

Victorian Gables Homeowner Association

Annual Meeting

Introduction

Chris Bailey

VP Victorian Gables HOA

Agenda

- Standard Agenda Items (40 min)
 - Approve Minutes
 - President's Report
 - Architecture Committee Report (
 - Landscaping Committee Report
 - Treasurer's Report
 - Officer and Director Elections
 - 2019 Budget
- Proposals (20 min)
 - Changing Dues Allocation Method
 - Changing Handling of Owner Installed Improvements
 - Limiting Number of Rental Units
- Questions and Concerns (30 min)

Ground Rules

- Permit presenters to finish presentations
- Hold questions until presenter asks for questions

Approve Minutes

President's Comments

- We have a wonderful community
- Victorian Gables HOA is in good financial shape
- We are a volunteer organization

Architecture Comm

- 2018 Accomplishments
 - Decks – 4 of 5 remaining decks completed
- 2018 Issues to Address
 - Window wells – Of 103, 9 are disintegrating
 - Driveway and sidewalk concrete
 - Gutter cleaning
- 2019 Priorities
 - Window wells



Landscape 2018

Kammi Eckhoff
Ron Segul

Landscape

- **Landscape contract:** Evergreen Landscape and Sprinkler came in with the lowest bid at \$12800, next closest bid was \$22241 for FY2018. Evergreen was very easy to work with this year and was prompt in response when I called about concerns.
- **Tree removal and trimming:** Davey Tree trimmed several trees in Feb/March and came back in August to trim the willow behind #12, remove 2 stumps and a dead tree between #36 & #37.
- **Pest control:** Trees and lawns sprayed for various pests & diseases. We sprayed for carpenter ants around the willow tree behind #12.
- **Annual picnic:** We had the VGHOA annual picnic behind #9 and had about 24 in attendance.
- **Fall Clean-Up:** Should be done by mid-November

Roadway

- Roadway had seal coat applied in August by Black Pearl.

Future

- **Irrigation:** Our irrigation system is about 25 years old and is starting to need more repairs, if you see something that needs attention please contact me or Ron Segul.
- **Water:** Water is our biggest expense, around \$10,000 this year. This year we watered 2Xs/week until the beginning of July when it got so hot and changed to 3Xs/week. Late in the watering season we got dinged by the city for overage of our water allotment, next year we may need to stay at 2X/week for watering.
- **Trees:** We will start replacing trees this spring, and shadow planting around the ash trees.
- **Lawncare:** Evergreen is continuing our lawn care for 2019 at \$12,800 for FY2019, which is the same as FY2018.
- **Alternatives to Kentucky Bluegrass:** We need to look into the feasibility of converting some of our larger common areas (the corner by #36 to #37, and the catch basin/bowling alley area) to xeriscape-including but not limited to native grasses, perennial plantings, mulches, rock.



Northern Water www.northernwater.org





Treasurer's Report

VICTORIAN GABLES HOA

INCOME and EXPENSES thru Oct 27, 2018

INCOME:

Dues 2018	\$109,210.00
Interest	\$1,629.54
Transfer Fees	\$600.00

TOTAL INCOME	\$111,439.54
--------------	--------------

EXPENSES:

Landscaping	\$22,499.71
Maintenance	\$33,457.84
Operating	\$23,370.44

TOTAL EXPENSES	\$79,327.99
----------------	-------------

NET Income less expenses	\$32,111.55
--------------------------	-------------

=====

Treasurer's Report

VICTORIAN GABLES HOA

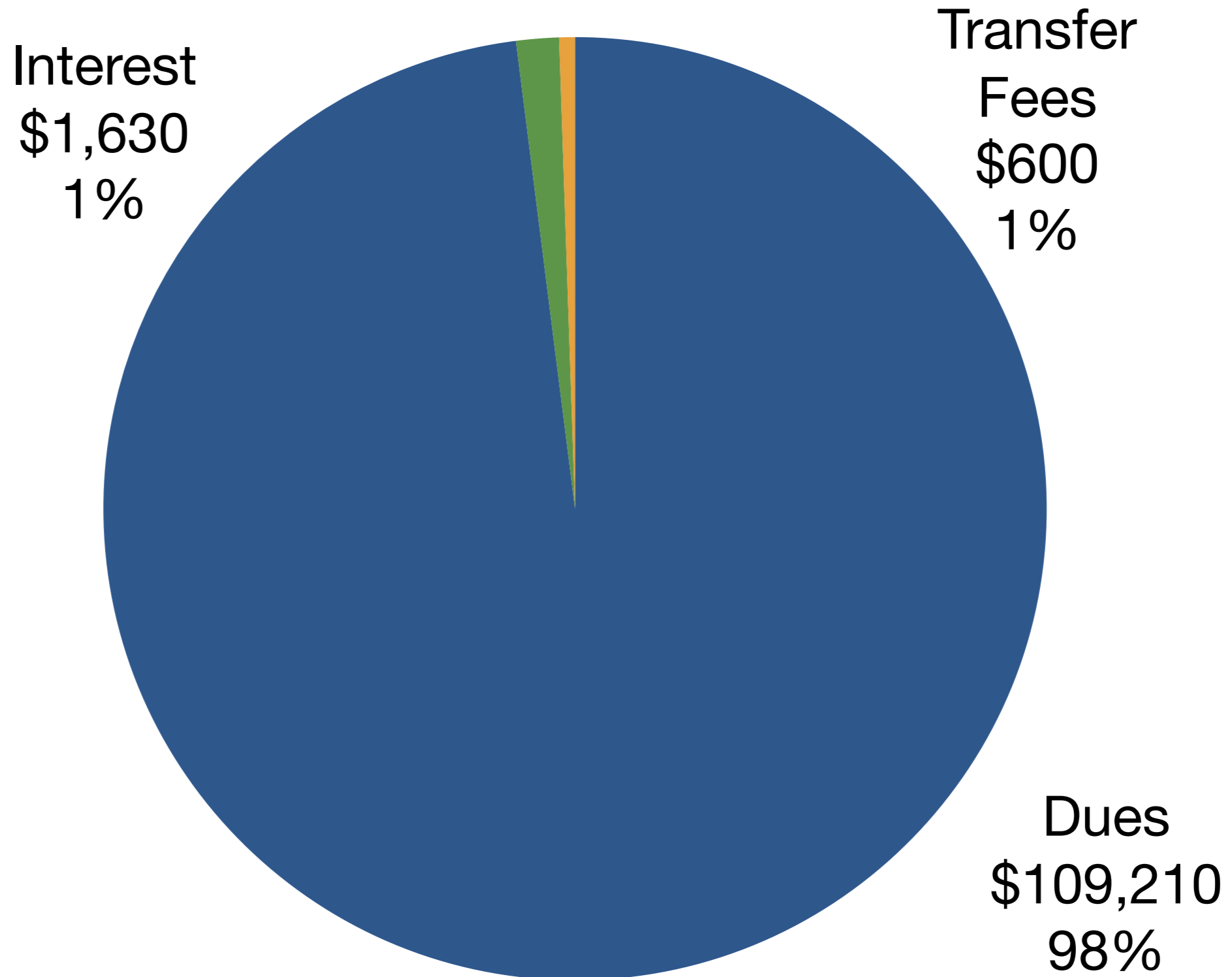
ASSET ALLOCATIONS a/o October 27, 2018

Guaranty Bank & Trust - Checking	\$12,105.98	\$12,105.98
Insurance Reserve Western CD-1549	\$5,281.99	
Insurance Reserve Western CD-1584	\$11,141.37	
Insurance Reserve Total	-----	\$16,423.36
Maintenance Reserve Western MM Acct	\$30,351.59	\$30,351.59
Replacement Reserve Guaranty CD-2737	\$19,045.56	
Replacement Reserve Western CD-1476	\$14,969.74	
Replacement Reserve Western CD-1550	\$19,015.12	
Replacement Reserve Western CD-1585	\$11,141.37	
Replacement Reserve Western CD-1598	\$19,533.70	
Replacement Reserve Total	-----	\$83,705.49
TOTAL ASSETS		----- \$142,586.42 =====

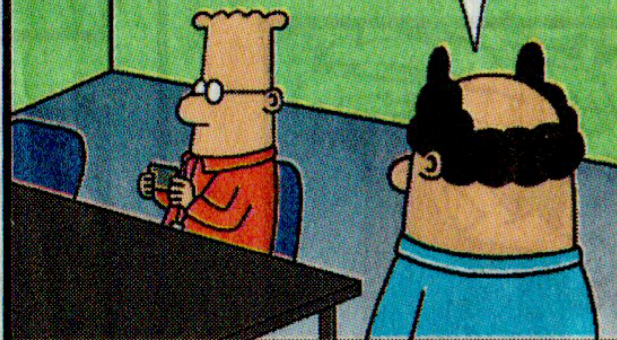
Where VGHOA's Money Goes

2018 Actual & Projected Expenses

2018 Income \$111,440

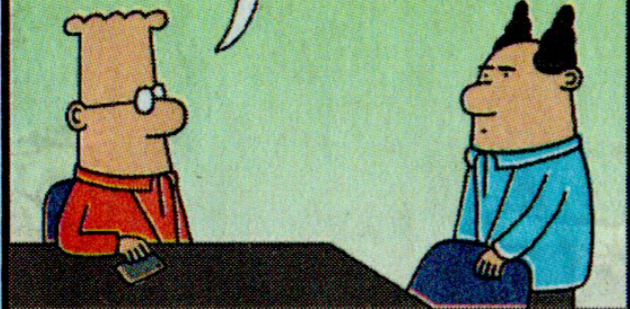


ARE YOUR FINANCIAL PROJECTIONS RELIABLE?



DilbertCartoonist@gmail.com

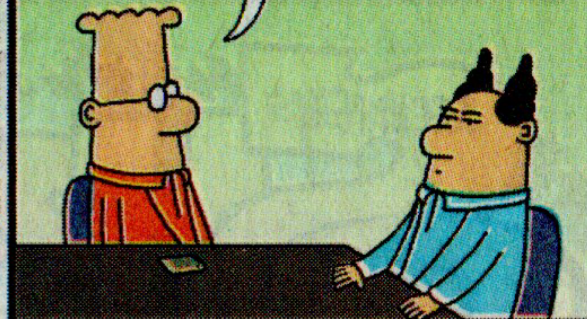
YES, BECAUSE I CAN SEE INTO THE FUTURE.



NO ONE CAN SEE INTO THE FUTURE.



THEN WHY DID YOU ASK ME IF I CAN DO IT?

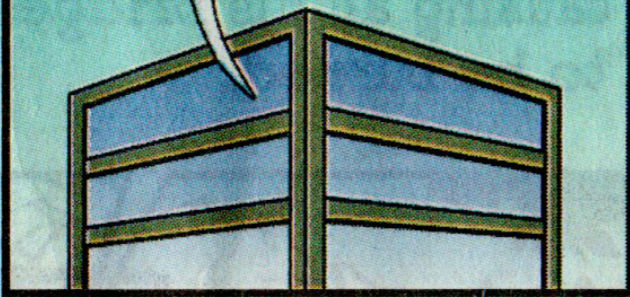


© 2017 Scott Adams, Inc./Dist. by Andrews McMeel

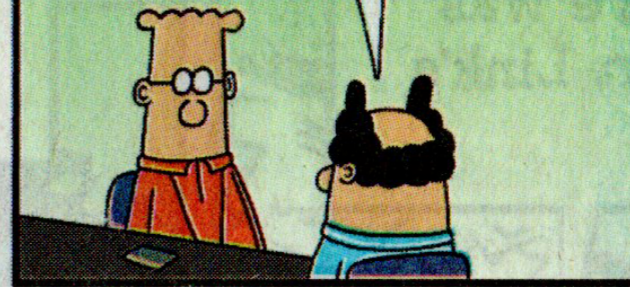
IT'S YOUR JOB TO PREDICT THE OUTCOME OF YOUR PROJECT.



WHY WOULD YOU ASK ME TO DO SOMETHING THAT NO ONE CAN DO?

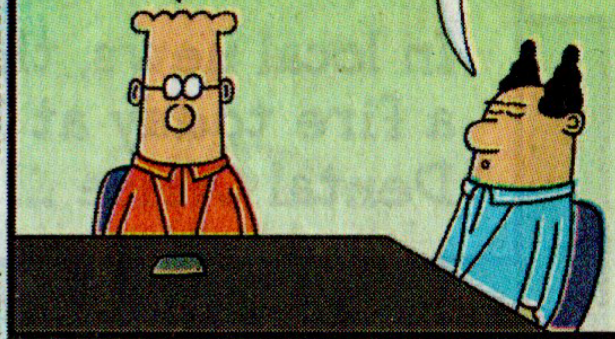


I DON'T NEED YOU TO BE ACCURATE. I ONLY NEED SOMEONE TO BLAME WHEN WE GO OVER BUDGET.



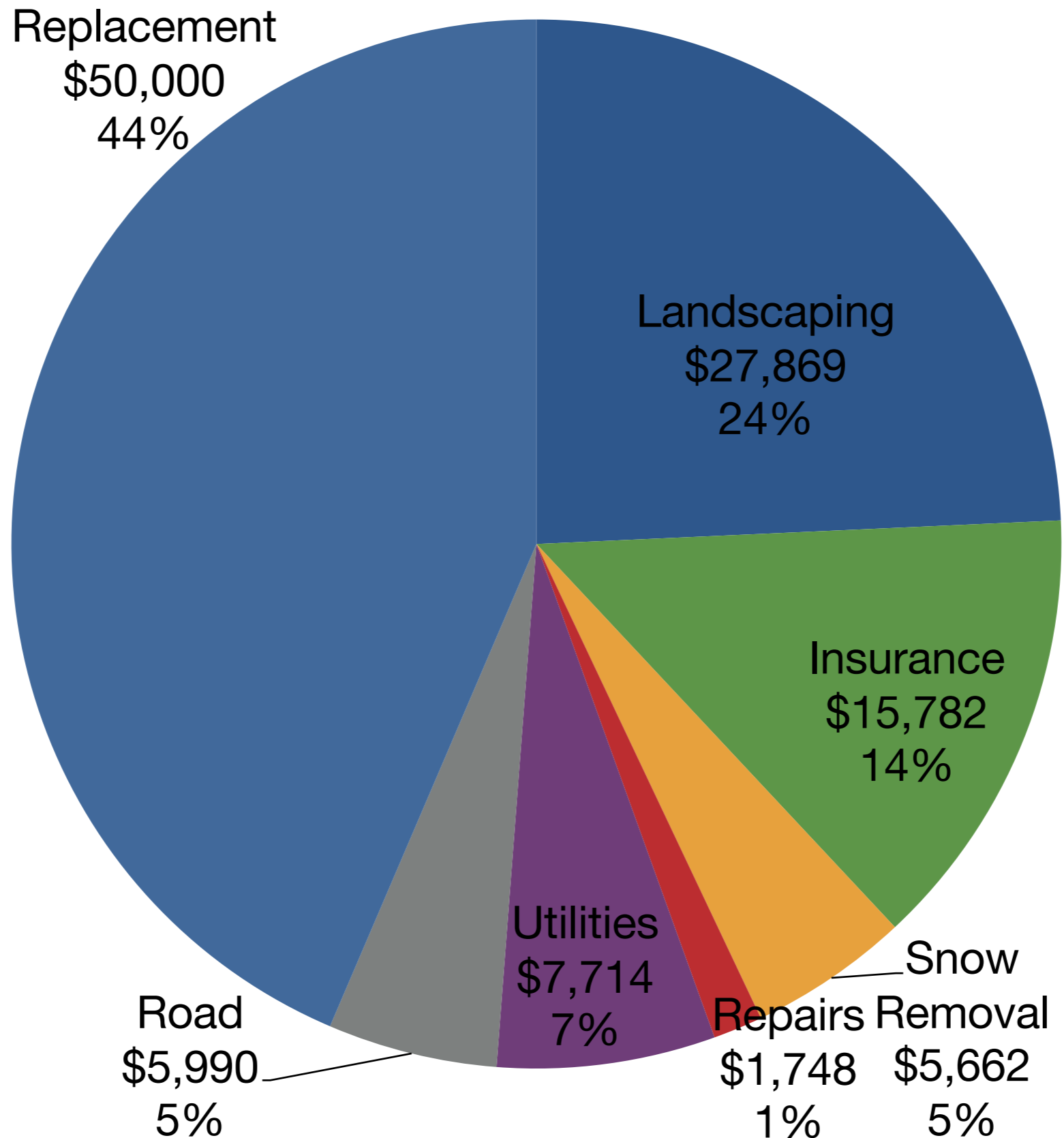
I SAW **THAT** COMING.

NO ONE LIKES A BRAGGART.



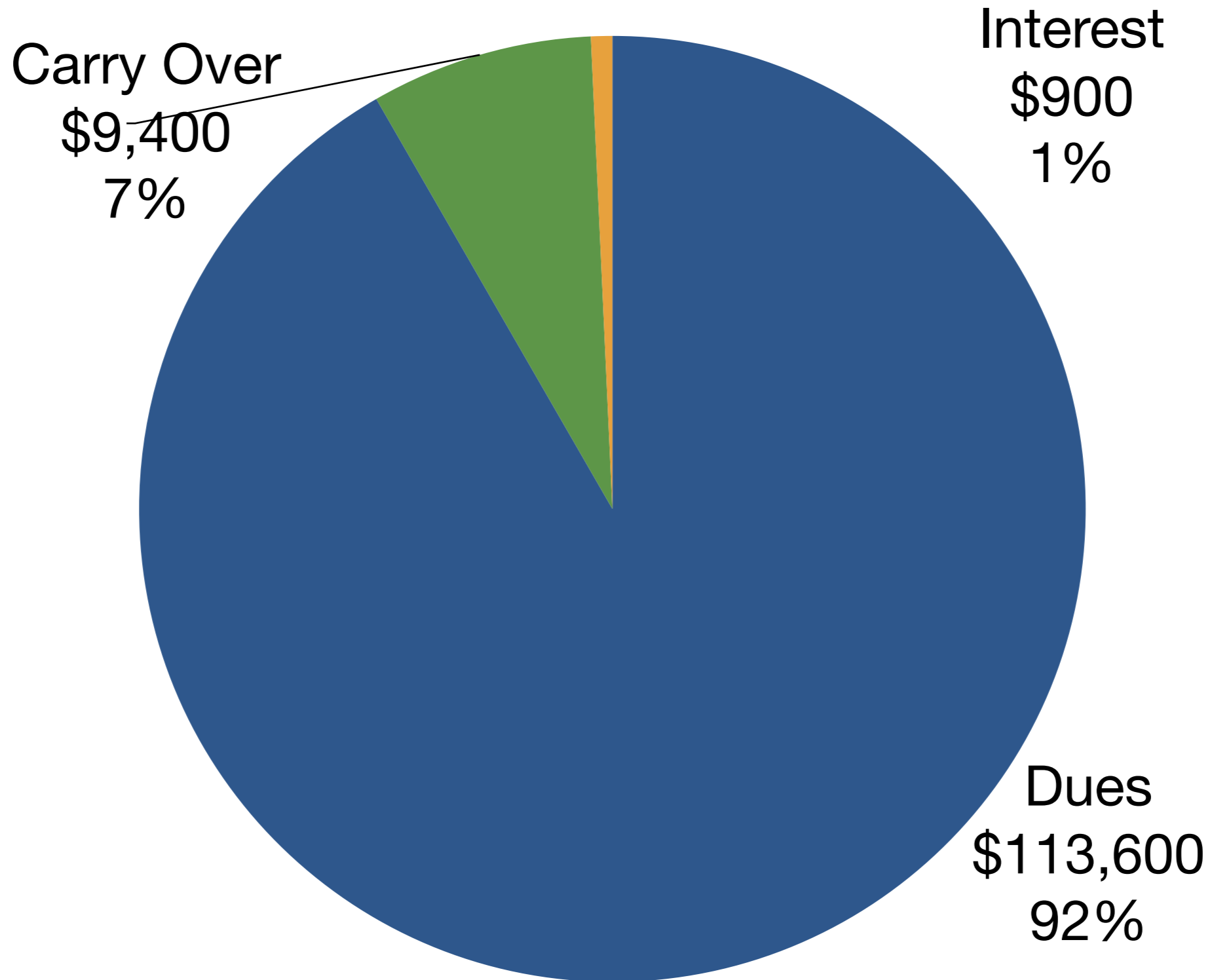
www.dilbert.com 11-12-17

2018 Projected Expenses \$114,765



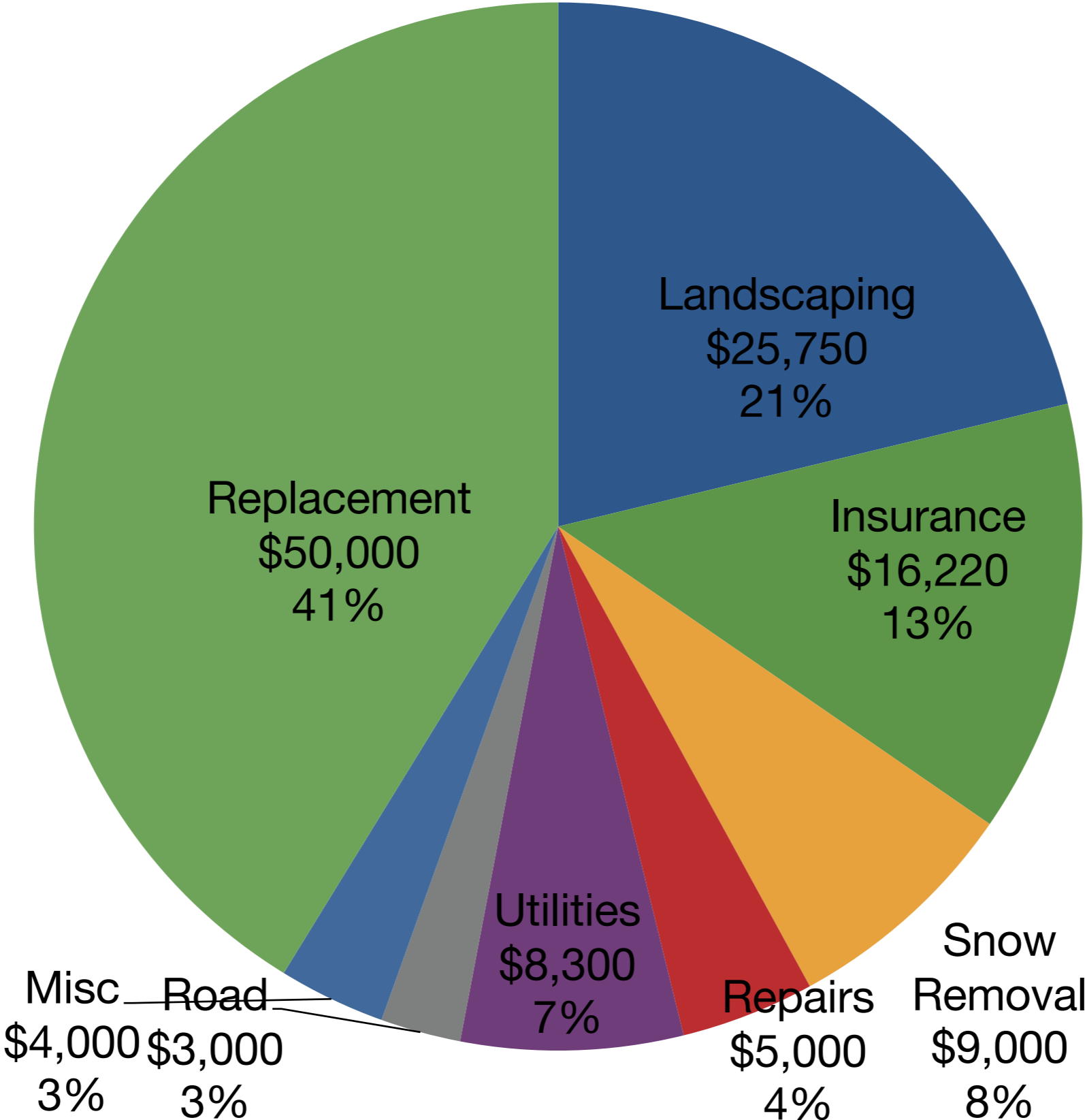
The 2019 Budget

2019 Budget Income \$123,900



2019 Budget Expenses

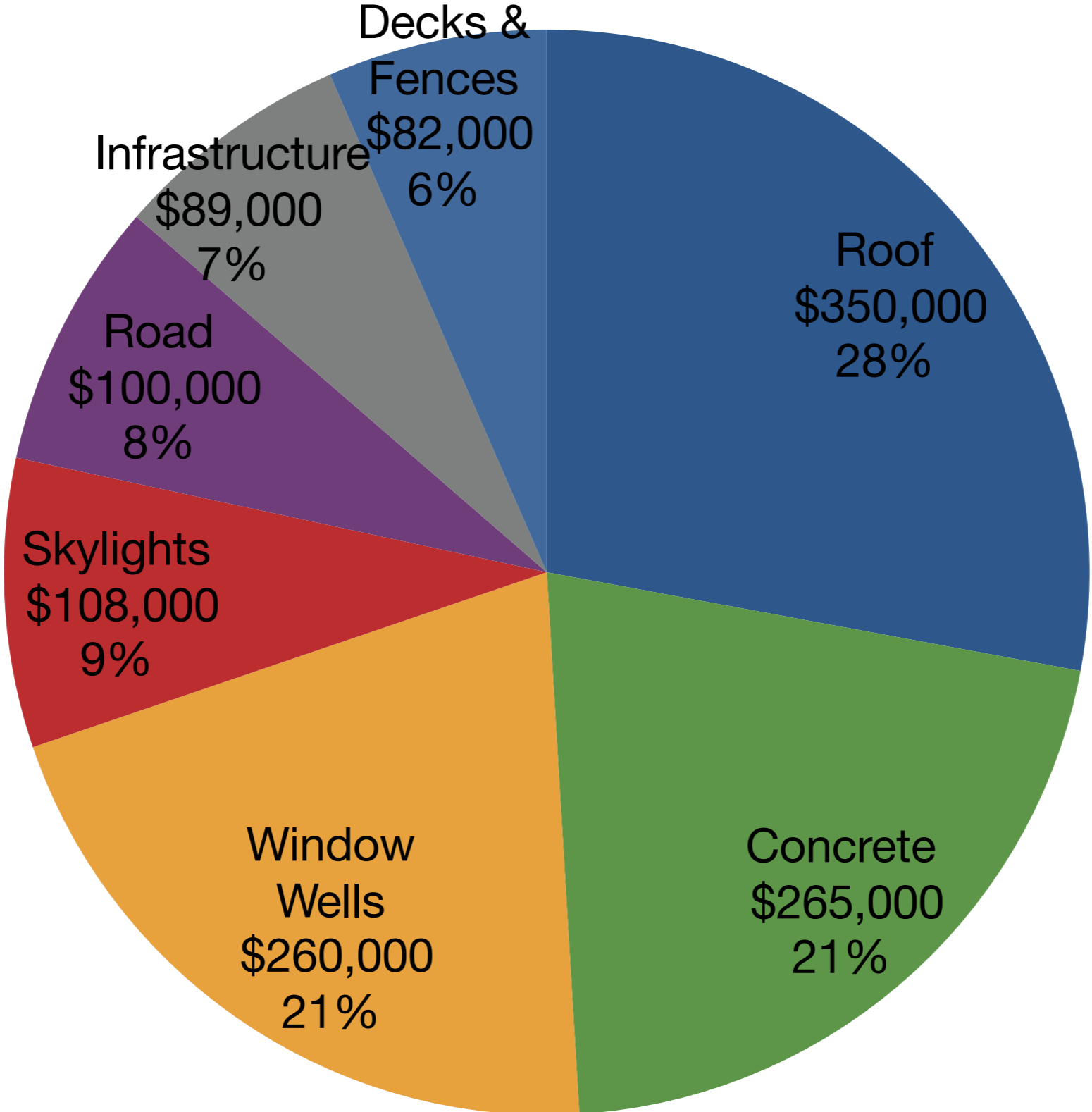
\$123,900



Assuring VGHOA is Fully Funded

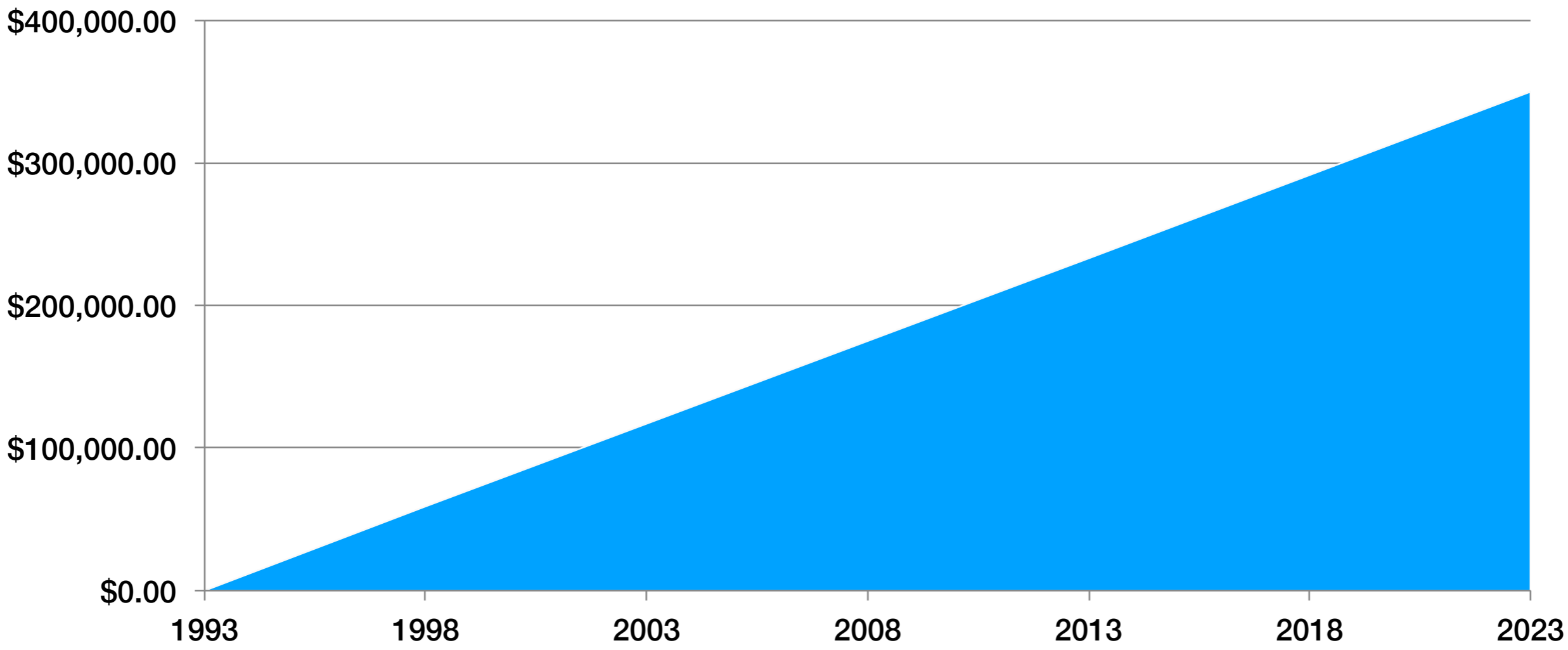
**And Avoiding Special Assessments Except for
Something Totally Unexpected**

30 Year Replacement Budget \$1.254M



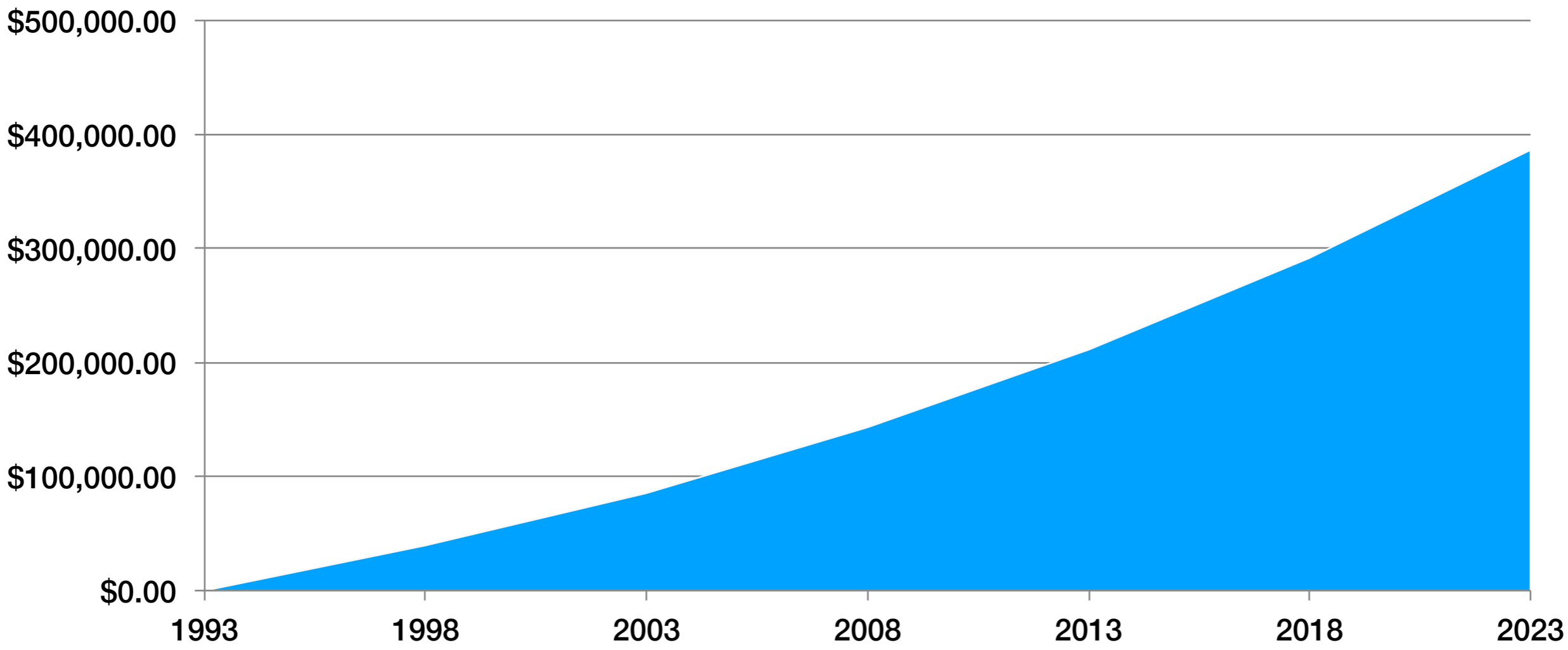
Funding Replacement Reserves

- Premise: **Fund the replacement item as the existing item is used up.**
- In an ideal world (roof example):
 - Roof Replacement Cost -> \$350,000 (today's dollars)
 - Roof Replacement Cost/Unit -> $\$350,000/40 \text{ units} = \$8750/\text{unit}$
 - Roof Lasts 30 Years -> $\$8750/30 \text{ years} = \$292/\text{year}$
 - Assume inflation constant at 2%/year



Example: Roof Fund

Replacement Reserve in 2018 Dollars



Roof Fund with Inflation

Replacement Reserve Accounting for Inflation

Replacement Funding

- If \$1.16M in replacement expenses is equally distributed over 30 years, the HOA needs \$38,667 per year ($\$1.16\text{M}/30$ years) in today's dollars
- The current Replacement Reserve Fund has a balance of ~\$82,500.
- There are some expenses, such as the \$100,000 road replacement, that will need to be done all at once and will draw down our Replacement Reserve Fund.
- Our priorities for determining which replacements to pursue are: 1) Safety, 2) Avoiding Extra Expense from Failing to Act and 3) Replace as Item Wears Out
- The Board has reviewed a 30 year replacement plan, which calls for a \$40 annual HOA dues increase each year, over the next 30 years (assumes 2% inflation/year).
- The HOA can avoid special assessments for known replacement items if the reserve fund is funded appropriately and the replacement schedule is maintained.

	2018-2022	2023-2028	2029-2032	2033-2037	2038-2042	2043-2047	TOTAL
Curbs & Sidewalks		\$35,000	\$35,000	\$30,000			\$135,000
Driveways	\$30,000	\$30,000	\$30,000	\$40,000			\$130,000
Decks & Fences	\$45,000					\$37,000	\$82,000
Window Wells	\$40,000	\$45,000	\$45,000	\$45,000	\$45,000	\$40,000	\$260,000
Skylights	\$30,000	\$30,000	\$48,000				\$108,000
Road		\$100,000					\$100,000
Roof					\$175,000	\$175,000	\$350,000
Infrastructure		\$29,000	\$30,000	\$10,000	\$10,000	\$10,000	\$89,000
Total B4 Inflation	\$180,000	\$269,000	\$188,000	\$125,000	\$230,000	\$262,000	\$1,254,000
Inflation		\$26,000	\$37,600	\$37,500	\$92,000	\$131,000	\$218,000
TOTAL	\$180,000	\$295,900	\$225,600	\$162,500	\$322,000	\$393,000	\$1,579,000

Replacement Timeline

30 Year Plan Spends \$35,000 to \$55,000 per year

Fair and Equitable VGHOA Dues

Today's Dues Allocation

- Each unit contributes 2.5% of VGHOA's annual budget
- 40 units each paying the same amount in dues
- VGHOA is responsible for almost everything on the outside, including decks, window wells
- Owner exterior improvements are not incorporated into dues, as owners are responsible to maintain these in perpetuity
- That would be great if all units were identical in terms of their maintenance and replacement needs

Problems With Current Allocation Method

- Not all units are identical and the cost to maintain each unit's exterior is potentially different; e.g., some have decks (some more expensive than others), skylights or fences and others don't
- Future owners are disappointed to learn VGHOA does not cover certain items
- Owners are disadvantaged when making exterior improvements, as VGHOA doesn't cover future maintenance; e.g., change a window and VGHOA will no longer be responsible for that window
- It is in the Owners' best interest to assure the exterior of units and the common areas are maintained according to HOA standards. Currently the HOA has no ability nor resources to maintain owner installed improvements.

Proposal

- VGHOA is responsible for everything on the exterior structure and all common space.
- Unit dues are assessed based on the maintenance requirements of each unit.
- When an Owner chooses to improve the exterior of a unit, and it is approved by the Board, the owner pays for the initial improvement and VGHOA takes responsibility for future maintenance. The Unit dues are recalculated based on future expected maintenance costs.

Specifically

- Base dues continues to include both general operating expenses (e.g., lawn care, painting, snow removal) and replacement expenses for non-unique items (e.g., roofs, driveways).
- Variable dues incorporate selected differences among the VGHOA units for:
 - Decks
 - Patios
 - Window Wells
 - Fences
 - Skylights
 - Private Road

Variable Dues: Example 1

No deck, no skylights, 3 window wells, no fence, on private road

	Base Dues	Deck	Window Wells	Skylight	Patio & Fences	Road	Owner Improvements	Total
Replacement Cost	-	0	\$7,500	0	0	\$2,778	0	-
Useful Life in Years	-	30	30	30	30	30	-	-
Annual Dues	\$2,400	\$0	\$250	\$0	\$0	\$93	\$0	\$2,743

Limiting Rental Units

- Proposal to permit no more than 6 units to be rented at any point in time

Questions and Concerns