

February 9, 2021

To: Don Coleman Group

Thank you for your communication regarding the January 27, 2021 MPMA BOD meeting minutes. The minutes that were recently posted were draft minutes and we had inadvertently erred in not including your letter and the ARC and Safety Committee reports in this draft. The minutes will be reposted including these items and a motion for approval of them will be made at the February MPMA Board meeting. This error in the draft minutes was unintentional. I can assure you that we definitely want to be open and transparent in all actions and decisions made by our Board.

Relating to the request of Donna Fisher to have the association pay for the cost of vehicles being towed from the overflow parking lot, there was no motion made and thus no vote. The chairman of ARC, Jim Murphy, also did not mention it in his report that was given to the board. A discussion did occur regarding potential liability issues arising from the Association being involved with personal property. We certainly attempt to resolve issues brought to us in a fair and equitable manner. This will often require that we have prior knowledge of the issues preceding Board meetings. Historically, it has been the practice of the Board to not vote on matters that are new to the Board unless it is an urgent situation requiring immediate action. The Board prefers to delay any vote until the second time the issue is on the Board agenda so that members have the opportunity to become educated and informed regarding the issues being presented before a vote is taken. It has been noted, that as a result of diligent written warnings, that there is not a need to tow as two of the three vehicles in question were removed by the owners after the Board meeting when a notice went out to members from the Board. We are still trying to locate the owner of the third vehicle.

As for open discussion of the issues regarding the reserve fund, the membership of our HOA has received detailed information regarding both the operating and reserve budgets for a number of years. Our Board members and Finance Committee and Reserve Committees are dedicated and conscientious about educating and informing membership regarding the details of each year's budget. The November 2020 Board meeting minutes that were approved at our January 2021 meeting outlined the detailed discussion prior to the budget vote for 2021. The Board also held an information meeting the week prior to the annual meeting where detailed discussions occurred regarding the budget and further discussion occurred at the annual meeting in December. To infer that that the Board has not, or will not, discuss the reserve spending is simply untrue.

As you are aware, Washington State requires a reserve funding study at least every three years. The purpose of such is to examine the association's assets (including current reserves), budget, and anticipated revenue. The reserve specialist surveys our community equipment, common areas (including ponds), irrigation systems, roads, etc. Based on all available information, the specialist comes up with a long-term schedule of expected repairs, replacements, major maintenance, and any other relevant liabilities likely to affect the VGC Association's bottom line.

Of course, a study will in all likelihood identify other potential expenditures over the relevant period, and the reserve recommendations will be based on the aggregate anticipated long-term cash needs – not just any single item. But the principle is still the same. After the study is completed, at least in Washington State, deciding just how much cash a community needs to hold in reserve is the responsibility of an association's board. Our Board indeed takes that responsibility seriously and as

stated previously, ensures every year that we seek input from residents and provide full explanations of proposed budgets through various communication methods. In Washington State, the statutorily mandated annual budget report must state amounts currently held in reserve, estimate year-end reserve balances and project future reserve balances if the plan is adopted. The budget is then voted on by the VGC membership. This year's (2021) budget (both operating and reserve) were approved by the Board and ratified by the VGC membership. The appropriate forum for a discussion of the reserve funding questions you raise now will be during the process of developing the 2022 budget. Public information forums are planned as part of the budget development and will be advertised in village communications. This process generally occurs in August but may very well start earlier. It is the Board's hope that we will be able to commission our reserve fund specialist, Joel Tax, to prepare a "VGC Reserve Plan Seminar" to be offered to the VGC sometime this year prior to finalization of the budget.

Regarding the issues you raise regarding the West Pond and fencing, the plan currently is to have the West Pond drained and de-mucked this summer, at which time we will finally have certainty on the cost of the project, currently estimated in the \$50,000 to \$160,000 range. Also, by this summer the Board and ARC will need to make decisions on whether to partially or totally de-fund the maintenance/replacement of the boundary fences of Village 1 bordering Lions Park; of Village 5 bordering Lions Park, and; Village 2 bordering 6th St., all of said fences situated on individual Homeowner's deeded ground. ARC will develop the standard by which these fences shall be maintained and the Board will develop policy as to whether such maintenance is to be paid for 100% by the respective homeowners or whether the MPMA will cover part, all or none of the expense. In researching this issue, we have learned that the fencing was initially installed by the developer, Botimer and Associates, and that a subsequent board sometime between 2007-2010 recommended taking responsibility for the "backside" of all the fencing facing Lion's Park.

After receiving your letter, contact was made with Joel Tax, our reserve study specialist. He believes the \$50,000 target for 30 years is absolutely inaccurate and inappropriate for our community. Just an overlay of the pavement in all the phases will be in excess of \$800,000 (in today's dollars) and in excess of \$1,600,000 in future years when the pavement again needs an overlay. This is only one component. Having an inadequate reserve fund presents much risk to the VGC residents. It very well could lead to special assessments, loans, and putting off repairs and replacements; all of which are not particularly attractive options. If special assessments are needed, current owners are footing the bill for costs that were rightfully the responsibility of prior owners. Kicking the can down the road by underfunding reserves almost always leads to losses in the end!

Pertaining to your question regarding the finances and reserve committee members, these committees and their members have been published many times. Committees are a valuable resource to organizations such as ours. The Board appoints committees charged with certain tasks and asks them to make recommendations to the Board. There is nothing stated in the current CCR's that prevents the board from creating committees other than ARC. Committee members are not decision makers nor managers of budgets, etc. but rather they play an advisory and valuable role to the Board. This is true both now and historically.

Thank you for bringing your concerns to the Board and for your interest in the activities of the Board. We always encourage questions and comments from our members. However, as a past president, you know that members do not submit motions for the Board of Directors. Only the Board members can

propose a motion and thus initiate a discussion. We continue to assure you and all members that we, as the Board, strive to always work for the benefit of what is best for the Villages of Garrison Creek. We recognize in order to do so, we have a responsibility to exercise prudent judgment with expert advice that reflects an attitude of service towards this community. With all of us working together, The Villages of Garrison Creek will continue to thrive and grow.

Respectfully,

Linda Olson, President (on behalf of Board Members of the MPMA of The Villages of Garrison Creek)