

FOREST HEIGHTS HOMEOWNERS ASSOCIATION
Budget and Finance Committee

Meeting Minutes – August 18, 2008 – 6PM in the Conference Room

Attendees: Stephen Herr, Mary Shuhert, Bud Caro, Marcia Silwell, Bill Amadon, Kevin Ross, Chair Don Bielen. Bill Amadon was unable to attend.

Others in Attendance: Board member Tim Tees, Schwindt & Co. representatives Dave Schwindt and Zach Hackett for the presentation only.

Study Presentation

The meeting began with a presentation by Dave Schwindt of revised and updated drafts of Maintenance Plans, and Common Property & Private Street Reserve Studies based on an on-site visit. He stated that this is the first major update since 2001. This study encompasses asset replacement cost of \$837,000 for Common Property and \$627,000 for Private Streets, compared to the previous estimates of \$270,000 and \$114,000 respectively. The updated study includes many items not included in past studies. Dave said the study assumes an inflation rate of 4% and an after tax interest income rate of 0.95%. The study projects replacement costs for 30 years commencing with 2009 and is based on the "Threshold Method of Funding". The Committee asked a number of questions and made some suggestions for changes before the Study is presented to the Board. The Chair thanked Dave and Zach for meeting with the Committee. Funding this increase would require an annual dues increase for the common property reserve of approximately \$51,000 or \$26.00 per household.

Minutes

The regular meeting began with the approval of the minutes of the July 22nd meeting, as amended, for posting on the web site.

Study Discussion

The Committee then discussed many of the assumptions, etc. used in the study and what level of detail should be presented to the Board. Steve suggested that he prepare a summary containing the basic assumptions, assets covered, and the funding requirements. In addition, more detail schedules, which are part of the study, will be available for distribution to those who want more supporting information. Dave Schwindt has been asked to make his power point presentation. For analysis and comparison purposes, Dave will be asked to prepare 2 additional scenarios – one with an up-front funding of \$250,000 and inflation rate of 4% and the other with no up-front funding and 4% inflation, with a nominal dues increase to cover inflation. Up-front funding would come from the Operating Reserve Account.

The Committee discussed the fact that there has been no dues increase since the association was turned over to the home owners. To insure the reserve is adequately funded in the future the Committee discussed the need to consider an increase in equal to inflation at a minimum.

Investment Policy

Steve said the revised Investment Policy has been approved by the Board. Copies are in the hand-outs.

Auditor

Steve said that the McDonald Jacobs, PC has resigned as the Association's audit firm. He has received one letter of interest from Currie & McLain, a firm in Vancouver, WA, who are auditors for other homeowner associations. Don will help select other firms in order to get comparable bids.

2009 Budget

Then Committee then reviewed and discussed the Budget Process Schedule. Committee requests and Board inputs will be reviewed in September. A preliminary Budget will be completed in time for the October 14th Board meeting and a Final Budget will be prepared by November 11th. Publication is scheduled for the December Newsletter, deadline November 20th.

Next Meetings

The Committee meetings in September are scheduled for the 15th & 22nd.

The meeting closed at 8:50 PM.

Bud Caro
B&F Secretary
September 25, 2008