

# Point Richmond Ridge Homeowners Association

## 2023 Annual Meeting Announcement

The Point Richmond Ridge HOA Annual Meeting is scheduled for Saturday, November 11, 2023, at 1:00 PM. The meeting will be held in the meeting room at Olalla Market and Landing, 13965 Crescent Valley Rd SE, Olalla, WA 98359. Please note that parking around the market is limited. Carpool if possible.

The agenda for this meeting is:

1. Roll Call to Establish Quorum
2. Proof of Notice of Meeting
3. Minutes from 2022 Annual Meeting
4. Officer Reports – Annual Updates
5. Committee Reports - ACC
6. Old Business
7. New Business
8. Election Results Announcement
9. Adjournment

The attached documents include:

- Proxy Voting Form
- Candidate Statements
- Election Ballot and Instructions
- Budget for 2024 as Adopted by the Board of Directors

Please review the Minutes from the 2022 Annual Meeting before this meeting so we can move through approval of those minutes quickly. The link to those minutes is: [http://prrhoa.org/docs/minutes/nov\\_5\\_2022\\_annual.pdf](http://prrhoa.org/docs/minutes/nov_5_2022_annual.pdf).

Policy and Bylaw changes adopted during 2023 are on the HOA website ([www.prrhoa.org](http://www.prrhoa.org)) under Documents. The policy and Bylaw details had been previously mailed to all Owners.

There is a Director election this year to replace two of the Directors who are completing their terms.

If you have questions, please contact Steve Treese at [president@prrhoa.org](mailto:president@prrhoa.org) or call him at 832-247-5200.

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### Point Richmond Ridge Homeowners Association

#### Proxy Voting Form

Lot #: \_\_\_\_\_, Lot Owner Signature: \_\_\_\_\_, Date: \_\_\_\_\_

I hereby appoint \_\_\_\_\_, Owner of Lot# \_\_\_\_\_, to cast my vote in my absence at the Annual HOA Members Meeting to be held on November 11, 2023, or any adjournment thereto. This proxy will be used to establish quorum for the meeting.

Witness Signature: \_\_\_\_\_, Lot # \_\_\_\_\_, Date: \_\_\_\_\_

**Return only this bottom portion by mail (to Point Richmond Ridge HOA, 13607 12<sup>th</sup> Ave NW, Box 12, Gig Harbor, 98332) or in-person, if used.**

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**Point Richmond Ridge  
Homeowners Association**

**2023 Board of Directors Election**

**Candidate Statements**

**Bruce Harjehausen**

Patti and I moved to the Point Richmond Ridge neighborhood in July 2020. Soon after, Steve Treese knocked on my door to welcome us. He also mentioned that he was looking for people to join the BOD for the HOA. I agreed to throw my hat in the ring and lo and behold, I was elected. I have enjoyed my 3 years serving the 82 other homeowners as the Treasurer. I have also been very involved in acquiring bids to perform the road work this and last summer. I look forward to serving the community for another 3 years to come, if elected.

**Thomas Huffman**

Thomas has been a resident of PRR since 2020. His goal is to positively contribute to keeping our communities value high through properly maintaining the general appearance of our houses and common areas using our Covenants, Bylaws, and good communication. Thomas's background with a degree in economics, and postgraduate work in people management can serve him well in this position. Having had various management positions with Fortune 500 financial and food/beverage companies he has a wide range of business experiences. In the past he has served on the board of directors for the Juvenile Diabetes Research Foundation in the Denver area where he lived before relocating to Gig Harbor.

**Point Richmond Ridge  
Homeowners Association**

**2023 Board of Director Election Ballot**

The election this year is primarily by mail. To be counted, your ballot must be returned and received before the November 11 Annual Meeting. It can be turned in at the meeting.

There can be only one ballot per lot. When you mail in your ballot, indicate your return address or lot number on the envelope only. Fold the ballot and insert it into the envelope; but DO NOT MAKE ANY IDENTIFYING MARKS ON THE BALLOT ITSELF. We will figure out the lot number from the envelope and log it when the ballot is received. The ballots will be opened and separated from the envelopes for counting. Candidates are listed alphabetically by surname.

If you hold a proxy for someone else, you must have their ballot along with their proxy to register their vote.

**Return ballot before November 11, 2023, to:**

Point Richmond Ridge HOA  
13607 12<sup>th</sup> Ave NW, Box 12  
Gig Harbor, WA 98332

----- **Cut Here and Mail Bottom Portion Only** -----

**Vote for two (2) Directors by checkmark ( or ):**

- Bruce Harjehausen
- Thomas Huffman
- \_\_\_\_\_ (Write In)

----- **Fold here before mailing** -----

**Ballot must be received before November 11 to be counted.**

**You may only vote once.**

**Do not make any marks on the ballot itself that would identify you.**

**Only put your identifying information on the mailing envelope.**

## 2024 Budget Approved by BOD

Point Richmond Ridge Homeowners Association Budget for 2024	2023	YTD as of 7/31/2023	Amt Remaining in 2023	2024	Remarks
	Approved Budget			Approved Budget	
<b>Operating Budget</b>					
<b>Income:</b>					
Homeowner's Assessments	\$41,500.00	\$38,825.00	\$2,675.00	\$58,100.00	Semi-Annual dues are \$350.00/lot per 83 units (\$700.00 per year)
Carryover from 2023				\$4,400.49	
Interest Income		\$3.54			
Late Fees, Penalties		\$800.00			
Donations					
<b>Total Income</b>	<b>\$41,500.00</b>	<b>\$39,628.54</b>	<b>\$2,675.00</b>	<b>\$62,500.49</b>	
<b>Operating Expenses:</b>					
Bank Fees		\$10.00		\$0.00	Management fee is \$600.00 per month X 12 months
Insurance Expense	\$3,000.00		\$3,000.00	\$3,000.00	
Management	\$7,200.00	\$4,200.00	\$3,000.00	\$7,200.00	
Legal/Lien Fees	\$500.00			\$500.00	
<b>Maintenance:</b>					
Entrances	\$500.00			\$500.00	
Tract B - Playground Landscape					
Playground - Equipment & Play Area					
Other				\$0.00	
Landscaping Maintenance Contract	\$8,400.00	\$4,280.61	\$4,561.20	\$9,122.40	
Landscape Misc./Special				\$0.00	\$760.20/month
Tree Pruning/Removal	\$500.00			\$500.00	
Water	\$500.00	\$93.08	\$406.92	\$500.00	
Irrigation Repairs					
<b>Miscellaneous Expense:</b>					
Postage	\$600.00	\$218.47	\$150.00	\$400.00	every 3 years due in 2025
Website Hosting				\$0.00	
Office Supplies	\$575.00	\$627.33	\$150.00	\$775.00	
Backflow Testing	\$30.00	\$30.00		\$30.00	
Facilities Rental/Meeting Room				\$0.00	
Reserve Study				\$1,500.00	Full Reserve Study every 3 years (due 2024)
Contingencies	\$3,710.00	\$815.57	\$300.00	\$6,729.09	
Reserve Contribution	\$15,000.00	\$15,500.00		\$31,009.00	
<b>Taxes and Fees:</b>					
Secretary of State: Filing Fee	\$75.00	\$30.20	\$0.00	\$75.00	
Taxes Property	\$585.00	\$454.67	\$0.00	\$585.00	
Taxes Federal	\$75.00		\$75.00	\$75.00	
<b>Total Expenses</b>	<b>\$ 41,250.00</b>	<b>\$ 26,259.93</b>	<b>\$ 11,643.12</b>	<b>\$ 62,500.49</b>	
<b>Income minus Expenses</b>					
	<b>\$250.00</b>		<b>\$4,400.49</b>	<b>\$0.00</b>	
<b>Reserves Budget</b>					
<b>Beginning Balances</b>					
AAB CD (as of 1/1/2023)		\$ 46,037.00		\$ 38,465.27	
Money Market Account (as of 1/1/2023)		\$ 19,296.99			
<b>Income:</b>					
Interest Income YTD		\$ 200.99			
Transferred from Operating Budget	\$15,000.00	\$ 15,500.00		\$ 31,009.00	
<b>Total Reserves</b>		<b>\$81,034.98</b>	<b>\$0.00</b>	<b>\$69,474.27</b>	
<b>Reserves Expenses:</b>					
Tract B Playground Landscape			\$ -	\$ -	
Playground - Equipment & Play Area	\$ -		\$ -	\$ 2,719.00	
Road & Crack Repair	\$ 67,200.00	\$ 17,652.97	\$ 24,916.74	\$ 52,974.00	
Tree Removal				\$ 3,000.00	
Tract D Maintenance			\$ -	\$ -	
Tract E - "Park"				\$ -	
Catch Basin Maintenance			\$ -	\$ -	
<b>Total Reserve Expenses</b>		<b>\$ 17,652.97</b>	<b>\$ 24,916.74</b>	<b>\$ 58,693.00</b>	
<b>End of Year Reserves</b>					
			<b>\$38,465.27</b>	<b>\$10,781.27</b>	

**Point Richmond Ridge  
Homeowners' Association**

**Reserve Fund Study 2023 Annual Report Summary**

The PRR HOA BOD reviews and updates a Reserve Study annually in accordance with Washington State Legislature *RCW 64.38.065*. The Reserve study is supplemental to the operating and maintenance budget and estimates the anticipated major maintenance, repair, and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget. The Reserve Fund Study Report for 2023 is based upon a formal Reserve Study done by the Reserve Study Group in September of 2021.

This report was reviewed and approved by the PRR HOA Board on October 12, 2023.

**Background**

1. The Point Richmond Ridge Homeowners' Association (PRR HOA) is responsible for maintenance of the common areas (Tracts A through J) and streets, as well as enforcement of the Maintenance and Protective Covenants (M&PCs). The assets include a playground, several forested "open areas" and "landslide/erosion hazard areas." To accomplish this, the HOA has an annual operating budget for ongoing/regular expenses and a reserve fund for periodic, major maintenance expenses. The subject of this projection is the PRR reserve fund.
2. The maintenance standard for roads is specifically stated to "... conform to, Pierce County private road standards ..." With respect to common areas, the standard is "... Pierce County Development Regulations for Gig Harbor ..." These are part of the Articles of Incorporation.
3. Homeowners are required by the Covenants (M&PCs) to pay dues to the HOA to cover the responsibilities of the HOA.

**General Premises**

1. The PRR reserve fund will be maintained by annual contributions such that the total amount of the funds will remain greater than zero in all years. Homeowner dues will be adjusted as necessary to ensure the funds remain adequate.
2. A primary objective is to avoid the need for special assessments; but replacement or asphalt resurfacing of the roads would likely require an assessment or significantly higher dues. An alternate to road resurfacing is to continue patching and sealcoating. However, this too will require dues increases, but significantly lower increases.
3. The HOA will attempt to maintain a consistent contribution rate to the reserve fund for a few years at a time to avoid frequent dues adjustments; but the dues will be adjusted as required to adequately fund the reserves.
4. The current reserves projection is based on the required 30-year time frame, 2024-2054.
5. The reserve fund is designated to cover maintenance of the following "capital" assets owned by the HOA. Effectively, the funds are intended to extend the usable life of the assets. Funds will be used from the reserves for this maintenance.
  - a. Roads - including all patching, sealing, and repairs
  - b. Storm drainage system – including cleaning and repairs
  - c. Tract B - playground equipment, surfacing, borders, and plants

- d. General signage – e.g. stop signs
  - e. Mailboxes – need to be replaced periodically
6. Reserve Fund exclusions:
- a. Major Replacement or Asphalt Resurfacing of the Roads. Basis: With proper routine maintenance and spot repairs, the roads should not need to be replaced during the 30-year reserve projection. If the roads need major repair or replacement at some point, the current plan may require a special assessment. No special assessment is envisioned within the time frame of this projection (up through 2054).
  - b. Replacement of the Entry Monuments. Basis: The intent is to maintain these in good repair through the annual operating budget such that they do not need to be replaced.
  - c. Tree Removal or Maintenance of the Open Areas and Buffers. Basis: These activities are designated to be funded from the annual operating budget and provisions are made there based on experience.
  - d. Repairs for Major Damage Due to Acts of God (e.g. earthquake, landslide, severe windstorm). Basis: These, by nature, are unpredictable and could far outstrip any reasonable provisions.
  - e. Contingency. Basis: The projected total accumulated funds in the reserve account each year provide an adequate contingency over and above annual requirements.

**Basis for Projections**

1. Following are the bases for the reserve fund costs:

Line No.	Description	Maint. Cycle, yrs	Cost Basis	Inflation
1	Street Maintenance (patching & repairs)	5	\$42,570 (start 2023)	5%/yr
2	Street Sealcoating	5	\$50,974 (start 2024)	5%/yr
2	Catch Basin Cleaning/Repairs	2	\$2,500	3%/yr
3	Tree Removal	3	\$3,000	0
4	Playground Equipment Replacement	30	Est'd \$30,000 (In 2037)	
5	Playground Surface Replacement	3	Est'd \$2,700 (In 2024)	3%/yr
6	Playground Border Replacement	5	\$4,467 (2026)	3%/yr
7	Tract D Resurfacing	5	\$7,000 (2022)	3%/yr
8	Tract B Tables		\$3,710 (2027)	
10	General Signage	5	\$636 (2026 Estimate)	3%/yr
11	Mailboxes	30	\$17,041 (2027)	

2. Reserve Fund Accumulation Basis:
- a. The reserve fund consists of:
    - i. Money market account (MMA) – liquid assets
    - ii. CD or other conservative, interest-bearing account (AAB CD)
    - iii. Annual payments into the account from dues – year-end transfer
  - b. The amount in the reserve fund was \$38,512 as of 8/31/2023. Road repairs and Crack Sealing were performed during summer 2023 at a cost of \$39,655 (this includes road repairs at the helipad where tree roots have damaged the road) that came out of this account.
  - c. The current contribution is \$181 per year per homeowner or approximately \$15,000 total annually, a contribution rate of 36%.

d. The contribution may vary year over year. It is intended that surplus or unallocated funds left at year-end in the operating budget would incrementally be contributed to the reserve fund.

e. With effective bidding of work, the reserve fund will benefit from costs below those projected. Conversely, if the inflation rate increases significantly there may be a need to increase contributions and dues.

Reserve Funding/Projections

Roadway maintenance is the largest expenditure that we incur. The developer did not build the roads to Pierce County standards and therefore, the county did not assume ownership, leaving the task of maintenance to the HOA. Under the current proposed plan, and at the suggestion of paving consultants, we will continue to repair potholes every 5 years and crackfill every year. In addition to the repairs, we will propose to sealcoat the roads every 5 years beginning in 2024 for an estimated cost of \$50,974 and an annual increase of 5%. Those two combined, amount to over \$1,200,000 over the next 28 years.

Other large expenditures will be Mailbox replacement in 2027 (\$17,000) and new Playground equipment in 2037 at an estimated cost of \$30,000.

The only income sources the HOA has are the annual homeowner dues. Currently, this is at \$500/year with approximately \$181 of that going to Reserves. Assuming general operating costs to increase due to inflation at a rate of 2% annually and no increase in dues, that contribution will decrease every year. At this current amount, the HOA will run out of funds in 2024. Then there will be a two year period where we will see a surplus; but, beginning in 2027, we will be in the red from there on and never recover (expenses will outpace income every year).

The PRRHOA Board of Directors is proposing to increase the HOA dues to \$700 beginning in 2024. In order to keep the reserves fully funded to meet the future costs, the dues will have to be increased again in 2027 to \$800, and again in 2034 to \$900. Any further increase will need to be evaluated at that time. These increases will assure that we would always have enough funds to cover the projected expenses and build a surplus.

Six-Year Reserve Account Estimate, End of Year (At Current Contribution)

Activity	2024	2025	2026	2027	2028	2029
<b>Total Projected Costs, \$</b>	58,693	2,100	7,308	37,971	52,062	67,610
<b>Total CD and MMA Reserve Funds, \$</b>	38,465	-5,819	5,948	11,954	-13,267	-53,153
<b>Additions – Dues &amp; Oper. Surplus, \$</b>	14,409	13,867	13,314	12,751	12,176	11,589
<b>Total Reserves at Year End, \$</b>	-5,819	5,948	11,954	-13,267	-53,153	-109,173



Six-Year Reserve Account Estimate, End of Year (At Proposed Contribution)

Activity	2023	2024	2025	2026	2027	2028
<b>Total Projected Costs, \$</b>	58,693	2,100	7,308	37,971	52,062	67,610
<b>Total CD and MMA Reserve Funds, \$</b>	38,465	10,781	39,148	61,754	61,433	46,447
<b>Additions – Dues &amp; Oper. Surplus, \$</b>	31,009	30,467	29,914	37,651	37,076	36,489
<b>Total Reserves at Year End, \$</b>	10,781	39,148	61,754	61,433	46,447	15,327

With respect to major roadwork, the condition of the roads will be tracked on an ongoing basis. With diligence, there would be several years to adjust the dues rate to avoid or reduce any special assessment required.

As required by state regulation RCW 64.90.550, the following required disclosure is made:

" This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement."