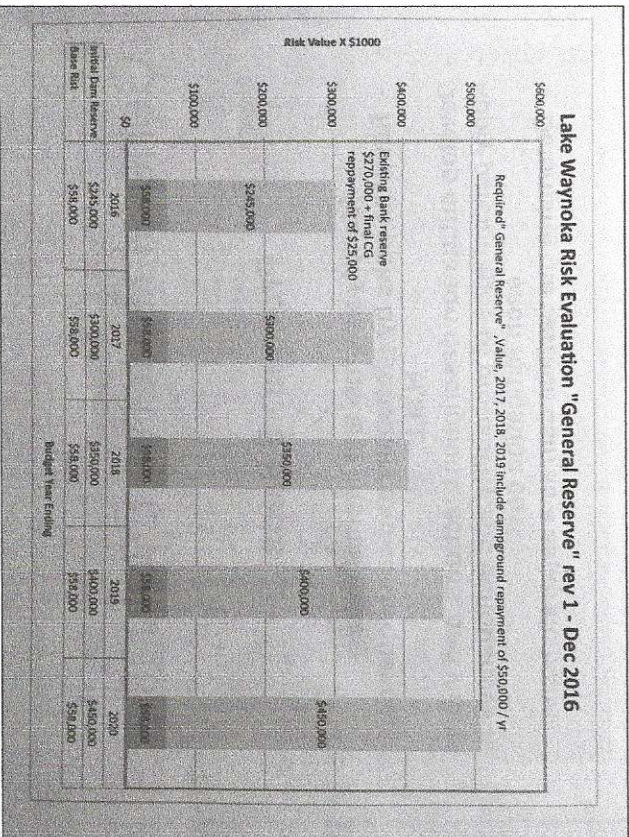


Lake Waynoka General Reserve Value Evaluation

January 2017

1



3

Agenda

- Introduction & Purpose
- Final results
- Evaluation input
- 5 Step Process
- Detail - Guidelines and Assumptions
- Detail results - Top Risks Considered
- Detail - Lake Waynoka Earthen Dam Research Paper
- Wrap up Summary

2

General Reserve Evaluation

- Develop a purpose - shared with Board
- Interview WPOA membership
- Review internet for POA risk evaluation issues
- Develop a disciplined risk evaluation process
- Choose & inform committee of the process
- Gather Information - legal statistics, WPOA insurance coverage, other Ohio lake community risk issues, earthen dam issues in Ohio

4

4

General Reserve Evaluation

Process - 5 Steps

- Identify external and internal risks
- Rank the risks by probability and consequence, H,M,L
- Develop mitigation descriptions, actions, and values
- Apply percentages of probability and seriousness to each mitigation cost
- Determine the earthen dam as a separate issue

5

5

Risk Evaluation Guidelines & Assumptions Pg 2/3

- If multiple risks happen at the same time, the possibility that more funds may be required.
- In emergency situations, the WPOA Board may appropriate funds from capital assessment accounts.
- As risk events occur resulting in a reduction of general reserve funds, the Board should determine a manner by which the funds repay the General Reserve to a required level with-in a predetermined amount of time.
- If a single risk event occurs, whether identified in the analysis or not, the current General Reserve can be applied to the expense.

7

7

Risk Evaluation Guidelines & Assumptions Pg 1/3

- Risk reserve prepared using 65 risk topics applicable to Lake Waynoka.
- Top 19 picked that were the highest probability and /or most serious consequence to the community.
- The risks related to the WRWSD were not included as those risks are handled by the board.
- WPOA has an insurance policy that covers most liabilities. The policy has insurance deductibles paid by the WPOA. These deductible values are covered by WPOA reserve account.
- The WPOA Dam has limited insurance coverage. Downstream damage is covered but the Dam itself is NOT covered.

6

6

Risk Evaluation Guidelines & Assumptions Pg 3/3

- **The risk values were determined by:**
 1. The insurance company assessment
 2. Experience using WPOA history
 3. An amount identified as a best estimate based on experience gained from other Lake communities in Ohio.
- Changing conditions in the community such as more or less risks, probability/consequence will be monitored annually. As conditions change, the basis will be updated for the WPOA board.

8

8

Risk Evaluation Detail (Top 19 risks) Summary 1/3

Item	Description	Max. Risk Value	Total risk value	Total risk basis	Insr. Y/N	Reduced risk value	P% C%
7	Lawsuit	<\$5,000	\$10,000	2/yr	Y	\$3,200	80 40
8	Employee disputes	<\$5,000	\$10,000	2/yr	Y	\$2,250	50 45
9	Playground accident	<\$5,000	\$5,000	1/yr	Y	\$1,000	50 40
11	Lake dispute	<\$5,000	<\$5,000	1/yr	Y	\$4,000	50 40
23	Regulation changes	\$10,000	\$10,000	Best est	N	\$1,600	80 20
26	Comm. Loss	\$10,000	\$5,000	Best est	N	\$500	50 20

9

Risk Evaluation Detail (Top 19 risks) Summary 3/3

Item	Description	Max. Risk Value	Total risk value	Total risk basis	Insr. Y/N	Reduced risk value	P% C%
13	Loss of insurance	1,770,000	\$177,000	1g Plg	Y	\$15,045	10 90
37	Extra snow	\$10,000	\$10,000	3	N	\$2,100	30 50
38	Extra cold	\$10,000	\$10,000	Best	N	\$7,500	30 70
44	Maintenance bid fire	\$175,000	\$19,000	1 / Yr	Y	\$370	10 30
45	Marina Building fire	<\$5,000	\$11,000	1 / Yr	Y	\$330	10 30
1	Earthen Dam Leak / Failure	<\$50,000	<\$50,000	Sec study	Y	\$0	10 100
Total		\$275,4000	\$1,179,000			\$58,400	

11

Risk Evaluation Detail (Top 19 risks) Summary 2/3

Item	Description	Max. Risk Value	Total risk value	Total risk basis	Insr. Y/N	Reduced risk value	P% C%
34	Tornado	\$1,770,000	\$177,000	1g Plg	Y	\$15,045	10 85
65	Board deforestation	<\$5,000	\$5,000	1/ yr	Y	\$625	25 50
18	Business loss - admin blog	\$200,000	\$132,000	Restore costs	Y	\$5,280	5 80
43	Lake contamination	\$100,000	\$100,000	Best est.	N	\$5,000	10 50
52	Executive fit-laws failure	<\$5,000	\$5,000	Best est	Y	\$1,600	50 15
53	Election notification failure	<\$5,000	\$5,000	Best est	Y	\$500	5 50
60	Executive fiduciary responsibility failure	<\$5,000	\$200,000	Best est	Y	\$8,000	5 80

10

Earthen Dam Risk Assessment

- Highest risk - In the process of defining the necessary General Reserve for Lake Waynoka, we determined that the earthen Dam would be greatest risk. This risk has a low probability to occur, but a high consequence of impact to the community.
- Report - The Earthen Dam research report was written to understand:
 - What Dam failures happened in Ohio
 - What did those communities do when the event happened
 - What measures has Lake Waynoka taken to lower the risk.
 - What steps would the WPOA take if the event happened.
 - The impact to the General Reserve

12

Earthen Dam Risk Assessment

- It is very important that the Lake Waynoka Operations Manager and the WPOA board make timely decisions to restore the lake to normal conditions.
- The WPOA board has the responsibility of taking the necessary actions to restore the lake for the Homeowners association membership.
- The risk evaluation includes funds for an investigation, engineering solution, and construction contract preparation for the restoration of the Earthen Dam.
- Funds for the construction of the Dam ARE NOT included in the General Reserve.

13

13

General Reserve Evaluation

Summary

- Authorization by WPOA Board
 - Process input information
- Use a professional process approach
- Address uninsured initial WPOA Earthen Dam costs
- General funding plan is already in place
- Continue to monitor, change and ensure that the General Reserve funds are adequate

14

14

General Reserve Evaluation

- Finally THE END

15

15

16

16