

Clearwood Community Association

Community Plan 2024 Update



Updated 4/4/24

Provided By: MAWaterman Consulting, LLC

Clearwood Community Plan February 2024

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What is Clearwood Community Association?

- Washington Non-Profit Corporation
- Homeowner's Association

What is the Source of Our Authority?

- State Statutes
 - HOA Act (RCW 64.38)
 - Washington Uniform Common Interest Ownership Act. (RCW 64.90)
 - Non-profit Corporation Act (RCW 24.03)
- Common Law (i.e. court decisions)
- Governing Documents

What is our HOA's Purpose and Value to its Members?



PRESERVE AND PROTECT THE VALUE
OF EACH MEMBER'S REAL ESTATE
INVESTMENT/EQUITY



MAINTAIN THE COMMON PROPERTY



ENSURING REASONABLENESS OF RULES
AND COMPLIANCE

The tie that binds is the deed on each property that requires owners have membership in the Association – not revocable!

How are Those Purposes and Values Achieved?

Preserve and protect the value of each member's real estate investment/equity.

- First and foremost, by being a financially viable and responsible Association through good and just Governance and effective and efficient Management.

Maintain the common property

- Simply stated, maintain our jointly owned property (roads, beaches, parks, street signs, buildings, gates, trucks, etc.) to show pride in ownership and promote realty values. Schedule maintenance and asset replacement to a standard.

Ensuring reasonableness of rules and compliance

- Promote rules that make good sense, are logical, legal, allow for discretion, avoid liability, uphold the community standards, and can be compliantly enforced with good will.

Utilize the
Governing
Documents
Following the
Established
Legal
Hierarchy: with
state law
preceding
governing docs.

The Higher in the Order... the
More Controlling the Authority

Plat Map

Recorded Declaration (aka CC&Rs)

Articles of Incorporation

Bylaws

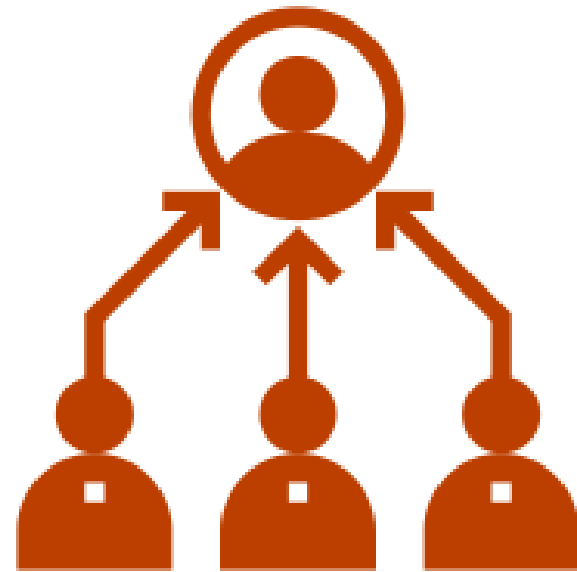
Rules and Regulations

Policies

These Documents Set the Boundaries for Governing the Association.

Director's Legal Standard of Care Provides Directors with Guidance in Making Decisions

- Must exercise the degree of care and loyalty required of an officer or director of a non-profit corporation – RCW 64.38.025
- This means you have a “fiduciary duty”:
 - *“A duty of utmost good faith, trust, confidence, and candor owed by a fiduciary (such as a lawyer or corporate officer) to the beneficiary (such as a lawyer’s client or a shareholder); a duty to act with the highest degree of honesty and loyalty toward another person and in the best interests of the other person.” Black’s Law Dictionary, 8th Ed. (2004).*
- Key Point: Directors represent the entire community and do not have a constituency.





CCA's Original Strategic Plan

- The Association was created by a developer with a Vision who implemented it and created CCA. The developer had a big goal in mind.
- The developer owned the land, controlled the funding, and knew:
 - Where they started
 - What had to be accomplished
 - The financial obligations
 - A clear idea of an end goal
- The developer had to get permission from the County, federal agencies, banks, utility companies, regulators, and other stakeholders they didn't even know about!

Where Our Community Started



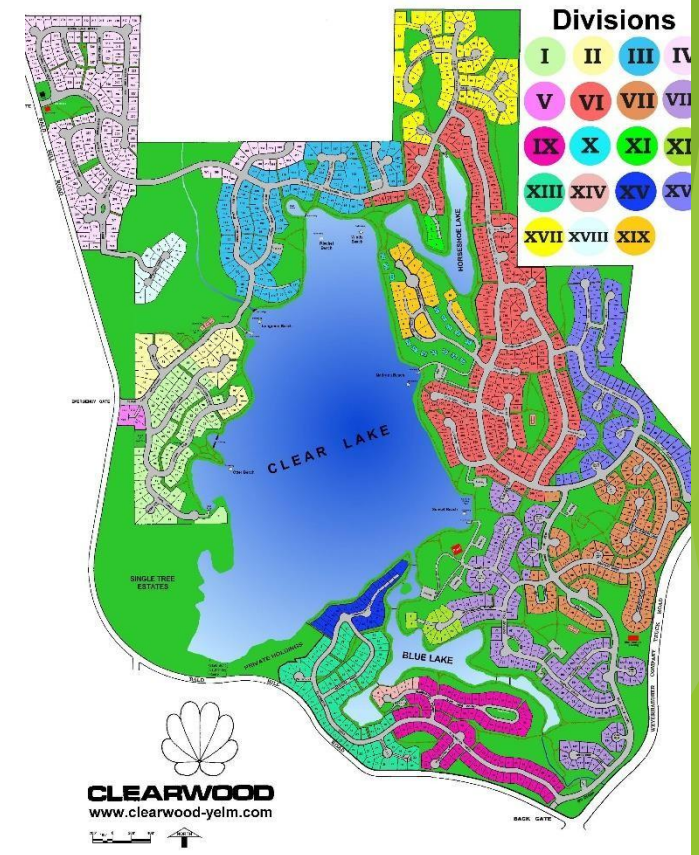
On April 11, 1974, a group of seven original Directors filed an amended Declaration of Articles of Incorporation creating former open farmland in Thurston County now be known as “Clearwood.”

https://www.clearwood-yelm.com/docsforms/Articles_of_Incorporation.pdf

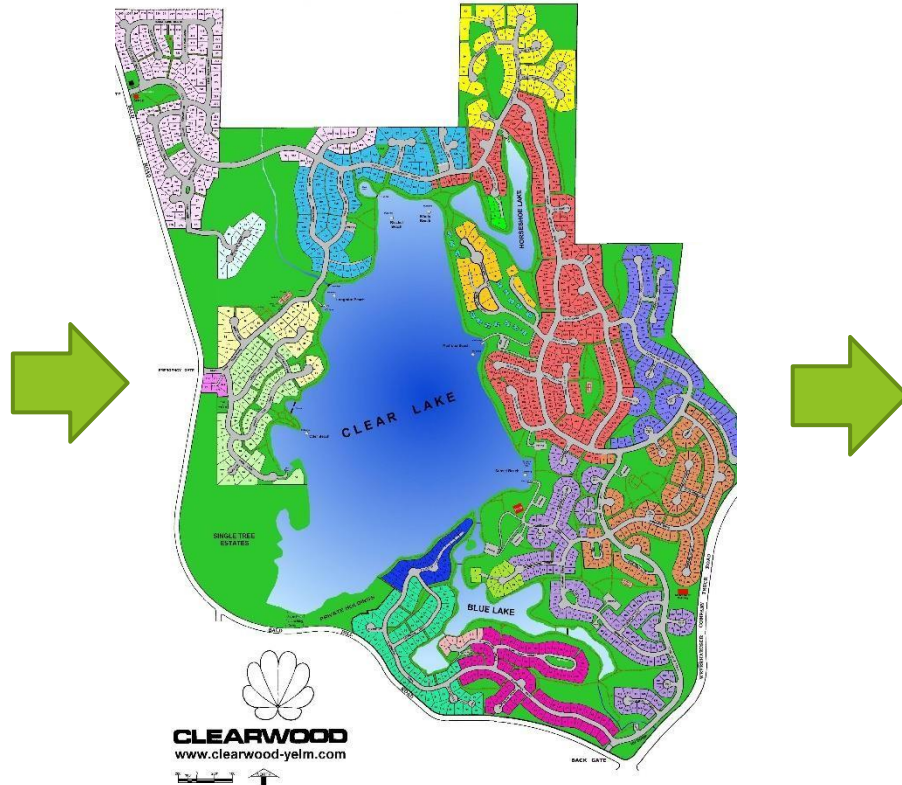
Their Vision Created this Wonderful Paradise We All Call Home

..acquire, construct, improve, maintain and operate community recreational facilities, including but not limited to parks, shelters, beaches, docks, bath houses, fishing facilities, boat launching and mooring facilities, parking areas, access streets and road, bridle trails, stocked fishing areas and other common facilitiesfor the common use of the resident.

Acquire, maintain, operate for community benefit, establish covenants, maintain and do all things necessary for the purpose of the association



After the Developer Departs the Board is Responsible for Positioning CCA For The Future.....



...Should Not Happen by Chance -
It Should Happen by Design.

Clearwood's Gradual Growth from a Weekend Camping Getaway to a Full Time Community Came with Challenges.

Up until 2019 CCA had always been self-managed by well intentioned volunteers augmented by employees.

Between 2017 and 2019, our Association experienced several cultural instability issues which resulted in having 25 different Board members over a 24-month period. In mid-2019 the BOD hired a HOA consulting firm to conduct a Management Operational Assessment.

After reviewing the report, the Board of Directors changed the CCA cultural dynamic by hiring a professional management team tasked with clarifying current finances, establishing a credible budget and process to achieve and maintain financial and cultural stability.

Clearwood BOD Implemented Significant Changes in 2020

Management

Remain self managed, train and retain high quality staff; contract/retain PT Accounting Manager, HR Manager, Project Manager; perform annual bottoms up budgeting and risk-based capital planning; produce monthly standardized Financial Reports, track to budget, communicate costs, Engineers design and all capital projects are competitively bid.

Governance

Govern not manage, set achievable strategic goals, ensure Directors receive annual Non-Profit HOA Governance training, formalize meetings using Roberts Rules, lead by professional example, retain HOA knowledgeable Legal Council, formalize contracting, monitor and track budget, communicate with membership.

Membership

Supported raising the bar on financial and governance expectations.

Passed By-Law changing budgeting process from an 18 month to a 5-month schedule.

Passed By-law requiring annual Board Training within 45 days of election.

CCA Achieved Operational Stability as planned on 12/31/2020

Where Is Our Community Today?

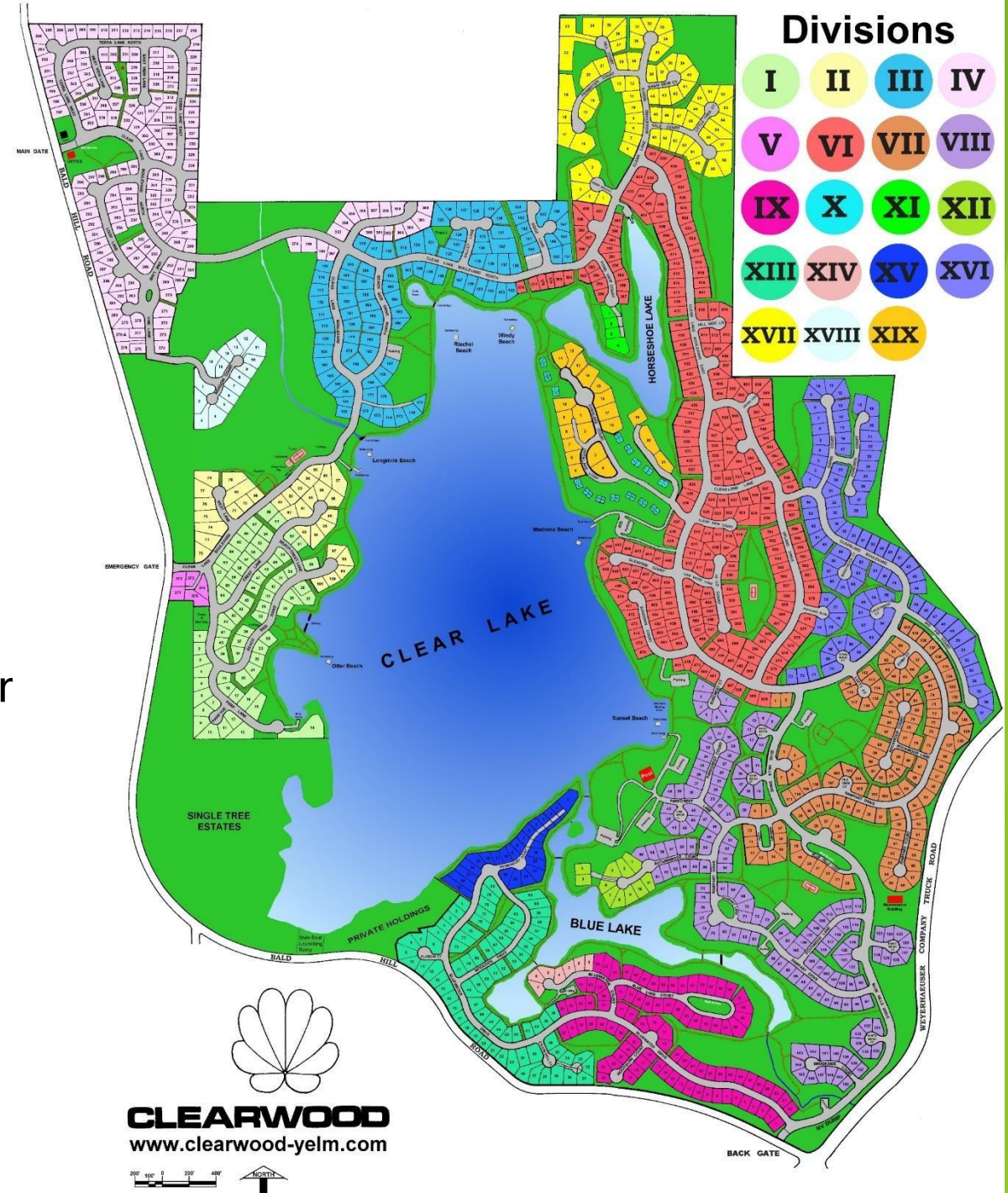
- 1,355 Members with approximately 3,204 people who live here year-round.
 - Population increases to 5,433 in peak season
- Our annual combined 2024 Budget is \$1,977.12 per lot
- We finished 2023 at 95% collections rate and are tracking to the same in 2024
- The Association employs 9 full-time employees and several part-time employees during the months the pool is operation.
- Staff turnover is low, employee satisfaction exceeds “good”
- Director turnover is low
- Our Board of Directors have received annual training each year, staff is professionally managed
- The Association’s operational and Capital funding is stable, tracked, and delivered within budget.

Our Present Operational Status

- Transitioned from volunteers to full-time in-house professional management augmented by a contract Executive Assistant, CPA Accounting Manager, Human Resource Manager and Owners Representative.
- Our technical infrastructure problems are annually prioritized with the top issues of concern evaluated by professional engineers.
- Management, Governance, & Committees have defined roles and responsibilities.
- Our Legal Counsel and Insurance Agent are professionals who specialize in HOAs.
- Capital repair and replacement is consistent with our Strategic and Reserve Plan(s) which are based on the Associations Mission and Vision statements.

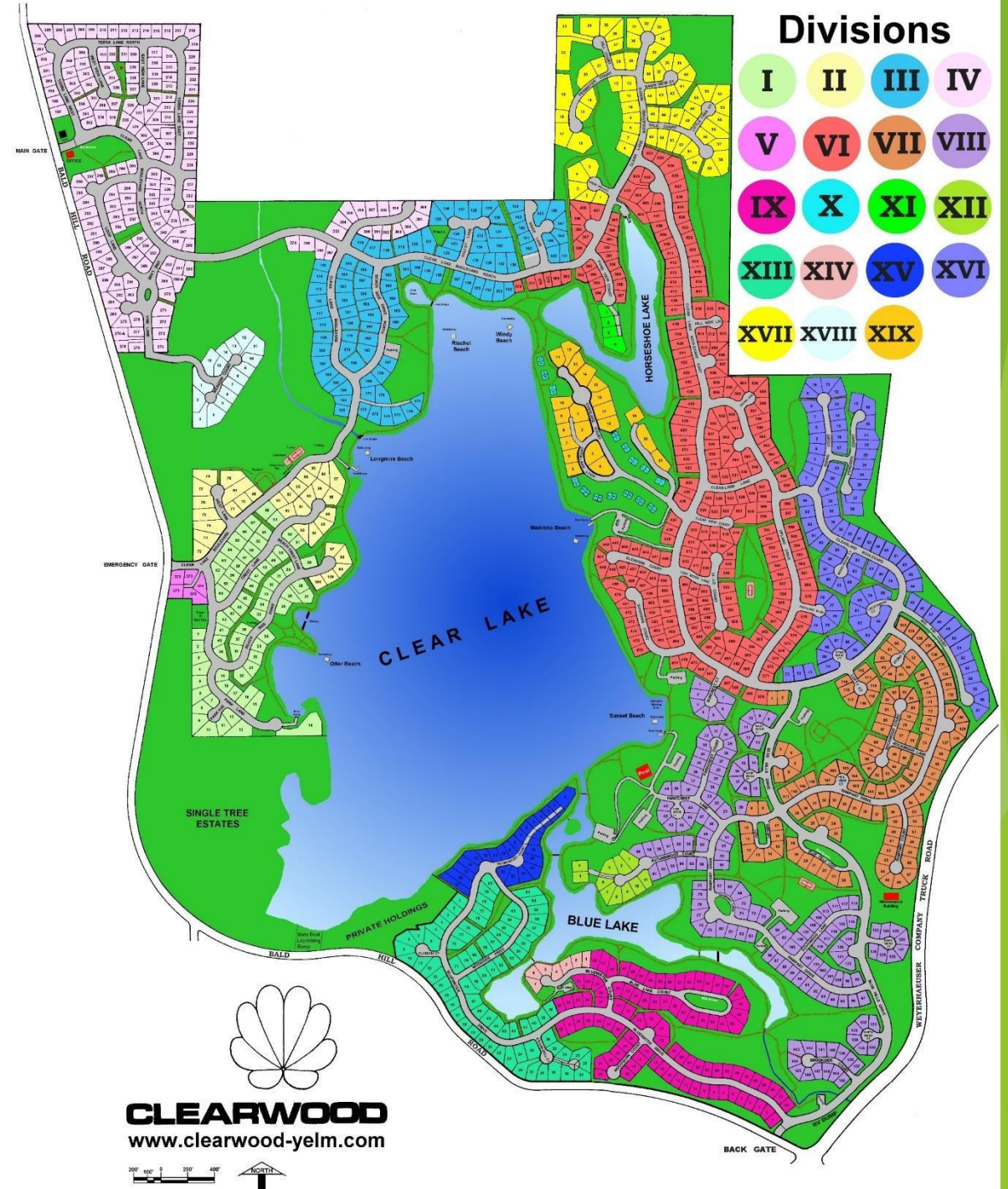
CCA By The Numbers

- 1355 residential/recreational private lots
- Our Water Utility System comprised of over ~16 miles of buried pipes
 - 35 fire hydrants
 - Four (4) wells + one (1) Offline
 - 598,000 gal. water storage in 2 tanks
 - Two (2) pumping facilities with generator
- 16 miles of roads
- We have access to three (3) lakes
- We own an office building, maintenance building, Recreational facility with pool and spa.



But Wait! There Is So Much More....

- 6 beaches with
 - Seven (7) boat launches,
 - Eighteen (18) docks, two (2) slides
 - Retaining walls
 - 14 restrooms
 - 10 picnic cabanas
- Association is responsible for ~1,000 acres
- We have three (3) Entry Gates - two access controlled
- 5 park areas , 2 baseball fields, 2 tennis courts, 1 Pickle Ball Court and 3 half basketball courts
- 14+ miles of trails
- 5 playgrounds
- 8 bridges
- And the tools, computers, software, hardware, and vehicles to maintain our assets.



Those Numbers Tell the Story of Why CCA is a Desirable Place to Live

Ensuring that the community remains vital into the future has required governance to maintain a viable strategic plan. First plan was created in 2021 and updated in 2023.

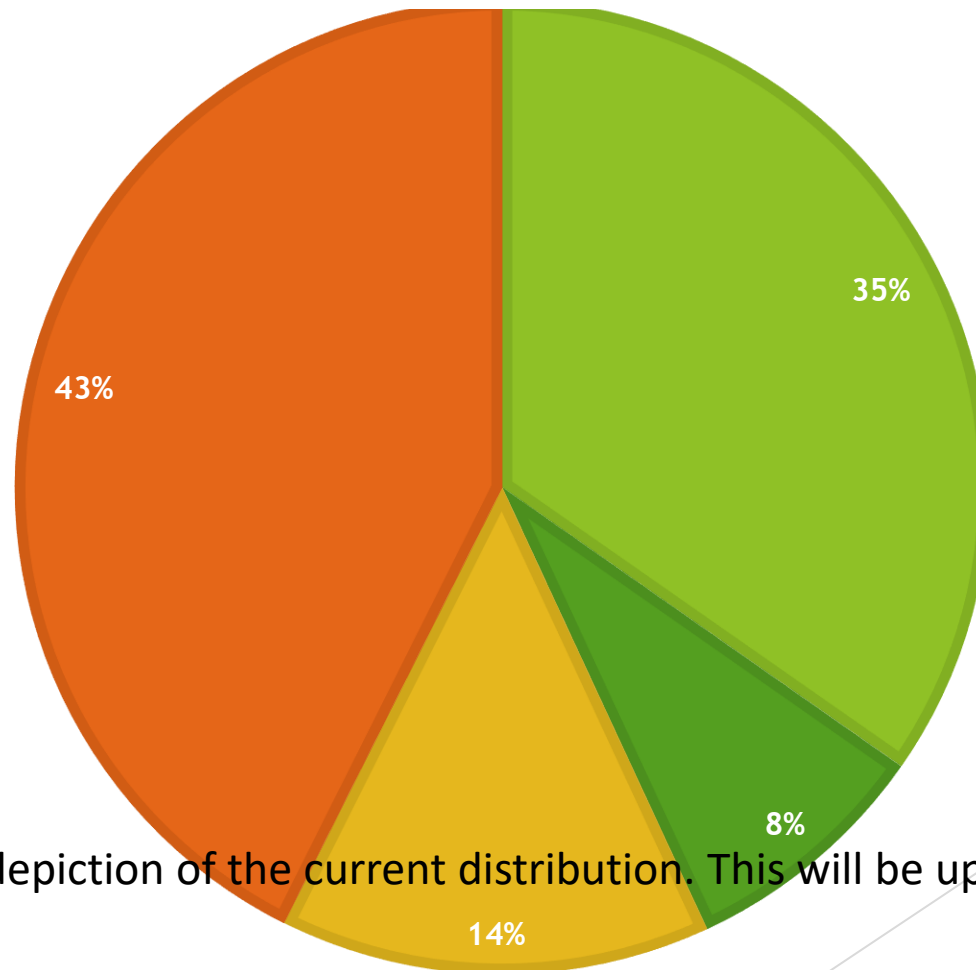
Directors, staff and volunteers poured over reserve studies, maintenance plans, Engineering reports, mission/vision statements, our CCR's, Bylaws, Rules/Regs, Policies, committee charters, legal and insurance requirements, ranking and prioritization sheets, reviewed all the various roles and responsibilities.

And they talked extensively on how to increase community participation and awareness of the necessity of these strategic Projects.

There Is No Strategic Goal Success Without Membership Approval

ASSET VALUE DISTRIBUTION IN 2021

- Roads, Bridges, Culverts & Spillways
- Admin Building, Maintenance Building, Mailbox Clusters, Security, Mechanical & Equipment
- Playgrounds, Parks, Pool & Spa, Bathrooms, Docks, Bridges
- Water System & Infrastructure



These percentages are an accurate depiction of the current distribution. This will be updated during the 2025 Budget Cycle.



WHAT ARE THE ROLES

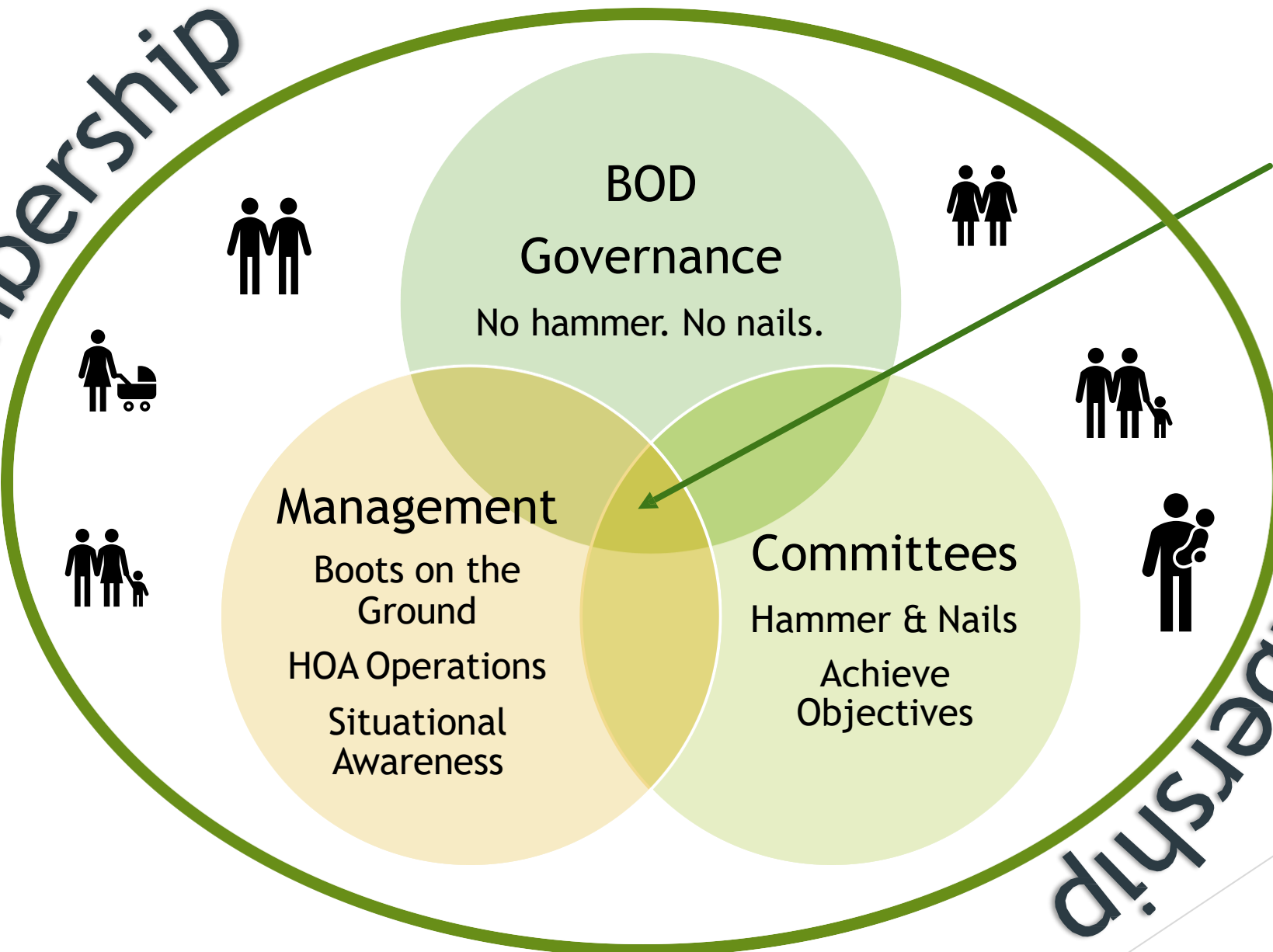
The Membership has a Significant Role Living in an HOA



- The Membership elects the Directors
- The Membership ratifies the Budget approved by the Board
- The Membership approves changes in the CC&Rs and Bylaws
- The Members generate the \$\$\$
- The Members live under the Rules and Regulations approved by Governance and Membership
- Members give Governance input and receive a response
- The records are open to the membership

All Members Own 1/1,355th Undivided Interest of Our Common Area.

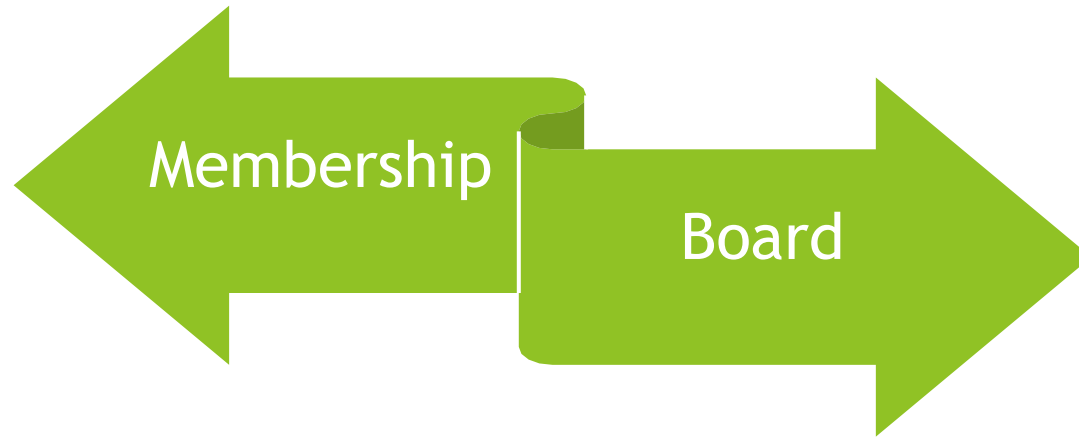
Membership



Reuleaux Triangle
is your goal!

Membership

Boundaries and Capabilities

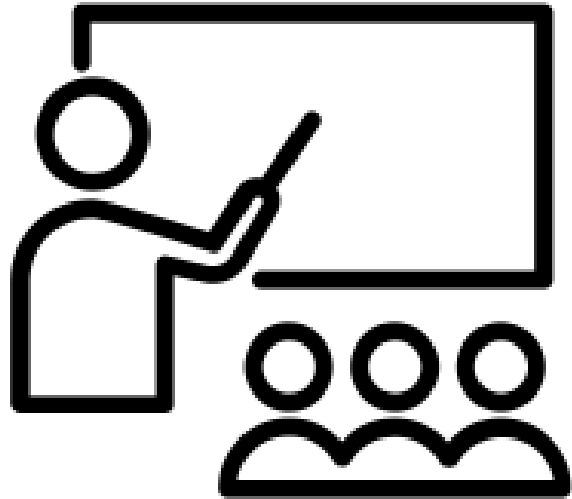


- Directors - Voted in by the Members
- Budget - Ratified by the Members
- CC&Rs - Approved by the Members
- Bylaws - Approved by the Members

- Strategic plan - Approved by the Board
- Annual budget - Approved by the Board
- Mission/Vision - Approved by the Board
- Reserve plan - Approved by the Board
- Policies - Approved by the Board

Governance Molds Capabilities into a Vision that Requires the Members Buy-In

As Amended in the December 2019 Special Election, Annual Board Training is Required



- Each December, no later than 45 days after the Annual election, the Board of Directors shall be assembled for annual Board Orientation and Training.
- Annual training shall include:
 - Receive legal and insurance training for Corporate Officers, including fiduciary responsibilities (provided by the CCA Attorney and Insurance Agent).
 - Review all roles and responsibilities of Board, Committees, and Staff.
 - Receive a thorough review of Association finances including the status of the latest Audit and Reserve
 - Receive training on Roberts Rules of Order Newly Revised, which shall be utilized during all Board and Committee meetings.
 - Sign the Board Member Code of Conduct and Authority on contracting and submit to the Board Secretary.

Annual Training Supports Continuity in Governance

- Annual Board training has been completed in 2020, 2021, 2022, 2023, & 2024.
- The annual training is not a “check the box” “cup of coffee” kind of meeting. It is to educate and train the Board on their roles and responsibilities and the differences between governance and management.
- This training has enabled/supported consistency of governance through the annual changes in board Officers

The Role of the Board of Directors - Not an Easy Task

- Directors are seven Members who voluntarily chose to be Leaders
- Volunteer gig, all the work, no glory, no special privileges
- Very Big Goal: establish a culture of trust, respect, and dignity
- Lead by example
- Not a popularity contest
- No constituency

- Directors accountable for the big picture challenges - Governance!
- They are by design, not involved in knowing what happened down your street 15 minutes ago. This is not in their purview.
- Address the problems that will not go away - has consequences to many or all members
- Resolution of issues important to membership

**Directors *Must* Act With a Legal Standard of Care -
Duty to Loyalty.**

Director's Legal Standard of Care Changed After WUCIOA Passed in 2018

- ▶ The 2019 Washington Uniform Common Interest Ownership Act (WUCIOA), RCW 64.90, changed how Assessments are approved.
- ▶ Prior to WUCIOA the Board could only increase dues upon affirmative vote of members.
- ▶ Post WUCIOA, a Board vote approves the dues and it is ratified unless 50% + 1 of all members reject the vote.
- ▶ Previously, financial decisions may have been affected by a concern that a dues increase would not receive majority approval of the members.
- ▶ WUCIOA's effect on CCA diminishes that concern since rejecting the budget ratification is a high bar.

WUCIOA Placed a Heavy Fiduciary Burden on Director's

Meeting the burden requires maintaining strategic plans and accurate reserve plans

Committees provide the Footwork to Achieve Objectives

Committees are comprised of volunteers, supported by staff, and have a Director leading or participating on each Committee.

Opportunity for members to learn about governance -

- Volunteers are essential to a healthy community
- Committee work enables members to learn how the Association functions



CCA Committees are Vital and Essential for a Healthy and Successful Community

Finance Committee

Monitor the financial health of the Association, help craft the annual budget, review the Reserve Study, evaluate financial requests. Committee of volunteers supported by Accounting Manager, staff as needed, and with the Board Treasurer and another Director participating on the Committee.

Architectural Committee

Evaluates home construction requests to ensure construction requests are compliant to the community standards for look, touch, feel, height and setbacks. Committee of volunteers supported by a Director who participates on the Committee.

Violations Committee

Goal is to work with members to gain compliance, rather than assess fines. Committee of volunteers supported by a paid Compliance Specialist who works with the Violations Committee to ensure our covenants are upheld.

Member Activity Committee

This is the fun crowd; they are responsible for planning, coordinating and assisting at community events (ex. Easter Egg Hunt, Halloween Party, etc.).

Elections

Goal is to ensure fair and impartial community elections. Committee of volunteers supported by a Director who participates on the Committee.

Distinguishing
Governance
from
Management



Roles of Governance Vs. Management



- The Directors think primarily about the larger long-term issues
 - The Manager thinks primarily about the day-to-day operations
- The Directors want to provide the overall direction
 - The Manager wants overall direction and feedback
- Since the Directors deal with the “big picture,” the Directors act slowly and deliberately and avoid quick decisions whenever possible
 - The Manager sometimes needs to act quickly and decisively

The Board Governs and the General Manager Manages the Association

- The Corporation Board of Directors employs a General Manager who works at the direction of the Board President
- The Board President and the General Manager (GM) provide the link between Governance and Management
 - The General Manager is the senior Administrative Manager of the Association
 - The Board President brings Governance's management concerns to the General Manager
 - The General Manager brings Management's governance concerns to the Board President
 - Governance does not direct staff
 - The GM assigns staff to support the Board





HOA Finances 101

CCA: Two Companies In One

- HOA is two companies running side by side: Operating Company and Capital Holding Company
- CCA is legally obligated to use two funds, an Operating Fund and a Reserve Fund
- OPERATING funds keep the doors open and the daily activities going
 - Operating assessments and fines/fees collected for operating activities (maintenance, amenities, mailboxes, etc.)
- Members assess themselves for RESERVE improvements and maintenance
 - Land, buildings, roads, culverts, parks, major equipment, etc. are all paid for with Reserve Funds
 - Reserve funds can ONLY be used for capital acquisitions and major repairs
- It makes no sense to publish financial reports for Operating and Reserve Funds that are mixed
 - They are separate activities and need to be reported and controlled separately

CCA Financials

- CCA is not a standard business, but a HOA
 - Federal Income Tax has a separate section for HOA's
- Capital/Reserve dues paid increase cost basis of your home per IRS Sec. 118
- Clearwood is a non-profit with WA State, but not the IRS
- Borrow from Capital?
 - With caution
 - Better than borrowing from a bank
 - Must record intercompany loan with interest

Cash is King

- An HOA is basically all cash business
- Accrual accounting used, but can be argued that cash is more accurate
- Tell Members what you ACTUALLY have
- Most important activity is making sure you have all your cash, AND have it in the right buckets (operating vs. reserves)
- Financial controls are paramount because HOAs are ripe for embezzlement and theft
- Maintain separation of duties (AR/AP/bank recs/check signing with two signatures) to protect against embezzlement.
- A Proactive Approach is the Right Strategy

Operating & Reserve funds *Must* be Kept Straight

We bill the members for amounts specified in the budget passed by our members at the Annual General Meeting.

Our Governing Documents, approved budget, and Reserve Study provide specific uses for our Reserve and Operating funds..

The most critical operational process is making absolutely sure that each and every dollar collected by us is put into the correct fund.

Operations Funds

- General Operations Fund
- Water System Operations Fund



Reserve Funds

General Reserves

Future Reserves

- Future major repair and replacement.
- Needs not funded through one of the other reserve funds.
- Fund new asset acquisitions and unforeseen capital emergencies.

Water System Reserves

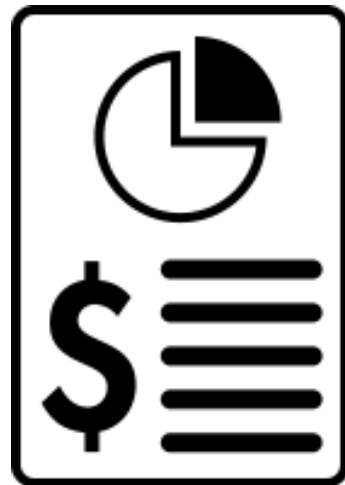
- Accumulate resources necessary to meet the future major repair and replacement needs of the water system.

Impact Fees

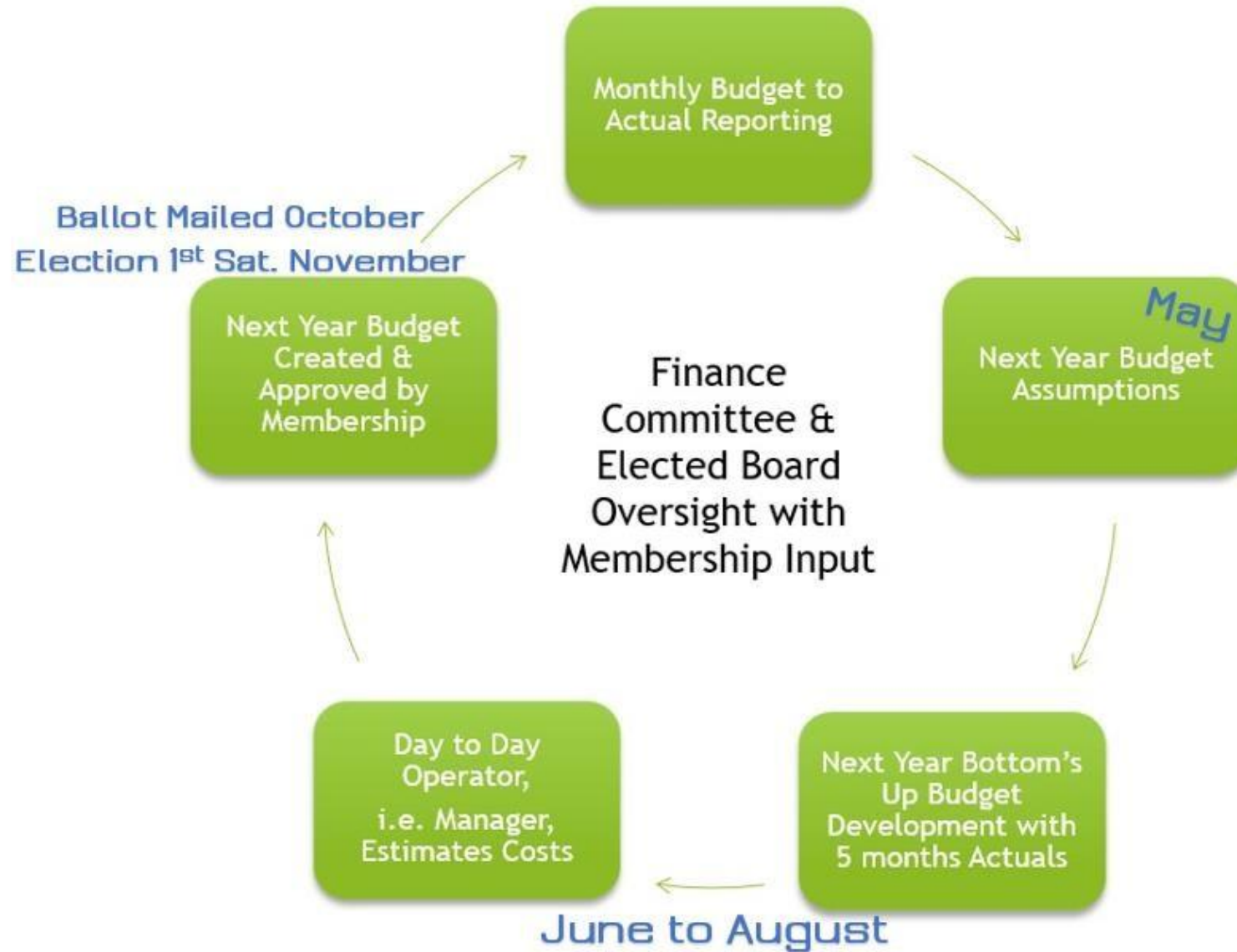
- Assessed for a house and septic system development.

Use of Reserve Funds - Capitalization Policy

- Capitalize all fixed assets having a useful life in excess of 1-year and cost in excess of \$2,000
 - Capital purchases can extend the useful life of an existing asset
- The expenditures from our Reserve Fund are mainly driven by the Reserve Study
- All capital purchases must be approved by the Board



Established Annual Budget Cycle (est.2020)



Bottom-Up vs. Top-Down Budgeting



Budget means Plan

A bottom-up budget is a process where...

All current contracts are accounted for,

Each department manager estimates the type and cost of work that is needed to be done next year,

Staffing levels are estimated based on projected work, and

Utilities, insurance, etc. estimated with vendor input,

All estimated costs added together

Income is estimated based on historical trends and estimated collections

Top-down budgeting is setting the income, and forcing expenses to fit within that amount, regardless of the legitimacy of those expenses.

Budget Responsibilities

➤ Board of Directors

- Delegate authority to create the budget to the Treasurer and Management
- Budget Development Considerations
 - Budget *cannot* be created in a vacuum
 - Owners' needs and expectations (the balance between mandatory and discretionary items)
 - Committee and owner feedback
 - The need to balance the budget - i.e. reconcile income and expenses
 - Reviewing prior year actual historical numbers to forecast the coming year's budget (analysis prepared by the manager or accountant)
 - Capital budget and reserve study requirements
- Approve the budget to present to the membership

Budget Responsibilities (cont'd)

➤ Treasurer/Finance Committee

- Tasked to ensure the draft budget is presented to the Board of Directors.
- Really get into the nitty gritty of the numbers accounting/management present as the draft budget.
 - Asks questions, seeks justifications, funding scenarios, etc.
 - Typically, the Operations and Water Operations Budgets prepared by management will be a balanced budget
 - A balanced budget means that all of the income less all of the expenses equals zero
 - However, if there is not enough operations cash on hand to cover 2-3 months of operating expenses, the draft budget may have to include a profit to build up the cash on-hand, also known as ready cash or operating reserves.
- Typically, the Reserves Budget will be based on the Reserve Study
 - Projects the estimated funds in reserves based on the reserve study and reserve capital ranking and prioritization for the next 3 to 5 years to determine if reserve funds are sufficient to support the upcoming capital projects.
 - Assessments (dues) levels projected accordingly

Budget Responsibilities (cont'd)

➤ Management

- In conjunction with the General Manager, Managers annually develop their department's budget numbers.
 - Tasked with providing guidance to the managers enabling them to create a realistic budget.
- Contacting vendors, as tasked by General Manager, to obtain estimated costs for upcoming year of services (e.g. Insurance, copier, contracted services).
- Provide a draft budget to the General Manager and CPA Accountant for their department.
- General Manager and CPA Accountant present to Finance Committee/Board.

Budget Responsibilities (cont'd)

- Management - Types of guidance General Manager provides to department Managers
 - What changes do the leaders believe are needed? Processes that might require hiring a person to write new procedures?
 - What are you doing and why are you doing it?
 - Is it because there is a policy? A Regulation? An expectation? Because that is what we've always done?
 - What is the cost of these actions in terms of time and materials?
 - Is annual training involved/required? Do we need the skill set, or should we rent it by contracting the service out?
 - Is equipment involved? Do we use that equipment all year, or is it a specialty item?
 - Do we have licensed or off-road equipment we do not need?
 - How many service contracts do we have? Who is the contact for these? How much did we spend last year for these services?
 - Was it budgeted? Were we underfunded? Over funded? Did we complete the work the funds were set aside to support?
 - Do we need additional vendors or employees to perform the work?
 - What equipment have they used each year, and does it need to be serviced? Replaced? Upgraded?
 - Is training required to use the equipment? Is PPE required to use the equipment? How will the proper training be conducted and include cost of all required PPE?
 - Who is responsible for the equipment?
 - Who will service the equipment and does that employee/contractor have the correct training to complete the service/ repair?
 - Do we have sufficient spares and supplies for our main tools and equipment?
 - Does the staff have sufficient network bandwidth to do their jobs? Or does the employee need more work?
 - Same with electronic tools; are we using incompatible computers or devices?

What's the Difference?

Reserve Study - Reserve Budget - Strategic Plan

Reserve Study - The Tool - performed by Reserve Consultant

- What assets need to be replaced over the next 30 years?
- How much will it cost?
- Only current assets owned by the Association

Reserve Budget - Short Term - Board

- Addresses the near-term needs on a schedule
- How will this be funded? (immediate)
- ADDS New Capital aka Future Capital

Strategic Plan - Long Term/Big Picture - Board/Membership

- Use Reserve Study to create short & long term 5 - 10 - 15-year plan for replacing assets
- How will this be funded? (big pictures ideas)
- ADDS New Capital aka Future Capital

Reserve Study - Legal Requirement

A Reserve Study, a legal requirement, estimates the anticipated major maintenance, repair, and replacement costs of the Association's capital assets. This study requires a Reserve Analyst to conduct an in-person, onsite review of the capital assets once every three (3) years.

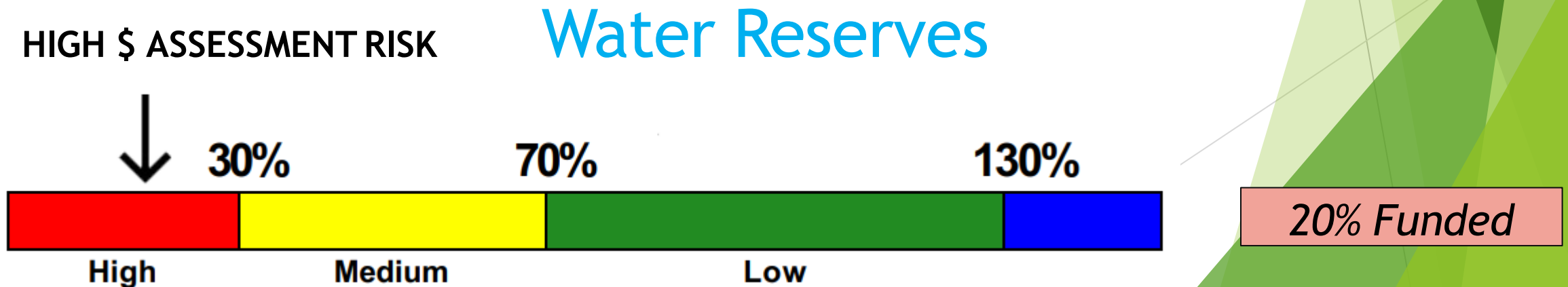
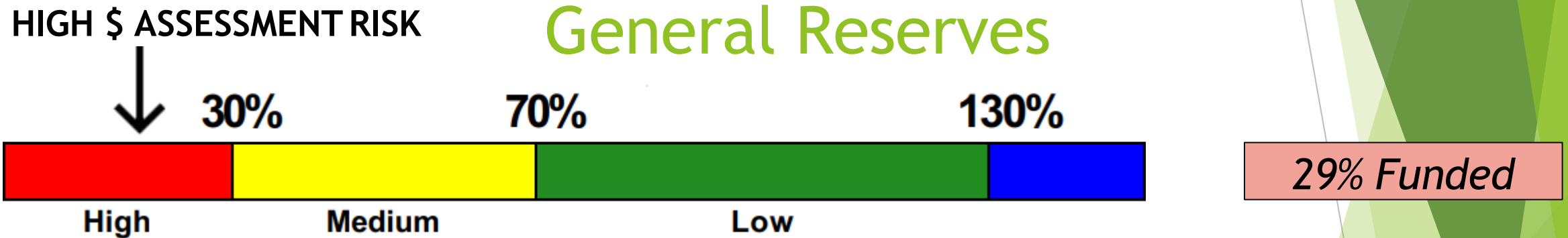
- 2023 Reserve Study (Most Recent)
 - Off-site
 - Next On-site is the 2024 Reserve Study
- 2022 Reserve Study
 - On-site
 - Incorporating all “missing” assets
 - Incorporating all Engineering Studies
 - Water/Roads (KPFF)
 - Bridges
 - Tennis Courts
 - Pool

The good news is that the CCA Reserve Study is of a higher quality study than the majority of HOAs.

The Reserve Study Is Used To Anticipate Costs & Risks

Within the HOA industry, when Capital Reserves fall below 30%, your community is at high risk for needing Special Assessments to maintain capital assets. Few Associations maintain 100% Reserve funds.

A high-quality Reserve Study used in preparation for annual budgeting and is the best means to prevent an unplanned special assessment from occurring.



Reserve Study & Maintenance

- RCW's require on-site Reserve Study every 3 years
 - Most Recent, 2022 is On-Site
- Provides community with health of reserves and capital asset replacement schedule
 - The Reserve Study helps us plan for replacements, ideally without special assessments
 - Assumes proper maintenance
 - Engineering studies in progress will heavily impact reserve study
- Includes all capital assets, water system, buildings, equipment, mailboxes, & roads
- Annual Maintenance - Operations funding
 - To achieve best value from our capital assets requires spending operational money each year to maintain those assets
 - Failure to maintain will require the Capital assets to be replaced more frequently.



Today, We Possess a Highly Credible Understanding of Our Finances and Physical Condition of Our Main Assets.

The factual Engineer's reports on our water and roads systems, parks and bridges have been incorporated into our (legally required) 2022 Reserve Study.

With that in hand, the Board of Directors, whose role is to be strategic, had to ask themselves **Three Hard Questions**:

- ▶ Are we protecting the members realty values?
- ▶ Will we have sufficient funds to maintain the common areas?
- ▶ Are we positioned to remain viable in the future?

The Purpose of a Strategic Plan (Vision)



Strategic: the identification of long-term overarching goals and the means of achieving them.

Vision: the ability to imagine a future plan with wisdom



What are the Roles and Responsibilities for creating and implementing a Strategic Plan?



BOARD'S ROLE



MANAGEMENT'S ROLE



COMMITTEES PROVIDE
THE FOOTWORK TO
ACHIEVE OBJECTIVES



MEMBERSHIP SUPPORT

In 2023, the CCA Board Spent Considerable Effort in Developing their 2nd Strategic Plan

What Did We Want to Accomplish?

- Visioned together on what the Association needed/wanted in the next 1, 3, 5, & 10 years
- Directors visioned separately and brought their concepts back to the group for discussion.
- Discussed the processes involved in achieving those needs/wants and how they might be obtained

Strategic Plan *Needs* to Integrate the Processes by Which You Govern

- Legal concepts, Insurance, HOA finance, HR, Roberts Rules, Management vs. Governance
- We use Reserve Studies, maintenance plans, mission/vision statements, document Hierarchy (i.e. CCR's, Bylaws, Rules/Regs, Policies) to enable the future and sustain the present
- Flexibility is required as information does change, so may your goals and objectives

There is No Strategic Goal Without Membership Approval

Planning Where CCA Will Be In 50-Years Is Up To The Board.

Getting There Is Up To The Members.

Must Understand the Difference Between “Wants” and “Needs”.

- Both are Important
 - *Need* - A requirement based on achieving the purpose of an HOA
 - The annual budget should be based on the need and purpose of an HOA
 - *Want* - Something based on the vision statement
 - Generally, special assessments fund achieving the Vision Statement

The Fundamental Building Block of a Strategic Plan are the Mission and Vision Statement

- “A **mission statement** is a concise explanation of the organization's reason for existence. It describes the organization's purpose and its overall intention. The mission statement supports the vision and serves to communicate purpose and direction to employees, customers, vendors and other stakeholders.”
- “A **vision statement** looks forward and creates a mental image of the ideal state that the organization wishes to achieve. It is inspirational and aspirational and should challenge employees.”

— If the Mission does not support Operational Success, it will fail.

CCA's Mission Statement

The mission of the Board of Directors for the Clearwood Community Association is to preserve and enhance the property of our subdivision by maintaining the common areas, parks, lakes, beaches, roads & water system, and by upholding and enforcing our Covenants, Bylaws, and Rules & Regulations. We will serve the homeowners by taking a fair, objective and ethical approach in representing the Corporation. We will provide ethical and fiscally responsible solutions to promote a sense of community, enhance our property values and plan for the future.

CCA's Vision and Value Statements

Vision: The Clearwood Board of Directors envision the community as a desirable place that we are proud to call home. A community of caring and respectful neighbors who cooperate to increase the value of our properties by upholding the CC&Rs.

Value: In fulfilling our vision, we value honesty, fairness, firmness, equity, efficiency, transparency, common sense, participation, respect, cooperation and neighborliness in all things we do.

There Is Not Enough Money To Do It All...

Selection of Priorities is Based On:

- Risk of Failure
- Consequence of Failure
- Mission Statement

- ▶ **Wants** are vision of things the Association does not have.
 - ▶ There is no consequence of failure of something we do not own.
 - ▶ No Risk.
- ▶ **Needs** are actions required for assets the Association currently possesses.
 - ▶ There are consequences of varying levels if our assets fail.
 - ▶ Identifying the probability of failure and consequence of said failure helps determine the priority of monies spent.

Mission Statement - We must support the purpose of our Mission.

...Formal Prioritization is Required.

Ranking and Prioritizing Incorporates Many Perspectives

Association Risk Level ↑

1	A	B	C
2	B	C	D
3	C	D	E
4	D	E	E-F
5	F	F	F
	HIGH	MEDIUM	LOW

← Association Impact Probability

Reserve Projects: Indication of Impact of Failure	
A	Immediate repair/ mitigation or suffer loss.
B	Immediate mitigation with repair scheduled complete within 24 months, or project loss of asset.
C	Monitor area, provide maintenance, complete within 36 months.
D	Asset on Scheduled Preventative Maintenance Plan; functional; repair within 5 year plan.
E	Asset is surplus, obsolete or is being evaluated for strategic value. Maintenance limited to prevent failure.
F	Run to failure. No impact if failure

Management Ranks Association Impact Probability &
Governance Ranks Association Risk Level

Successful Change Requires a Successful Communication Strategy

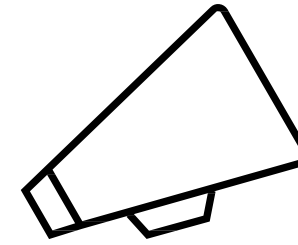
Change comes with expenses, expenses are paid with cash, cash comes from the members.

If you wish to achieve a substantial change, you will need a successful communication strategy before starting and while performing.

It's the members association and they decide the leadership.

Strategic Success Requires Communication Success

Successful HOA Communication Strategies



Gossip is the dirt you share with neighbors... communication is the soil which nurtures dialogue...

- The Board of Directors are officers of a corporation and as such are not allowed to make independent decision without Board discussion and vote.
- The Corporation has established formal means of communication which are:
 - Quarterly newsletter, email blasts, Mailers, handouts, website, posters, town halls, meetings, CCA Facebook, info@clearwood.org
 - www.clearwood-yelm.com
 - Call the Office, submit questions (FAQs), check the web, attend meetings

The Corporation is Accountable for its Communications.

Community Plan Re-Cap

All HOA's have three (3) main purposes:

- Protect Members Realty Value
- Maintain Common Areas (parks, water, roads, etc.)
- Ensure reasonableness of rules and Compliance

We are professionally managed and governed by a trained Board.

We are operationally efficient, successful and fiscally diligent.

At 50-years of age, CCA Governance implemented actions to ensure the future was not the past; stopped speculating on issues critical to our future.

Community Plan Re-Cap - Cont'd

We Possess a highly Credible Understanding of our Finances and Physical Condition of our Main Assets and our Reserve Statuses.

- General Reserves - 29% Funded**
- Water Reserves - 20% Funded**

The Board has taken on significant expensive challenges.

- The project selection process was heavily vetted over a period of multiple months/meetings.
 - Staff and Finance Committee fully participated and supported the objectives and goals.
 - The funded issues are “needs,” not “wants”.
- Funding of Priorities is based on:
- Risk to Failure
 - Consequence of Failure, and
 - CCA Mission/ Vision Statements

Answering the Three Hard Questions

Q. Are we protecting the members realty values?

A. The Board believes the answer is “Yes.”

- The Board is extensively re-investing in our critical infrastructure to maintain our critical assets. They are using a risk-assessment based approach.
- Governance and management are ensuring reasonable enforcement of the Rules and Regulations.
- Both Governance and Management are trained and responsive to the Membership.

Q. Will we have sufficient funds to maintain the common areas?

A. Yes, to address the most critical needs. There are more needs than we have money for so we must rank and prioritize expenditures.

- Our 2023 budget was sized for our operational and capital needs.
- Our annual budgeting process is the true forecaster of anticipated costs. Be involved.

Q. Are we positioned to remain viable in the future?

A. The Board believes the answer is “Yes.” We just completed a significant upgrade to bring a new well online, we’ve increased our amenities, we are replacing our roads and investing in the growth of our community.

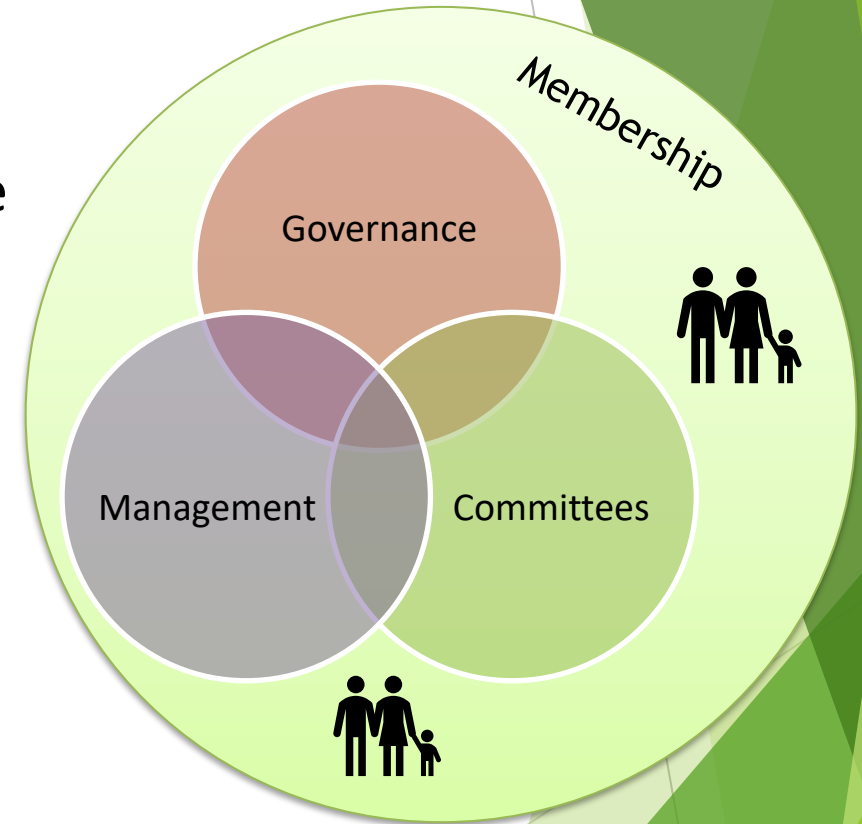
Clearwood Community Association

Board of Directors' Strategic Plan 2024



Strategic Plan Must Align With the Legal Foundation on Which the HOA Exists

- Ensure the value of members equity
- Promulgate clear rules and policies to govern the Assoc.
- Assess dues to fund the goals
- Strategic Plan requires alignment of the Mission, Vision, and Governance and Management, supported by the membership
- Capital Planning must have a sound financial basis
- Proactive communication is essential



Consensus is Key

- Consensus does not mean we agree on everything. It means we can all live with the decisions we collectively came to on our proposals.
- Its not Kumbaya and its not easy.
- It takes honest solicitation and respectfully discussing all points of view from the reuleaux triangle.
- This takes the courage to disagree, the courage to respectfully support those who have opposing points to effectively express themselves, discuss with candor, and still respect and support the majority outcome.

Was Strategic Planning Worth the Effort?

The 2021 CCA BOD created their first strategic plan. In 2023, the CCA BOD updated that plan.

- It's a lot of work.
- Its very public.
- It requires being specific and realistic.

This first plan was unanimously voted upon and very successful. The 2021 Plan set in motion the expenditure of millions of dollars of membership money to pursue 1, 5, & 10 year-goals related to maintaining the aging infrastructure (common areas, water system, roads, etc.).

These financial decisions considered "a wide array of factors" ultimately resting on the consequences of taking, or not taking action.

The 2021 Strategic Plan goals were incorporated into the budget cycle.

Annually, the budget was presented to the membership over multiple public Board, Finance, & Membership meetings.

Then, annually, the membership voted to authorize funds by ratifying the budget. Following budget ratification, monthly status updates have been provided on each action.

Transition from Planning to Execution

1. Formalize the capital priorities.

The Board unofficially voted to establish a preliminary set of capital priorities- this started the formal process of informing the community.

2. Determine the funding plan (dues) that will go into the 2023, 2024, 2025 (etc) budgets.

3. The Board is evaluating options for communication to the Members which include:

- Full size road signage
- FAQ/ FA page- Frequently Asked Questions - Factual Answers
- Schedule and host two Town Halls for AGM
- Franchise all committee volunteers to communicate BODs goals w/neighbors

“In all endeavors there comes a time to shoot the Engineer and build the damn thing”
-Anonymous.

Ranked 1-Year Reserve Goals

As ranked by the Board of Directors at the 06.21.2023 Strategic Planning II meeting.

Goal	Final Ranking	Notes
Roads & Water 10-Year Plan	A	Stay the course.
New Admin Office & Septic Design	A	\$50k included in 2023 Reserve Budget for Design. Board approved design scope at 06/24/2023 Board meeting.
New Admin Septic Construction	A	Size new septic system consistent with Baker drawing.
Design & Construction of a Skate Park	A	May be insurance restrictions. City of Yelm paid \$409,300 for an 8,300 square foot park, which is consistent with apex. \$45/ sq ft estimate. Using those two numbers, a tennis court sized park, which is 2,800 sq ft, would be \$100k - \$150k.
Rampart Sports Court Design/ Construction & HiLo Sports Court Assessment	A	
Rebuild Parking at Sunset wood lot	B	With these in hand, we are positioned to make intelligent and informed decisions.
Reconfigure Parking at Pool & consider moving a playground	D	
Playground Improvements – Pool	E-F	Low priority for In-House capital.
Rebuild Parking at Windy	F	
Wayfinding Signage	F	
"Vandalism Proof" Asset replacement	YES!	Stay the course with replacement of assets, as needed, with "vandalism proof" assets for asset including but not limited to: picnic tables, sinks, toilets, urinals, & garbage cans.

Reserve Fund 3-Year Goals - 2026

As updated by the Board of Directors at the 06.21.2023 Strategic Planning II meeting.

Roads & Water
10 Year Plan

Stay the
Course

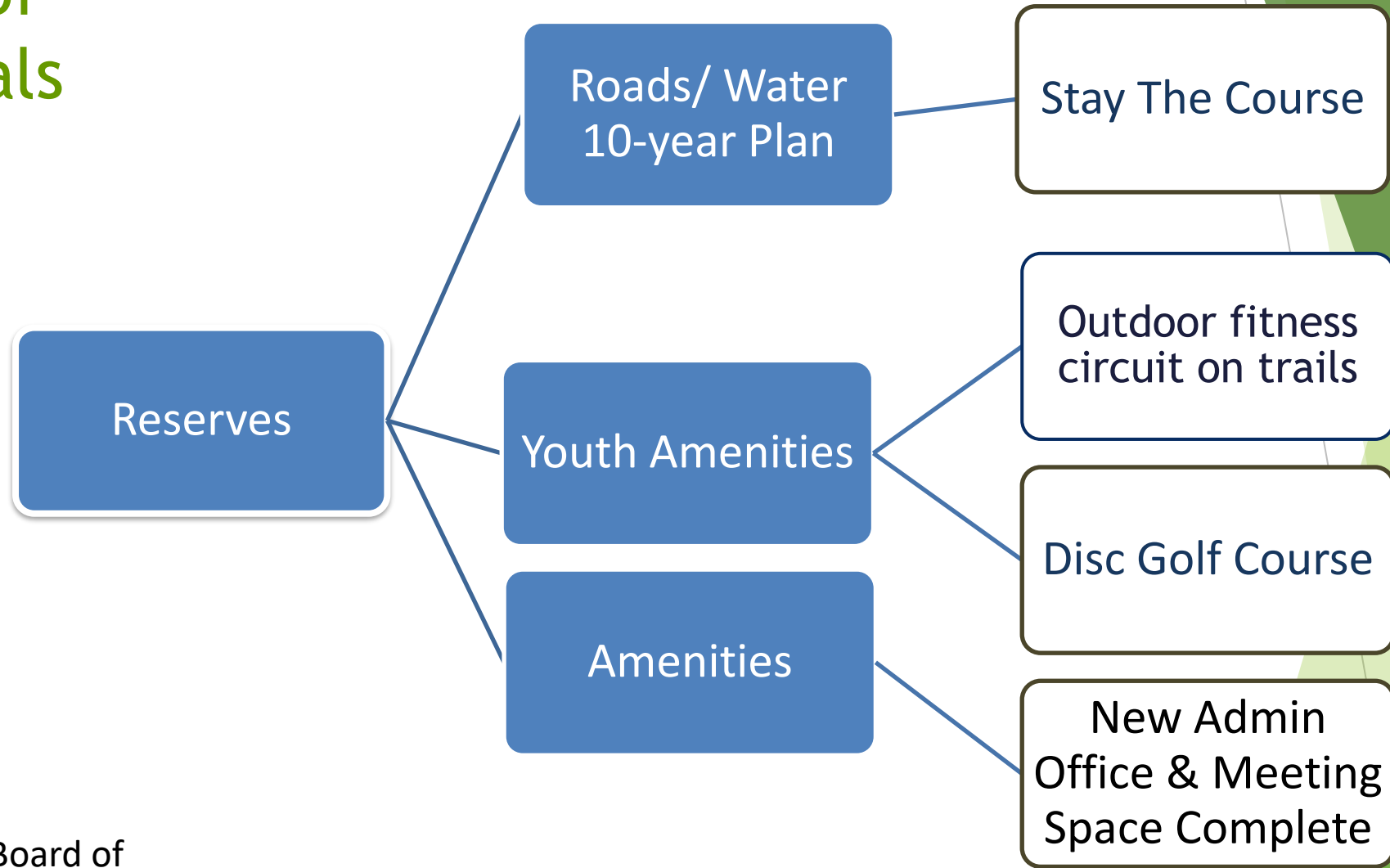
Security

Modernization
of Gate
System

New Building

Update Septic
and Parking

Summary of 5-Year Goals



As updated by the Board of Directors at the 06.21.2023 Strategic Planning II meeting.

Proactive Communications Strategies

- Assign Lead to convene **Skate Park Scoping Committee**
- Re-initiate the “New Resident Orientation Program.”
- Provide Feedback to members with updates
- Fireside chats? When, Who, is this Zoom?
- Regularly scheduled Food trucks at locations to engage membership (New building required)
- More photographs on website
- Create different Leagues – softball, pickleball, hearts/ Spades, etc.
- Agree on which opportunities are best for engaging members: committee meetings, informed employees, while using amenities or paying their bills, while driving the roads, school drop off/ pick up locations, etc.

Success requires a dedicated commitment to get the informed message to members.

Summary

The CCA Strategic Plan aligns the Mission and Vision with Governance/Management processes which achieves the Reuleaux Triangle.

CCA has both high-quality and realistic Vision and Mission Statements. They need to be constantly utilized so members understand the basis for how decisions are made.

The Board established their initial 1-year goals. Prioritization is a living breathing reality and must be revisited and communicated to the membership quarterly.

The Board's Track Record on initiating and completing capital projects is solid.

Task in front of the Board is how to engage the community in **supporting expenditures**.