)	12,259.94	<u>\$39.42</u>
			TOTAL ASSESSMENT COST:	\$108.98

Year 2025

<u>item #</u>	<u>year manifest project</u>	<u>deposit amount</u>	<u>w/ add 4% uncollected</u>	<u>assess. Per Lot</u>
II.1.31	2031	114.50 (1/10th)	119.08	\$0.38
II.2.29-32	2032	5648.23 (1/11th)	5874.16	\$18.89
V.1.41	2041	328.60 (1/20th)	341.74	\$1.10
V.2.29	2029	367.38 (1/8th)	382.07	\$1.23
V.4.31	2031	9083.49 (1/10th)	9446.83	\$30.38
V.5.25	2025	1035 (1/4th)	1076.40	\$3.46
V.6.25	2025	1111.75 (1/4th)	1156.22	\$3.72
V.7.24	2024	823.33 (1/4th)	856.26	\$2.75
VI.1.27	2027	1162.83 (1/6th)	1209.35	\$3.89
VI.2.33	2033	501.17 (1/12th)	521.21	\$1.68
VIII.1.31	2031	242.80 (1/10th)	252.51	\$0.81
VIII.2.26	2026	11,788.40 (1/5th)	12,259.94	<u>\$39.42</u>
			TOTAL ASSESSMENT COST:	\$107.71

Year 2026

<u>item #</u>	<u>year manifest project</u>	<u>deposit amount</u>	<u>w/ add 4% uncollected</u>	<u>assess. Per Lot</u>
II.1.31	2031	114.50 (1/10th)	119.08	\$0.038
II.2.29-32	2032	5648.23 (1/11th)	5874.16	\$18.89
V.1.41	2041	328.60 (1/20th)	341.74	\$1.10
V.2.29	2029	367.38 (1/8th)	382.07	\$1.23
V.4.31	2031	9083.49 (1/10th)	9446.83	\$30.38
VI.1.27	2027	1162.83 (1/6th)	1209.35	\$3.89
VI.2.33	2033	501.17 (1/12th)	521.21	\$1.68
VIII.1.31	2031	242.80 (1/10th)	252.51	\$0.81
VIII.2.26	2026	11,788.40 (1/5th)	12,259.94	<u>\$39.42</u>
			TOTAL ASSESSMENT COST:	\$97.78

c. Breakdown of "Fund Items"

Fund Item #F12: "Added Replenishment Gravel Annually as Traffic Increases"

This is expense planning for increased gravel wear each year as the rate of traffic increases. While the [Averaged & Adjusted P&L Expense Categories](#) report includes annual gravel replenishment at 2018 traffic rates it does not account for greater future wear as the traffic rate increases.

<u>year</u>	<u>value of gravel volume wear</u>	<u>w/ add inflation</u>	<u>w/ add 4% uncollected</u>	<u>assess. Per lot</u>
22/23	648.57	665.00	691.60	\$2.22
23/24	1297.14	1363.00	1417.52	\$4.56
24/25	1945.71	2096.00	2179.84	\$7.01
25/26	2594.28	2863.00	2977.52	\$9.57
26/27	3242.85	3669.00	3815.76	\$12.27

Fund Item #F13: "Added Driveway Culvert Clearing Expenses in HOA Easements"

See explanation in the highlighted report.

<u>year</u>	<u>value of add. maint</u>	<u>w/ add inflation</u>	<u>w/ add 4% uncollected</u>	<u>assess. Per lot</u>
22/23	27.29	28.00	29.12	\$0.09
23/24	54.58	58.00	60.32	\$0.19
24/25	81.87	88.00	91.52	\$0.29
25/26	109.16	120.00	124.80	\$0.40
26/27	163.74	186.00	193.44	\$0.62

Fund Item #F15: "Catch-Up on Required Replenishment Road Gravel (for Years 2018-2021)"

This is for Fund Item #F15 in the [Fund Items](#) report, which is catching up on the portions of replenishment gravel that the HOA could not afford to place in years 2018-2021.

- Total F15 is \$19,966.59 (base) at 2021 dollar value (not including inflation).
- 'Over 5 years' assessment time span calc
- 1/5 collected and performed each year

<u>year</u>	<u>1/5 of base</u>	<u>inflation</u>	<u>tot. income</u>	<u>w/ add 4% uncollected¹⁰</u>	<u>assess. per Lot¹¹</u>
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¹⁰ The average rate of uncollected assessments in years 2018-2021 was 4%. Those years are the only years that comprehensive CCR-required collections procedures were performed, which lowered the prior rate of approximately 7% to 4%, so this is a realistic rate to plan on.

¹¹ Based on 311 total lots.

2022	3993.32	99.68	4093.00	4256.72	\$13.69
2023	3992.32	202.68	4195.00	4362.80	\$14.03
2024	3992.32	307.68	4300.00	4472.00	\$14.13
2025	3992.32	415.68	4408.00	4584.32	\$14.74
2026	3992.32	525.68	4518.00	4698.72	\$15.11

II. One-Time Special Assessment: Winter Sanding Facility

Summary: The one-time Special Assessment rate per Lot needed to pay for the sanding site would need to be \$38.55, which would be paid back over 8 year of savings experienced by having the sanding site. *After 8 years the HOA gains money annually from the savings.*

Please see this [supplemental report](#) for descriptions, calculations and details.

III. One-Time Special Assessment: CCR Enforcement Against Lot 47, Division 1

Summary: The one-time Special Assessment rate per Lot estimated as needed to pay for a complete CCR-required court arbitration process is **\$35.37 per Lot**.

The HOA membership has been informed of this situation regarding member Wayne Naysnerski in official Newsletters and Board meeting minutes for 2 years now. Major potential consequences exist for the HOA and landowners if the violations are not enforced upon, including:

- membership loss of use of an HOA easement section,
- lowering of surrounding Lot values or hampering of resale,
- hampered winter road maintenance on a Ranch road section,
- and precedence-setting erosion of the force of the protective covenants of Nine Mile Ranch.

The Board has taken every action possible at its disposal so far – except file legal suit – to cause compliance regarding the Ranch's most significant CCR violations issue, which involves non-compliant business operation, excess dogs, and also illegal HOA easement encroachment/possession. Actions taken so far by the Board on behalf of the HOA have been:

1. Many direct communications with the landowner *while he was a Board member* in 2018 and *while he voted as a Board member* to enforce CCRs on other HOA members.
2. Warning/cease and desist letters from the Board, ACC, and HOA legal counsel.
3. Discussions back and forth between his attorney and the HOA attorney attempting to settle controversies and dispel incorrect claims.
4. Notice of Violation and Fines letter sent to the owner, including offering a legally-required opportunity for him to be heard before the Board levied fines (he was non-responsive to the hearing opportunity).

Readers can view the chronology of official communications about the 'business and dogs violations'

at [this link](#), and the official communications about the 'easement encroachment/possession' at [this link](#).

In essence, all out-of-court options have been exhausted and the 'case' has been mostly sorted out by attorneys and taken to the point of being mostly ready for legal action if the HOA supplies the funds to proceed. HOA legal counsel has advised that, per HOA CCRs, arbitration is the required legal path of enforcement, and counsel has opined they feel the HOA's case is solid. The following is a general itemization of costs if that path were taken, which is represented in this estimate for the Special Assessment:

- \$2500.00 for a professional land survey of relevant property and easement boundaries, plus
- \$6000.00 for HOA attorney fees, plus
- \$2000.00 for court arbitration fees (the Lot Owner would have to also pay the same fee or otherwise automatically suffer forfeiture... judgment against him), plus
- \$500.00 for other costs =
\$11,000.00 divided by 311 lots = **\$35.37 per Lot**

Under our CCRs and state law, the prevailing party in an HOA litigation of this nature is awarded 'attorneys fees and costs'. HOA legal counsel has advised that while laws do state that, it is not guaranteed that one party will be awarded all costs. If the HOA were awarded some or all attorneys fees and costs the Board has the power to choose to credit all paying Lot Owners equal portion of awarded costs after expenses are paid. So it is possible that HOA members could see some money back from this in addition to the primary objectives of:

- protecting property values,
- protecting the future enforceability of the CCRs,
- reclaiming membership use of an easement section, and
- guaranteeing successful winter maintenance of a road section.