

October 23, 2018

Arbor Ridge HOA President's Report

Thank you for attending our Home Owners' Annual Meeting tonight; your support is greatly appreciated. It is appropriate to provide this annual report, meeting discussion and to inform homeowners of what we have been doing over the last year. It is a good time to tell you what the planned projects are, and those we hope to undertake during the next 12 months.

Firstly let us remind you of the members of the Board, term periods, open positions, and the respective committees.

■ Lisa Walker (President)	Term: 2017-2020
■ Joe Lopez (Vice President)	Term: 2018-2021
■ Todd Behunin (Secretary)	Term: 2017-2020
■ Mike Farris (Treasurer)	Term: 2015-2018**Term period ending **On ballot for re-election
■ Ken Walker (Director)	Term: 2015-2018**Term period ending (Open position)
■ Tom Weyenberg (Director)	Term: 2018-2021**Resigned (Open position)
■ Open Position (Director)	Term:

The Board was complemented by ten sub-committees for 2018 which were:

Landscape Committee (Cottage Collection)

Chairman: Tom Wilkinson
Joe Lopez

Landscape Committee (Master Collection)

Chairman: Ken Walker
Mike Farris
Todd Behunin
Mike Walker
Tom Weyenberg
Lisa Walker

Irrigation Committee

Chairman: Ken Walker
Tom Wilkinson
Joe Lopez

Monument Committee

Chairman: Ken Walker
Mike Farris
Todd Behunin
Tom Wilkinson
Joe Lopez
Mike Walker
Lisa Walker

Social Committee

Chairman: Lisa Walker

Neighborhood Watch Program

Chairman: Lisa Walker
Ken Walker

Habitat Committee

Chairman: Board Function

Newsletter Committee

Chairman: TMG/AMS
Board Function

Architecture Review Committee ARC

Mike Farris and a Board Function

Arbor Ridge Website

Webmaster: Mike Farris

www.ArborRidgeOnline.com

During the last 12 months, special focus was placed on the following:

*****Please note the itemized topics below will be discussed further at today's meeting to accompany this written report.***

**** 2019 Operating Budget**

We are trending and managing all budget categories with the Master (Main) and Cottage Collections. The Management Group received the Reserve Study Report for both the Master (Main) and Cottage Collections by Reserve Funding.

**** 2019 Budget Overview**

It is great that we were able to keep the assessments the same, however, I truly believe a small increase is necessary each year. With labor costs increasing we are finding landscaping companies and contractors changing more and more. Material costs are on the rise, and utilities rates typically go up each year. *****Please see the attached overview that is a great visual for the homeowner's review.***

- **Reserve Study Report for both the Main and Cottage Collections for reserving funding (2018 and going into 2019), being managed by the Board.**

*** The review by the Board, being supported by the expertise and management of The Management group (TMG)/AMS, and additional allocated professional services.*

2018 Reserve Study

This year's Reserve Study was performed by Brian Owe. The Reserve Study Update states (under the two summary pages) it shows the Cottage Collection at 78.78% funded and the Main at 73.53% funded. This is within "**good**" range, which is where we want to be. We have a lot of tree work ahead of us in the Cottage Collection that can quickly change and impact our funding plan.

Highlights for 2018:

- We were able to bring down collection accounts over the last several years.
- We negotiated with Showplace Landscaping to lower the landscape annual maintenance cost.
- We cut back on irrigation over the weekends to help save irrigation water cost and control irrigation breaks timely.
- Beavers in the wetland areas have not been a concern over the last year.

Lowlights for 2018:

- Increasing vehicle car crashes within the neighborhood.
- More crime around the neighborhood Bethany areas.
- Water breaks, which have cause our water budget to go over- we need to adjust the budget if this continues.
- Several renters in the neighborhood, which compliance letters are having to go out for noncompliance issues. This will impact the budget.
- Landscape shrubbery maintenance and replacement cost will rise if we don't remove the white vinyl fencing. Shrubs are not able to survive.
- Trees within the Cottage Collection are becoming too large for streetscape areas. We need funds to continue the Tree Plan Removal/Replacement Program.
- More and more lawns in the Cottage Collection are in need of reseeding, leveled and replaced.

For the year of 2018 the following initiatives and projects were managed:

- Sidewalks (dangerous curbs/tripping hazards & safety)
- Cottage collection tree project
- Master collection landscaping initiatives to support compliances and beautify our community, working cross-functionally with the Cottage collection landscaping committee. In all, special focus in working together to maintain and beautify the common areas.
- Master and Cottage collections maintenance matrix implemented.
- Irrigation committee managing the controlling water use/cost allocation.
- Sprinkler replacement (damage from roots and other misc.)
- Resolution on tree planting (in review/pending): proper pruning, watering, fertilizers, also types of shrubs and trees are best suited for our community.

- Resolution on rental/leasing (pending completion): discussion on how homeowners remain responsible for adherence to the CC&R's and the rule and policies of the Association. When leasing and making tenant arrangements compliance of the CC&R's and policies of the Association need to be in place.
- Compliance management/walks to improve and manage consistency from season to season.
- Arborvitae maintenance and replacement
- Natural Habitat clean-up (managed and continued)
- Engineer consultation review and implementation.
- Graffiti removal
- Crime prevention (Washington County Sheriff's Department in support of our Neighborhood Watch initiatives).
- Enforcing parking communications, education and implementing given Oregon State statutes.
- Proactively and reactively insurance claim management (damage from natural and accidental)
- Utility pole maintenance (working with PGE).
- Social event planning (**More volunteers are desperately needed**)
- Communication: Bethany Nextdoor.com for homeowners in the community to join.
- Arbor Ridge website managing (creating a real time view of our community consistently)
- Delinquency and the managing of collections (being directed by agent, TMG/AMS, and legal counsel)

Social Committee

2018 Events

- Easter Egg Hunt (April) ****cancelled due to lack of community volunteers. 4-6 Volunteers are needed for the event to take place in the future.**
- Annual Garage Sales (September)
- CWN/Arbor Ridge July 4th Event (Hot Dog Stand done by Arbor Ridge)
- National Night Out (August) in support of the Neighborhood Watch Program Centralized by the Washington County Sheriff's Department.
- Holiday Lighting Contest (December) (the week of Dec.10th, 2018)
- **Neighborhood Watch Program: In the Arbor Ridge Community is going strong with approximately 45 street captains and over 300 homes in participation.**

*** Neighborhood watch – Why have Neighborhood Watch in our community? The answer is simple really; we all have a stake in each other's safety. Neighborhood Watch is so much more than peering out your front window and watching what is going on in your neighborhood. We all live within a close proximity of each other and we all really have a responsibility to watch out for each other. Neighborhood Watch is creating a safe community. For example if your neighbor is somehow injured or possibly their child should be able to seek help from their neighbor. In a situation like this it is more likely the neighbor will be thinking clearly and be able to call 911 faster and explain what is happening more clearly than the parent with an injured child.*

Crime is no stranger to the Arbor Ridge community and most of us try to think it won't happen to us or our property. Sure you may have heard something happening in the neighborhood. But were relieved when you found out it wasn't that close to your home. However if something happened to you or your neighbor would you want the people responsible caught? I'm sure you would feel better if you were able to help out in some way.

Neighborhood Watch is designed to educate each of us to be better at recognizing danger in our community, and also educating each of us on how to help each other out when someone is in need. Wouldn't you like to be able to help out your neighbor if they needed help?

TO JOIN THE ARBOR RIDGE NEIGHBORHOOD WATCH

CONTACT: Lisa Walker via email at:

Watch@ArborRidgeOnline.com

- **Habitat Area Project and on-going monitoring and maintenance.**

*** In keeping our Natural Habitat beautiful, the Arbor Ridge HOA is monitoring and managing an on-going review and maintenance program. Several resources are assisting in keeping and managing the compliancy of our Natural Habitat. This is inclusive of water level control, debris removal and vegetation enhancement. Please let us know if you have any questions in support of keeping the Natural Habitat beautiful.*

Architectural Review Board (ARC): ARC Committee/Board has been very active this year in reviewing and timely responding to ARC request from the community. We want to thank everyone for making the ARC process well managed.

*** Our Homeowners Association Architectural Review Board operates to assure that a review process is in place. The objective is to promote a consistent, high quality neighborhood appearance. The process is in an organized function that is based upon the Arbor Ridge Homeowners Association Covenants, Conditions and Restrictions (CC&Rs) and our Bylaws. This information can be viewed on our website: ArborRidgeOnline.com*

Please note: Before you make any major changes to your landscaping or exterior (both for the Master Collection and the Cottage Collection), you must submit an Architectural Review form for approval. Please always include as much detail as possible to facilitate a timely approval.

For your convenience, the requested form can be found on our website in the Forms & Documents section, and then under Documents. Please let us know how we can assist.

Once complete, please submit the Architectural Review form to TMG/AMS.

In conclusion:

The Board and committee members are committed to ensuring Arbor Ridge remains a Premier Bethany community and that our property values are maintained. The Board Regards every homeowner as being of equal importance and that each should have the Right to an opinion on how we perform our voluntary duties. Those opinions will always be considered. We will always make our decisions based upon what is right for the community majority, while appreciating that in reality we cannot hope to please all homeowners, all the time.

Finally we would like to thank the committee members for all their hard work over the last Year. Thanks are also extended to all those homeowners that gave their time to the various working parties this year. We hope they will continue to support the community whenever needed.

Here at our Annual Meeting of 2018 you have the opportunity to vote for your new HOA Board members. We hope there will be other homeowners that will put themselves forward either as Board Members or members of the various committees. We will continue to improve the community that our HOA funds will permit. If at all possible, we want to provide both you and ourselves with the best value for our HOA dollars.

Thank you!

Sincerely,

Lisa Walker
Board President
Arbor Ridge Home Owners Association

EXECUTIVE SUMMARY - CURRENT FUNDING MODEL

CURRENT FUNDING MODEL OVERVIEW

The "Current Funding Model" is also based upon the cash flow funding concept. The initial reserve assessment is set at the association's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

PROPERTY INFORMATION

ORIGINAL STARTING DATE OF RESERVE STUDY: This reserve study was prepared for the fiscal year January 1, 2019 and ending December 31, 2019. Unless otherwise indicated, we have used January 25, 2000 to begin aging the original components in this reserve study.

NUMBER OF UNITS/LOTS & LOCATION: This reserve study is a total of 316 units located in Bethany, Oregon.

DATE OF LAST RESERVE STUDY: (if applicable) The last on-site physical analysis done by ReserveStudyUpdate.com, LLC was completed on August 18, 2018.

NOTE: All interest accrued from reserve savings account(s) must remain in the reserve savings account(s) and not used as an off-set for operating expenses. Income tax factors were not considered due to variables affecting net taxable income and the election of tax form to be filed.

RESERVE FUNDS ON HAND: For the purpose of this reserve study, it is anticipated that the association will have a projected beginning reserve balance of \$75,422 as of January 1, 2019. The actual or projected (estimated) total presented in this reserve study is based upon information provided to ReserveStudyUpdate.com, LLC and was not audited.

FUNDING REQUIRED: The reserve study has an annual contribution increase of 0.50% per year.

INFLATION RATE: An inflation rate of 1.70% was used for all thirty years of the reserve study report. This is based on an equally weighted ten-year historical inflation rate average.

THE NATIONAL PERCENT FUNDED RATING IN THE RESERVE STUDY INDUSTRY IS:

0% to 29.99% - Poor

30% to 69.99% - Fair

70% to 100% - Good

This association is estimated to be 78.78% funded the end of the first fiscal year contingent that the funding model described in this section is implemented.

**Arbor Ridge P.U.D. Homeowners Association - Master
ReserveStudyUpdate.com, LLC Component Funding Model: Executive Summary**

a projected beginning reserve balance of \$283,382 as of January 1, 2019. The actual or projected (estimated) total presented in this reserve study is based upon information provided to ReserveStudyUpdate.com, LLC and was not audited.

FUNDING REQUIRED: The reserve study has an annual contribution increase of 3.00% per year.

INFLATION RATE: An inflation rate of 1.70% was used for all thirty years of the reserve study report. This is based on an equally weighted ten-year historical inflation rate average.

THE NATIONAL PERCENT FUNDED RATING IN THE RESERVE STUDY INDUSTRY IS:

0% to 29.99% - Poor

30% to 69.99% - Fair

70% to 100% - Good

This association is estimated to be 73.53% funded the end of the first fiscal year contingent that the funding model described in this section is implemented.

DISCLOSURES

GENERAL: Arbor Ridge P.U.D. Homeowners Association - Master and ReserveStudyUpdate.com, LLC have no professional or personal involvements with each other, other than the scope of work identified in the reserve study contract. This relationship cannot be perceived as a conflict of interest.

This reserve study is for budget and planning purposes and identifies the status of the reserve fund and schedules the anticipated major commonly owned item replacements in accordance with Oregon State Law(s). This reserve study will estimate the expected useful life and remaining useful life of the building and site components or systems, and will provide an estimate replacement or refurbishment cost for those components or systems.

PHYSICAL ANALYSIS: If an on-site reserve study was performed observations were limited to visual observations only. Destructive testing (invasive testing) was not performed. Any items that were not clearly visible at the time of the site observation were not viewed, and therefore were not included in the drafting of this reserve study.

A grand total of 43 assets were included in this reserve study report; of these considered, 42 were funded and 1 component were unfunded. Often times components not funded are estimated to be outside the scope of the thirty year scope of the reserve study; while other components are sometimes omitted by property management, association representative, and/or Declarant.

MEASUREMENTS: Measuring and inventory (+/- 10%) were identified via a combination of onsite physical measurements, previous reserve study and/or drawing take-offs. Drawing sets (if used) were provided by the property manager, Board of Directors or Declarant for our use relating only to the reserve study scope of work.

RELIANCE ON CLIENT DATA: Data received from property management, Association Representatives and/or Declarant is deemed reliable by ReserveStudyUpdate.com, LLC. Such data may include financial information, physical deficiencies or physical conditions, quantity of physical assets, or historical issues. Financial information received from property management, Association Representative, Declarant was not audited for accuracy.

The Association needs to carefully review each line item in the reports to be certain corrections are made from

**Arbor Ridge P.U.D. Homeowners Association - Master
ReserveStudyUpdate.com, LLC Component Funding Model: Executive Summary**

information you may possess that we are not aware of. It is assumed in our reserve study, no work, or expenditures from the reserve funds will occurred for the balance of the fiscal year. If this is not correct, you need to let ReserveStudyUpdate.com, LLC know what extra work was done and how much money will be spent.

SCOPE OF RESERVE STUDY: The Reserve Study is a reflection of information provided to the Consultant and assembled for the Association's use, not for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records. Continued use of this reserve study beyond December 31, 2019 is misuse of the product and potentially a violation of applicable law(s).

The author(s) of this reserve study have absolutely no control over whether a special assessment will occur at any time during the thirty year horizon of this reserve study. The writer further submits that it is impossible to envision thirty years into the future costs or actual future remaining useful lives of components having useful lives extended beyond one year with precision is the functional equivalent of winning the lottery, while it may happen in extraordinary instances by chance, one may not reasonably expect it to happen. As a result, ReserveStudyUpdate.com, LLC makes absolutely no guarantee, express or implied, that a special assessment will not occur during the time period covered by this reserve study. Assumptions on future costs and life expectancy's should be reviewed and adjusted on an annualized basis, as current and future cost projections, building code requirements, and life expectancy's become more uncertain.

Report Version 2.01.

Impacts of Minimum Wage Increases and Strong Economy / Low Unemployment

