

Hideaway Valley Property Owners Association Newsletter

February 28, 2012

HC 13 Box 3001, Fairview, UT. 84629

Voting Results from January 28, 2012 Meeting of the Members:

We would like to thank everyone who participated in the voting process, and would encourage Members to take an active role in the business of our Association. These are the results of the vote that was counted at the Meeting of the Members held on January 28, 2012, at the Mt. Pleasant City Hall:

Collections of Unpaid Charges Resolution:

Number of Votes cast: 187

Number of Votes **For the Resolution**: 129

Number of Votes **Against the Resolution**: 56

Vote to fill Trustee Position:

Number of Votes cast: 187

Number of Votes for Roy Walker: 100

Number of Votes for Tom LeFevre: 80

Write in candidate, Sandra Williamson: 1

Votes abstained: 6

Results from Newsletter Survey:

1A- Would you like to see an amendment to the By-Laws to eliminate proxies and agent votes?

Yes: 82 No: 11 Unsure: 5

1B- Would you like to see voting in person or mail in ballot only?

Yes: 81 No: 0 Unsure: 6

2- Where would you like to see Board Meetings and Meeting of the Members held?

Provo: 13 Fairview: 65 Mt. Pleasant: 42 Other: 44

3A- Would you like to see delinquent dues collected more efficiently?

Yes: 91 No: 2 Unsure: 4

3B- Would you like to have a copy of "Collections of Unpaid Charges" sent to you for your consideration and mail in ballot for your vote?

Yes: 82 No: 11 Unsure: 5

4- What possible solution to our financial situation would you like the Board to implement?

87- Work on collections

42- Urge owners to pay in advance

23- Raise the assessments

11- Have fundraising activities

10- Place the Association into receivership

35- Declare bankruptcy and dissolve the Association

8- Other

5- What would you like to do with the Website?

78- Stop using website

5- Change to a commercial website

20- Keep the existing website but formally place it under Board control

4- Keep the existing website and service just as it is

7- Other

Candidates needed for the Board of Trustees

Candidates are needed for the Board of Trustees. Elections will be held at the Meeting of the Members at 10 a.m. on Saturday April 21, 2012 at Mt. Pleasant City Hall, 115 W. Main Street.

To be eligible our By-Laws state in **Section 3.9: Number and Eligibility of Trustees:**

- Nominee must be a member of the Association as defined in **Section 2.7 “Voting Rights and Voting at Meetings of the Members”**.
- Nominee must be current on his or her assessments before the election and, if elected, during their entire term in office.

We encourage any property owner who is interested in becoming a Trustee to submit their candidacy by March 17, 2012. Candidates can either mail their candidacy to HVPOA at HC 13 Box 3001, Fairview, UT 84629; or it can be E-Mailed to: mountainvalleywelder1@gmail.com. A Newsletter and ballot will be sent out at the end of March with all candidates for your consideration. Ballots will be counted at the April 21, 2012 Annual Meeting of the Members.

2012-2013 Proposed Annual Budget

Below are proposed annual budgets for your consideration. Generally, the proposed expense amounts are averaged from the actual expenses incurred over the last three years.

Please note that the Trustees, working with the present bookkeeper, have found that the updated amount of past-due assessments now approximates \$166,000.00. In effect, only about 67% of property owners pay their assessments regularly, and carry the ongoing costs of running the Association. In order to appreciate the impact of this debt on you as an assessment-paying property owner, imagine spreading the past-due debt evenly among the 67% who have paid. It would represent over \$550.00 owed to each of you. In other words, each of you has “subsidized” this debt by over \$550.00 for each lot that you own. We all agree that this debt must be worked on, and the Board is committed to do so.

History: When the Taufer Board ended in November 2009 they left the Johnson Board with approximately \$63,500.00 in working capital and reserves. The Johnson Board reduced the assessments to \$168.00 per year for 2010, and then \$158.00 for 2011. When the Johnson Board ended in November 2011 they left the Jordan Board with \$18,453.42 and unpaid bills totaling \$14,054.54. After paying those bills, there was only \$4,398.88 in working capital and \$25.00 in reserves left.

There was still the need to maintain the roads through the rest of the snow season, and to pay for road maintenance in the spring. It is necessary to have capital available, or funds in reserve, in about April to negotiate and sign road maintenance contracts. If the funds come in later, the summer heat makes road grading more expensive because water trucks are needed for moisture. Now there is no working capital or reserve fund available to handle road maintenance in the early spring. There is only the revenue from assessments, which is expected in May; and April or May is when spring road maintenance should begin!

As mentioned above, in previous years only about 67% of lot owners have paid their assessments. Because of this, if the 2012 assessments are \$158.00 per lot (the same as last year) our Association would only get about \$47,000.00 rather than the \$70,000.00 calculated if every lot owner paid their assessment. This likely shortfall may be counter-balanced by a combination of (a) past due members paying their fair share, or (b) collection efforts by the Attorney. This makes it difficult to determine the amount of revenue that can be relied on.

The records show that in 2010 the expenditures on roads and snow were approximately \$88,900.00. With only 67% of members paying dues, the assessments would have had to be \$300, just to support that spending on roads. Including all other budgeted expenses the Johnson Board actually spent \$122,449.31 in 2010, which would have required \$400 assessments if there had not been capital available.

Where did the funds come from? The reason why the Johnson Board was able to spend at that level was that they had received about \$63,500 from the Taufer Board; and the \$300/year assessments of that time were still coming in for two more quarters. This resulted in the accumulation of about \$97,000.00 in working capital by the time contracts for spring road maintenance were negotiated and signed.

The next year, 2011, a similar situation occurred when the Johnson Board spent \$109,366.63, which along with the outstanding bills for \$14,054.54 passed on to the Jordan Board, totaled \$123,421.17. All of this spending made some necessary improvements in the roads, but left the Jordan Board starting with only about \$4,400, and the \$158/year assessments of 2011 still expected for two more quarters.

The net result is that for 2012 all of the working funds must come from assessments and from past-due collections.

Members should decide how much money they would like to spend on road maintenance. There are 26 miles of roads in Hideaway Valley. They average about 16 feet in width, but for safety reasons should be about 20 feet. Currently the Association plows snow on about 16 miles of roads. Just as an example of the cost of road maintenance, the Johnson Board's \$80,000 expenditure in 2010 was limited to only about 5 miles of road. To avoid falling behind, all 26 miles in Hideaway Valley should be maintained in a three-year cycle as a minimum. That means that we should do maintenance on a little over 8 miles of road per year.

How do you build and maintain gravel roads? They are built as follows: Starting with a good base, you lay about 2-4 inches of 1-inch-minus road base comprised of fines, a binder, and crushed rock. If there are muddy spots (where the road gets 3 inch deep ruts), then prior to laying the 1-inch-minus road base, and starting when the mud is somewhat soft, you should lay about 3 inches of 3-inch-minus crushed rock. Once the gravel road is constructed, it must be maintained, which involves doing grading along with adding more road base where needed. Remember that maintenance is an ongoing preventive task, not a bandage after roads are worn out.

What are the costs? The Johnson Board did grading at \$0.07 per foot, or \$370 for each 1-mile pass, and road base at \$250 per truck load, laid and compacted. Maintaining a good gravel road should take 2-4" of fresh road base, laid and compacted. Two inches road base laid and compacted on one mile of a good gravel road requires 47 truckloads of road base. At \$250 per truckload, that amounts to \$11,750. Add another \$740 (two passes at \$370) to grade the mile. You get the idea . . .

For the purpose of creating possible budgets for Members to consider, the Board has worked out some sample budgets based on the average expenses over the last 3 years. Possible assessments have been calculated based on different levels of spending on road maintenance. For example, if the Members were to decide on only half the past spending on roads and snow (i.e. about \$44,000.00), the assessments would have to be about \$275 per lot. If, however, past-due collections brought in about \$37,000.00 (i.e., about \$23,000.00 more than the average for the last two years), it would result in assessments of about \$200 per lot. In all cases the Board intends to apply to road maintenance any leftover funds from budget line-items, and any funds that come in from the collection of past-due assessments.

Whatever choice the Members make, you should expect that possible adjustments to both revenue and expenses may be required during the year. In other words, if the Association receives more revenue than expected, a revised budget may need to be submitted.

For the purpose of illustrating these possible budgets, the chart below shows four of the possibilities for a 2012 annual budget. One is shown with annual assessments remaining the same as 2011, \$158.00 per year or \$39.50 per quarter. In this case, spending on roads is reduced to \$11,300.00. The three other columns illustrate the impact of an increase to \$175 per year (spending \$16,500.00 on roads); an increase to \$225.00 per year (spending \$30,300.00 on roads); and in the worst case an increase to \$275 per year (spending

\$44,400.00 on roads - only half the amount spent in either 2010 or 2011 on roads). All of these cases assume the reality that only 67% of owners pay assessments. These budget examples also assume that past due collections will continue at \$14,000 per year, the average for the last two years.

After reading this information, it should be easy to see how important it is to pay your assessments, to collect past-due assessments, and to have a reserve fund.

Proposed Annual Budgets

Proposed Assessment	158.00	175.00	225.00	275.00
Expected Revenue from Assessments	47000.00	52100.00	66900.00	81800.00
Expected past-due Collections (average of last 2 years)	14000.00	14000.00	14000.00	14000.00

Total Revenue	61000.00	66100.00	80900.00	96075.00
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Fixed Expenses:

Reserve Account	8000.00	8000.00	8000.00	8000.00
Taxes	500.00	500.00	500.00	500.00
Insurance	1200.00	1200.00	1200.00	1200.00
Certified Reserve Analysis	2000.00	2000.00	2000.00	2000.00
Annual Corporate Renewal Fee	15.00	15.00	15.00	15.00

Variable Expenses:

Road Maintenance	11360.00	16060.00	29760.00	43835.00
Road Signs	500.00	500.00	500.00	500.00
Snow Removal	10000.00	10000.00	10000.00	10000.00
Weed Control	5500.00	5500.00	5500.00	5500.00
Spring Clean-up Dumpster	1200.00	1200.00	1200.00	1200.00
Office Supplies	1600.00	1600.00	1600.00	1600.00
Newsletters, Printing and Postage	1600.00	1600.00	1600.00	1600.00
Warning Letters	750.00	750.00	750.00	750.00
Meeting Room Rental	400.00	400.00	400.00	400.00
Legal Service (average of last 2 years)	9225.00	9225.00	9225.00	9225.00
Bookkeeping and Tax Preparation	3500.00	3500.00	3500.00	3500.00
Advertising for Bids	150.00	150.00	150.00	150.00
Prepayment Discount	3500.00	3900.00	5000.00	6100.00

Total Expenses	61000.00	66100.00	80900.00	96075.00
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Treasurer's Report

Mountain America Credit Union	\$3,900.85
Pay Pal Balance	\$743.83
American West Bank	\$9,098.19
Total Balance:	\$13,742.87

Member Statements

Member statements will be mailed out after the 2012-2013 Annual Budget has been voted on by the Members at the April Meeting of the Members. Should you have questions about your statement please contact Gary Jordan at 435-427-9028, E-Mail: mountainvalleywelder1@gmail.com or Roy Walker at 435-427-5413, E-Mail: roy.walker55@yahoo.com.

Since the new Board was constituted in November 2011, the new Trustees have worked diligently to organize the Association's records. Repeated requests for Association records were directed to some of the outgoing Trustees.

Among the records recently returned, the new Trustees found five unprocessed checks. Four of the checks were dated in April of 2011 and one was dated in June of 2011. These checks had not been deposited or credited to member accounts. In addition, a significant amount of cash (about \$2000.00) deposited by the outgoing Trustees for assessment payments has not yet been credited to the persons making the payments because the deposit records do not indicate who made the payments or their lot number(s), and the Board has been unable to identify them so far. Also, the Association has not been able to receive PayPal funds into the Association checking account because the password had been changed, and the situation has not been resolved yet.

Because of difficulties like these, the Board now recommends that each member **pay by check or money order** instead of cash; and **maintain copies of either cancelled checks or receipts**, at least until your statements verify your payments.

All of this reinforces the need for Trustees to follow proper procedures, which often requires assistance from professional sources.

We encourage all members to make an effort to get their accounts up to date. Contact us if you want to set up a payment plan.

Board of Trustees contact information:

Hideaway Valley Property Owners Association HC 13 Box 3001 Fairview, UT. 84629	Gary Jordan, President Phone Number: 435-427-9028 E-Mail: mountainvalleywelder1@gmail.com
Boyd Williams, Vice-President Phone Number: 435-427-9236 E-Mail: boydthetrucker@yahoo.com	Don Biery, Treasurer Phone Number: 435-427-3706 E-Mail: cynthiabiery@gmail.com
Roy Walker, Secretary Phone Number: 435-427-5413 E-Mail: roy.walker55@yahoo.com	Clifford Johnson, Trustee Phone Number: 801-602-3459 E-Mail: cliffod.cra@gmail.com

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