

JOINT RESERVE COMMITTEE PROCEDURAL DIRECTIVE AND MAINTENANCE PLAN
Little Whale Cove Homeowners Association
Innisfree Patio Home Condominium Association

Statement of purpose:

The following provisions and processes taken together allow both associations to meet their regulatory requirements for Reserve Funding and Maintenance Planning. The conjoined effort is intended to coordinate our efforts and optimize the efficient utilization of assessments towards these goals and the preservation of the quality of life in our mutual community.

Regulatory Background:

The State of Oregon has specific rules pertaining to the operation of Reserve Funds in any Home Owners Association (HOA). (Oregon State HOA Guidelines: section 94.595; pertains to the Little Whale Cove Reserve Fund Requirements. The Oregon State Condo HOA Guidelines: section 100.175 pertains to condominium associations like Innisfree.) These regulations require an initial external study for any HOA Reserve Fund followed by either an external study or a board review conducted annually.

Maintenance Plan

1. The LWC board commissioned an independent professional building science company for an external 30-year study of the Reserve assets (2021) that includes, as the law requires, three specific topical areas:

- a) listing of all the assets to be covered by the Reserve Fund;
- b) estimated remaining life of each asset and the year of the maintenance action, i.e., maintenance, repair, or replacement that should be planned
- c) for each asset listed, the estimated maintenance, repair or replacement of such.

It is expressly acknowledged and agreed by both association boards that Reserve Funding is for the sole purpose of maintenance, repair or replacement of existing capital assets and not to be used to acquire new capital assets.

From time to time, the boards may wish to recommission a renewed 30-year study depending upon, but not limited to, the acquisition of new assets, area restructuring or unforeseen geological events. An external study renewal will be charged pro-rata to each association's Reserve Fund.

2. A Joint Reserve Committee has been formulated and will include two or more members from each association, with a co-chair specifically from each association, for balanced representation. New members may be solicited annually from each association. The Joint Reserve Committee will develop the process and list of work projects for each fiscal year. The

capital projects to be scheduled each year will be presented by the Joint Reserve Committee to the respective boards for their authorization to pursue planned projects.

Oregon regulations require an annual reserve study. Using the commissioned external 30-year study as a baseline, the Joint Committee, in active consultation with the independent professional building science company, the grounds maintenance staff, and administrative staff, will review the ensuing year's projects and make adjustments as necessary based on various factors including changing priorities, current conditions, previously completed work, and potentially available resources. Again, the costs associated with the input of the independent professional building science company each year will be charged pro-rata to each association's Reserve Fund.

As directed herein by the boards of Little Whale Cove Homeowners Association (LWCHA) and Innisfree Patio Home Condominium Association (IPHCA), the Joint Reserve Committee will execute the following required activities annually based on the above process:

- a) describe the total maintenance to be pursued that fiscal year
- b) include a schedule for the maintenance and repairs
- c) the plan must be appropriate for the size of the organization's budget for the given fiscal year
- d) the plan must address several other components, including, but not limited to, the useful life of the assets, components of an asset needing attention, preventative maintenance, and licensing issues.

3. The treasurer for LWCHA shall oversee this effort each year to ensure the coordinated financial picture needed for the entire community. The final annual Reserve plan should be presented by May 1 for inclusion in the annual LWCHA budget. This process seeks to assure that the Reserve, i.e., projected maintenance, is prioritized in the context of the budget planning effort. Maintenance strategy and fund increases should be ideologically similar between the two associations. This responsibility will fall upon the Joint Reserve Committee to maintain the intent and integrity of this goal. The ongoing annual involvement of the external building science company is essential to maintaining the integrity, fairness, objectivity, and impartiality of the process.

Consistent with ORS 94.595 (3)(a) and with the agreements existing between LWCHA and IPHCA, the LWC board of directors, having assessed the common resources, will authorize the level of funding to each Reserve Fund each fiscal year according to the agreed formula in paragraph 4. Final approval of the annual maintenance plan's maintenance and replacement activities will require agreement by both LWCHA and IPHCA boards. In the case of a disagreement between the two boards on such approval, the two boards will mutually agree upon an independent third party arbitrator to settle the dispute.

4. LWCHA and IPHCA have established starting balances for Reserve funding in respective accounts. The boards have received the independent professional building science company's 30-year study of all included assets that has estimated remaining life of each item, the cost of


maintenance and repair, and the end of useful life of each asset in whole or in its parts. Each year, the LWCHA treasurer is responsible for estimating and incorporating the rate of inflation during the current fiscal year in the planned yearly expenditures. The treasurer will similarly report annually on the returns on any invested reserves funds.

Reserve funds will be divided between LWCHA and IPHCA according to the following formula: $[(\text{Renewal cost of one association's assets 30-year sum}) / (\text{Renewal cost of both association's assets 30-year sum})] * (\text{Annual aggregate reserve savings}) = \text{Reserve savings deposited into one association's reserve bank account annually}$. These deposits are to be calculated monthly and forwarded to the respective accounts accordingly on a monthly basis. Based on current values of the common assets of each association, the LWC Reserve Fund would be allocated 94.16% of the total allocation to the Reserve Funds for the upcoming fiscal year and the IPHCA Reserve Fund would be allocated 5.84%. These proportions may be adjusted annually based on input by the independent professional building science company.

5. The LWC grounds and facilities manager will be responsible for coordinating all projects that will be expensed to the appropriate association. The quality of maintenance shall be the same for the two associations.

a. The LWC Community Coordinator and the LWC Grounds and Facilities Superintendent shall be responsible for the solicitation of bids and for making a recommendation to the LWCHA and IPHCA boards of directors on project bid proposals to be pursued.

b. The LWC Grounds and Facilities Superintendent for LWC shall have the responsibility for the direct supervision of any outside vendor who will do the maintenance/replacement project that was authorized by the LWCHA and IPHCA boards of directors and funded by the appropriate Reserve Fund.



Chair, Little Whale Cove Homeowners' Association
Co-Chair

5/7/22

Date



President, Innisfree Patio Homeowners Condominium Association

4-26-2022

Date



Secretary, Innisfree Patio Homeowners Condominium Association

4-27-2022




Date



Treasurer, Innisfree Patio Home Condominium Association

4/26/22

Date

 - Director-at-Large 5-7-2022 /  5/7/22
 Suzanne Boller LWC Co-Chair / Secretary 5/7/22

OFFICE AND GROUNDS MANAGEMENT SERVICE AGREEMENT 2022

INTRODUCTION

The Little Whale Cove Homeowners' Association (LWCHA) and Innisfree Patio Homeowners Condominium Association (IPHCA) herein establish this Office and Grounds Management Agreement. The purpose of this agreement is to guide the allocation of responsibility for the office management and record keeping functions for the IPHCA and its board, including budgeting and financial management, utilizing a staff supported by dues from homeowners of both HOAs, although selected, hired, and compensated through LWCHA as the employer of record, to serve these functions.

BACKGROUND

The final phase of the development of Little Whale Cove is known as Innisfree. In order to maximize the number of homes in the Innisfree tract of Little Whale Cove, the developer designated all the units as condominiums. Oregon law requires the establishment of a homeowners' association specifically for condominiums. Because of this arrangement, Innisfree homeowners are members both of the Innisfree Patio Homeowners Condominium Association and of the Little Whale Cove Homeowners Association. Existing law prevents IPHCA from simply dissolving into LWCHA (as was previously done with the Pines and Meadow Houses Condominium Association during earlier stages of the development of Little Whale Cove). In the interest of economy and efficiency, the Boards of Directors of both associations herein agree it is beneficial to all parties to combine the operations of the two associations to the extent that it is practical and legal.

This Agreement replaces and supersedes prior Agreements dated 2013 and 2021 between the associations characterizing the integration of office and grounds management of IPHCA with those of LWCHA. This update provides further clarification to several areas.

SCOPE OF THE AGREEMENT

LWCHA shall be responsible for the office management and record keeping functions for the IPHCA and its board, including budgeting and financial management records. The IPHCA board is responsible for Innisfree decisions, except as noted in this agreement. LWCHA staff will provide administrative support for IPHCA board functions. The LWC staff will handle all office procedures in a standardized manner for both LWC and Innisfree.

1. LWCHA agrees to account separately for any funds that are specific to Innisfree, such as reserve funds related to Innisfree assets, funds collected and disbursed for Innisfree unique expenses described within this agreement.
2. The LWC staff will provide the following office functions:
 - Preparation of documentation, including checks for payable accounts, in preparation for the Innisfree board to approve and sign

- Handling the receiving and depositing of the IPHCA homeowners' assessments;
- Arrangement of any meeting agenda developed by the IPHCA board and disseminate it to the IPHCA homeowners;
- Preparation of financial reports for IPHCA board and homeowners;
- Coordination of the election ballot process in conjunction with the IPHCA board;
- Maintenance of the files of IPHCA;
- Tax preparation oversight and tax filing;
- Acquisition of necessary liability insurance.

3. LWCHA shall provide the grounds maintenance, repair, and tree removal for all Innisfree General Common Elements, roads and paths, as defined in the Innisfree Contractor Disclosure Statement as "all improvements and land other than Units and Limited Common Elements of the Condominium generally consisting of streets and landscaped open spaces." The grounds maintenance of these Innisfree common areas will be similar, and consistent, with the maintenance of the Little Whale Cove common areas.

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4. LWCHA maintains a Reserve Study that lists all the assets of Little Whale Cove, including those of Innisfree. The maintenance, repair and replacement of all assets of both organizations are listed in the Reserve Study. An external professional organization has developed the Reserve Study for the benefit of Little Whale Cove. Oregon state law requires review of the annual plan from the long-term study. Review of the annual plan by the external professional organization is important to maintain ample supervisory impartiality. Each board of directors will approve the study and enter it into record as a commitment to the maintenance plan.

4.1 A Joint Reserve Committee will include two or more members from each association with a co-chair specifically from each association. The Joint Reserve Committee will develop the process and list of work projects for each fiscal year. The capital projects to be scheduled each year will be presented by the Joint Reserve Committee to the respective boards for their authorization to pursue the said projects.

4.2 The treasurer for LWCHA shall oversee this effort each year to ensure the coordinated financial picture needed for the community. The final annual Reserve plan should be presented May 1 each year for inclusion in the annual LWCHA budget. This process seeks to assure that the Reserve, i.e., projected maintenance, is prioritized in the context of the budget planning effort. Maintenance strategy and fund increases should be ideologically similar between the two associations. This responsibility will fall upon the Joint Reserve Committee to maintain the intent and integrity of this goal.

4.3 Reserve funds will be divided between LWCHA and IPHCA according to the following formula: (Renewal cost of one association's assets 30-year sum) / (Renewal cost of both association's assets 30-year sum) * (Annual aggregate reserve savings) = Reserve savings deposited into one association's reserve bank account annually. These deposits are to be divided into monthly transactions and forwarded to the respective accounts accordingly.

4.4 The LWC grounds and facilities manager will be responsible for coordinating all projects that will be expensed to the appropriate association.

4.5 The assets listed in the Reserve Study that are specific to Innisfree include:

- The walking trail between Shining Mist and Nesting Glade;
- The bridge that is on the above walking trail;
- The mailbox bank and its overhead protection cover;
- The garbage/recycling area, including the fence surrounding this space;
- Responsibility for the resealing or asphaltting of the three roads (Shining Mist, Nesting Glade, and Morning Walk) and asphalt pad in front of the mailbox bank and garbage/recycling areas.
- Storm water culverts and ditches

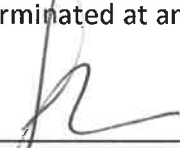
4.6 The Innisfree Reserve Fund will pay for projects involving their association's assets. The LWCHA Reserve Fund will pay for projects not included in those listed above as specific to Innisfree. Safety Center projected maintenance costs shall accrue to the LWCHA Reserve Fund (see paragraph 5.)

5. The Halvorson Mason organization, the developer of the Little Whale Cove, deeded the building used by the LWC Safety Committee to the IPHCA. IPHCA agrees to continue to allow the LWCHA the use of the facility for the Safety Center for the benefit of the entire Little Whale Cove development. LWCHA agrees to maintain the said building and assumes any liabilities for the usage of the building during the term of this agreement.

6. Both boards will have access to the expertise of the LWCHA attorney of record for consultation on regulatory matters. In the interest of budgetary reconciliation, such legal consultation should occur only after consent by both board chairs. In legally contested matters between the two boards, should such matters arise, the LWCHA attorney may represent only the interests and positions of the LWCHA.

AMENDMENT AND TERMINATION

This agreement cannot be changed, amended or interpreted differently without both boards mutually agreeing that a change, amendment or interpretation is necessary. The Agreement may be terminated at any time by either party giving a thirty (30) day notice to the other party.



Chair, Little Whale Cove Homeowners' Association
CoChair

5/7/22

Date



President, Innisfree Patio Homeowners Condominium Association

4-28-22

Date

Michael Rourke

Secretary, Innisfree Patio Homeowners Condominium Association

5-7-22

Date

Sarah

Treasurer, Innisfree Patio Home Condominium Association

5-7-22

Date

SB

Suzanne Boller, LWC CoChair & Secretary 5/7/22

Approved March 2022 LWC board meeting

1/20/22 - Director-at-large 5-7-2022

Stimulak 5/7/2022