

HOMEOWNERS ASSOCIATION ANNUAL MEETING 2019



ANNUAL HOMEOWNER DUES INCREASE PROPOSAL

From the Board of Directors

Guided by values that promote a sense of community and preservation of property values, the goal of the Board is to make decisions that are consistent with high principles and in the best interests of the entire Oak Hills community.

The Oak Hills Board of Directors recommends that annual dues increase by \$150 to a total of \$700 per year, taking effect with the invoice mailed in October 2019, and due in December 2019.

- The Board has the fiduciary duty to the membership to set the HOA fees at a level that is adequate to cover operating expenses and reserve transfers as recommended by the reserve study.
- **Annual dues of \$700 will fund the actual cost of operating OHHA.** Operating expenses of \$457,716 in the 2018-2019 fiscal year budget, divided by the 650 homeowner lots in Oak Hills, yields a cost per lot of \$704 to operate OHHA.
- Former OHHA boards have kept homeowner dues artificially low by supplementing dues with non-dues income to support general operating expenses. The Board's intent with this dues increase is move OHHA toward a more sustainable funding and budgeting practice by relying on homeowner dues to support operating expenses.
- Non-dues income sources like field, building, and RV lot rentals, pool passes, exercise tags, and miscellaneous income vary annually and are neither sustainable nor reliable to depend on for general operating expenses.

Non-dues income from field, building, and RV lot rentals will be dedicated to three purposes:

1. Fund two savings accounts: the Operating Reserve account and the Replacement Reserve account.

- The **Operating Reserve** is the account in which any funds greater than expenses are saved for use in future years or for unexpected expenses;
- The **Replacement Reserve** is the account in which funds are set aside for repair and replacement of equipment and facilities. Repaving greenbelt walkways, replacing the flag pole, rebuilding the iconic Oak Hills entry sign, maintaining the neighborhood trees, refurbishing the tennis courts, replacing non-working mailboxes as needed, and rebuilding the tractor are examples of expenses that could be charged to the Replacement Reserve account. The association funds the Replacement Reserve account annually.

2. Pay for the Fourth of July Celebration including the fireworks and all associated costs.

3. Offset the Pool Pass and Tennis Court access fees. The Board agrees that all homeowners have paid to build the facilities that are the capstone of our community.

- Tennis Court access will be free to homeowners who have registered.
- Pool Passes for homeowner use will be reduced. Guests fees will be charged for non-homeowners and for pool rentals and/or parties.

For further information, please see documents posted at oakhillsoregon.com/financials, including the 2018-2019 budget and background materials for the dues proposal including recaps of the Homeowner Budget Review meetings (Jan. 8 and 15):

- *Both meetings: attendees mostly agreed that a dues increase was necessary*
- *Second meeting: attendees appreciated updated budget format clarifying expenses*
- *Second meeting: committee improved budget document based on from homeowner feedback*