

Year-End Reports:

Insurance report:

We have been being advised that we could loose our long-standing Liberty Mutual Policy for several years now and as everyone now knows that prediction has come true.

The insurance market is not inclined to want to insure properties like ours and as an association we all need to minimize risks wherever we can.

We were able to find one policy, in large part because our agent had such a long standing relationship with HTCA and understanding of how the HTCA and LLC operated. He was able to use his knowledge to convince a broker to take us on but with many new requirements on the HTCA and at an increased cost.

One such requirement is weekly documentation of inspections of units in the rental pool. Craig and Org Support developed a digital checklist and filing system that is efficient for Tim to use that we keep in our Master file at Org Support.

The Board has passed a new policy requiring all owners to send in proof of their insurance in order to bring us in to compliance with the insurers regulations.

It is our understanding that failure of the HTCA to meet the conditions of our insurance provider could void the Insurance companies obligation to pay claims. The membership will be relying on the cooperation of all members to provide proof of insurance per the insurance companies requirements.

Proof of policies can be sent to:

Info@hitidecondominiumassociation.org

or

HTCA, Org Support

120 State Ave NW #303

Olympia, Washington

98501

This in one more task that Org Support will be helping us to keep on top of.

We ask that members dredge up their “community spirit” and make it as easy as possible for both Org Support staff and your volunteer Board members to keep track of this new requirement. While Org Support will receive the files and create a documentation system for HTCA one of your volunteer Board members will be involved in dealing with late submissions.

I know we do have a couple members who might just as soon do away with insurance but that would be putting their neighbors and community at risk.

If owners will contact their agents and ask them to send in the required documents by the February 1st deadline it will be greatly appreciated.

The good news is that the new insurance carriers have sent 3 different inspectors out to inspect our property. Everyone of them, at 3 different times, has been complimentary and highly impressed with the care we take of HTCA. Our timing on roof repair could not have been better.

The inspector for our Property company said it was “very rare “ that he had no suggestions for risk management.

We all owe Al and Tim a big thank you for the constant dedication to keeping the HiTide in great shape.

“Updated processes for member convenience”:

1. Org support has created a website for HTCA. Org Support uploads a wealth of information on the website and members will not have to keep track of so many emails from the Board in order to find information.

The website also has a comment form so anyone can easily reach out to the Board.

Take a moment to look at www.hitidecondominiumassociation.org

1. Craig and the Org Support Finance team have helped us to create a payroll system and tracking system that allows any member to put in a request for maintenance inside their unit. This is billed in minimum half hour units currently set at \$25.00 per half hour and Org support can invoice the unit owner. The location of the repair request form is <https://form.jotform.com/240708930265053>

We request that materials and supplies are ordered and supplied by owners unless it is an emergency.

CCR Report

A CCR committee rewrite team was initiated in 2022 as a result of advice from insurance agents to get our documents in line with insurance industry expectations.

Various members have contributed a vast number of hours to update the document.

The document was shared with the membership, comments were received and the Board held an open forum to listen and respond to members. A group continued to explore the input that was provided and discuss possible changes that would also provide HTCA Board with the updated language needed to manage effectively.

The Board intends to send the draft to a lawyer for review shortly.

Currently, the State of Washington has four different sets of RCW's governing condo associations. HTCA is under the Horizontal Regime act. Members on the CCR committee had agreed we should utilize that act as long as possible.

The legislature in 2024 set a goal to eliminate having four different sets of RCWs and come up with one set of regulations for all condo associations by January of 2028. They are still refining the exact language that will be the new “WUCIOA for all” effective in 2028 but some information is available now.

Our legal review will include an eye to the future RCW's that are available at this point in the proposed legislative changes.

Year-End financial report for 2024

Or “where did all the money go?”

At the annual meeting of 2024 the Treasurer referred to the report from Association Reserves that the Board received in 2022. The report alerted the Board to the devastating effect of “after Covid expenses “ on items contained in Reserve Study.

Treasurer provided examples of expected costs from the Reserve Study versus actual

construction bids we received during 2024. For instance, when we budgeted in 2022 for 2023 we projected \$21,000 for painting A building per the Reserve study. We decided to paint B building in 2023 and the projected cost was \$45,500.

We painted A building in 2024 at a cost of \$ 66,230 rather than the anticipated \$21,000. Unfortunately along with painting we had to repair wood siding and replace rotten wood fascia, resulting in unanticipated costs. We worked with Association Reserves in fall of 2023 and 2024 to update projections to more realistic numbers, but they have general guidelines that do not always align with bids in our area.

In both 2023 and 2024 the Reserve expenses were larger than our planned yearly contribution. We kept funds in the Long Term Reserve account as long as possible to maximize interest income, thus the transfers “out” were not updated and completed until this year. We have transferred funds out of the Long Term Term Reserve account to update the beginning balance for 2025. We do not have large Reserve expenses expected for 2025 but do anticipate a few windows will be replaced out of the Reserve fund. Our Reserve fund balance should increase this year.

Our documents do not clearly define if interest income should remain in the Reserve account or be transferred to Operations. Our CPA tells us that interest income is not considered “ facility exempt” income like dues are and we pay a 30% tax on interest.

The Board has decided it is best to assume the interest is transferred to operations, then vote to designate if it should remain in Reserves. For 2024 interest income stayed in the Reserve account.

The Reserve account balance is clearly labeled in the Statement of Financial Position and is held in the Live Oak account.

Your 2024 income and expense report reflects the expenses to Reserves with each report but I may not transfer funds out of Live Oak until it is necessary to update the balance for year end in order to maximize HTCA interest income.

The projected starting balance in the Reserve study members receive along with the budget may not be the exact starting balance in the Live Oak account because of expenses paid after the study is completed. This year the study is off because of the timing for payments for painting C building.

Major expenses this year included:

- Replaced venting on C Building for \$ 1,633.
- Painted C building and repaired rotten wood and siding and replaced rotten wood on the stairwell for a cost of \$ 72,960.
- Replaced 4 support posts on B building for \$6,000.
- Reroofed building B and did needed repairs and fascia replacement on all roofs including A and C buildings. This work extended the projected replacement dates of total roof replacement for A and C and should avoid leaks and result in less repair work when they are replaced in about 5 years. Total cost of \$123, 263.
- Replaced windows at a cost of \$3,996.
- Contracted for asphalt resealing at a cost of \$12,090.
- Additional projects completed include:
 - Replacing frozen water shut offs at \$3,588 for Building C.
 - Dredging the water drains in the parking area of B and creating a drain field to eliminate/minimize flooding in B parking area for a cost of \$1,270.

Other significant items completed in the past few years include:

- Reimbursed owners for transitioning to electric fireplaces
- Repair and update employee bathroom

- Purchase 10 year smoke alarms for all units
- Update and repair electric and re-shingle the clam shack roof
- Purchase picnic tables
- Replace 30 support post for bldgs. B and C
- Replace main water shut off valves for all buildings
- Sand and re-paint all metal railings
- Replace electrical outlets on A decks
- Replace windows
- Paint B building
- Add non slip stair treads
- Update tools to cordless
- Update the entry landscaping
- Install an automatic heart defibrillator for public use

The next Reserve expense the Board can foresee is replacing roofs on A and C building. We anticipate with the repairs we made this year that we extended the life expectancy of those roofs to about 2029.

It is important to point out that HTCA had decided in the past that our Operations account should hold sufficient cash to cover an “insurance deductible “ and for “ contingency and unexpected expenses “ not covered in the Reserve Study.

Our insurance deductible is now \$25,000 and the goal set many years ago for “contingency” was \$20,000. The funds to cover these goals currently reside in a money market account at Bank of Pacific and are labeled “working capital “ in the operations section of the Financial Statement.

Craig and I have started a list of agenda items to discuss with the Board at a end of year work meeting, so if any of you have specific financial items you would want the Board to discuss just let us know. People are welcome to listen in at all work meetings.

It has been a joy to work with the Org Support staff with accounting matters. They are a wealth of support and knowledge and provide excellent customer service.

Our community is lucky to have had 8 different owners be involved in the yearly member audit.

Submitted by,
Rita Schilling

Disaster insurance update

The HTCA does have significant risk for flood, tsunami and earthquake events. Currently, the governing RCWs require rebuilding unless 100% of owners would vote to “not” rebuild. All condominiums will be governed by new RCWs by 2028 and we will be able to adjust that percentage to a more realistic percentage.

The Board had purchased both flood tsunami insurance and earthquake insurance as they had identified coverage for what they considered a reasonable cost. The flood/tsunami insurance almost tripled in cost in 2023 and the Board concluded that we should drop this policy.

The Board elected to obtain earthquake insurance in 2024. The premiums for that coverage have increased steadily in recent years. The latest premium rose in excess of 12 percent and required an increased deductible (25%) in order to keep costs to a minimum.

Considering the ever increasing cost to maintain earthquake coverage, HTCA did not budget funds to pay for disaster insurance in 2025.

We plan to have “Disaster insurance” on the agenda for the annual meeting.

2024 LLC/Hi Tide Rental Group Report

In 2024 the Hi Tide Rental Group, aka the HTLLC, started out with 16 units in membership and ended up with 18 units. Three units were added to the group this past year, two 2-bedroom units (16 & 32) and a one-bedroom (29). The new owners of Unit 28 chose not to join the rental group. Recently one unit (37) opted out in 2025. The Rental Group now has 17 members.

The HTRG/HTLLC is entering into its final year of a 5-year lease with HTCA. Pat & Michele McAllister and Craig Ottavelli have started a preliminary conversation on the lease. We'll probably start discussions in earnest this summer.

Michele reports that the financial transactions between HTCA and HTRG/HTLLC have seen a great improvement over the past year. Rita S. & Michele have worked hard on this with assistance of OrgSupport. Thank you, Rita, and all your work is much appreciated.

This past year both the A & C buildings were closed for two weeks each while being painted. "A" building starting after Memorial Day weekend and the "C" building following Labor Day weekend. Both time periods proved to be challenging because of the weather but the painters worked around it and ended up doing a very nice job. HTRG/HTLLC provided free lodging (in rooms #12 & 14) for the painters for several days during September. The owner of the painting company did pay the cleaning fee. The whole complex was shut down for three days in July for resurfacing and pavement repair. The results are great. These projects did have an impact on the

rental operation, but it was necessary for maintaining the value and longevity of our assets.

The HTRG/HTLLC continues its use of the laundry room, office space and shared portion of the employee's bathroom. Jerry & Maria Tuerk reside in the manager's unit and are very happy at the Hi Tide. Jerry has been able and willing to assist all HTCA owners and their guests as well as the HTRG/HTLLC guests whenever possible. For Jerry's efforts our group has received a number of compliments from owners and guests alike.

The HTRG/HTLLC encourages HTCA to install a new video surveillance system to aid in the monitoring of our property.

Tim Carr, our maintenance specialist, has been invaluable for all of us. Tim is responsive, careful and conscientious about his work. The charging and costing of repairs to individual units works well. Invoicing through OrgSupport works well here too. The HTCA was very fortunate to have Tim replace Jack in a very timely manner.

HTRG/HTLLC looks forward to another year of providing a quality experience to our clientele and continued cooperation with the HTCA while moving forward on a new and equitable lease.

Finally, HTRG/HTLLC would like to thank and show our appreciation for the time and effort that each of the HTCA board members has put in to keep Hi Tide a special place to be part of.

Pat & Michele McAllister

Hi Tide Rental Group/HTLLC