

Victorian Gables Homeowner Association

Annual Meeting
December 6, 2020

Ground Rules

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

Agenda

- **Reports (30 min)**
 - Approve Minutes (LeAnn)
 - President's Report (Scott)
 - Architecture Committee Report (Tom & Ron)
 - Landscaping Committee Report (Kammi)
 - Treasurer's Report (Ted)
 - 2021 Budget & Vote (Ted & Scott)
- **Notices and Conversations (20 min)**
 - Insurance (Dale)
 - Window Replacement (Scott)
- **Questions and Concerns (15 min)**
- **Nominations and Election (15 min)**
 - Nominations for Officers and Directors (Doug)
 - Officer and Director Elections (Kammi?)

Approve Minutes

Your Board

Officers:

President, Scott Novogoratz (#39)

Vice President, Dale Noel (#12)

Treasurer, Ted Huston (#21)

Secretary, LeAnn Payton (#23)

Directors-At-Large:

Doug Ouren (#31) - term expires at end of 2022

Tom Glenn (#20) - term expires at end of 2021

Paul Schnaitter (#15) - term expires this year

President's Comments

- Victorian Gables continues to be a wonderful community
- Several homeowners spent lots of time on projects to improve our community
- Like you, I would like to keep our dues as low as possible
- To be fiscally responsible, we need to take steps to assure the funds are available when we need them
- My personal bias is to minimize our water expense (\$10,000+/year) so we can devote those funds to maintenance and replacement items
- Going forward, I believe it's in everyone's best interest to specify that windows are the homeowners' responsibility

Architecture

Architecture

- **2020 Accomplishments**
 - **Minor exterior repairs and paint for all 40 units**
 - **More window wells replaced**
 - **Fence replacements**
 - **Reducing and eliminating trip hazards on our concrete walkways**

While we try to assess exterior problems, it's unlikely we catch everything. If you notice anything that doesn't seem to be right, let us know.

Fences



Before



After

Landscape

Kammi Eckhoff



Landscape

Trees

Jordan's Trimming

- Trimming several times this year due to late Spring snow, early fall snow, 2 wind storms

Colorado Lawn and Tree-spraying

- Spraying for various bugs throughout the year

Tree Replacement

- We were not able to replace trees due to the extra trimming due to storms

Lawns/Snow Removal

Evergreen Landscape and Sprinkler

- Watered 2 times per week, until October 1, when the city limited outside watering (saved 3 weeks of watering)
- Blade trim every 3-4 weeks along the sidewalks
- String trim around units every 2-3 weeks (this seemed to keep the edges from baking along the sidewalks)

Snow

- Several snow storms-maxed out snow budget in the spring, already over budget due to snow in late October

Roadway

No crack seal this year, saving \$2900

Vandalism

3 occurrences this summer

- Something thrown or hit garage door at #10
 - had to replace garage door
- 2 times trees were trimmed after dark
 - Once along Swallow roadway
 - Once along park

3 Police reports were filed

Connexion

- Connexion is now available for residents that want it

Miscellaneous

- Wasp removal
- Looking into surveillance cameras
 - Minimum \$4,000-\$6,000
 - WiFi but would have to have computer in someone's residence
 - Hardwired \$20-\$40+ per unit (40 units)
- No Potluck-due to Covid restrictions

Xeriscape Plan

Grants

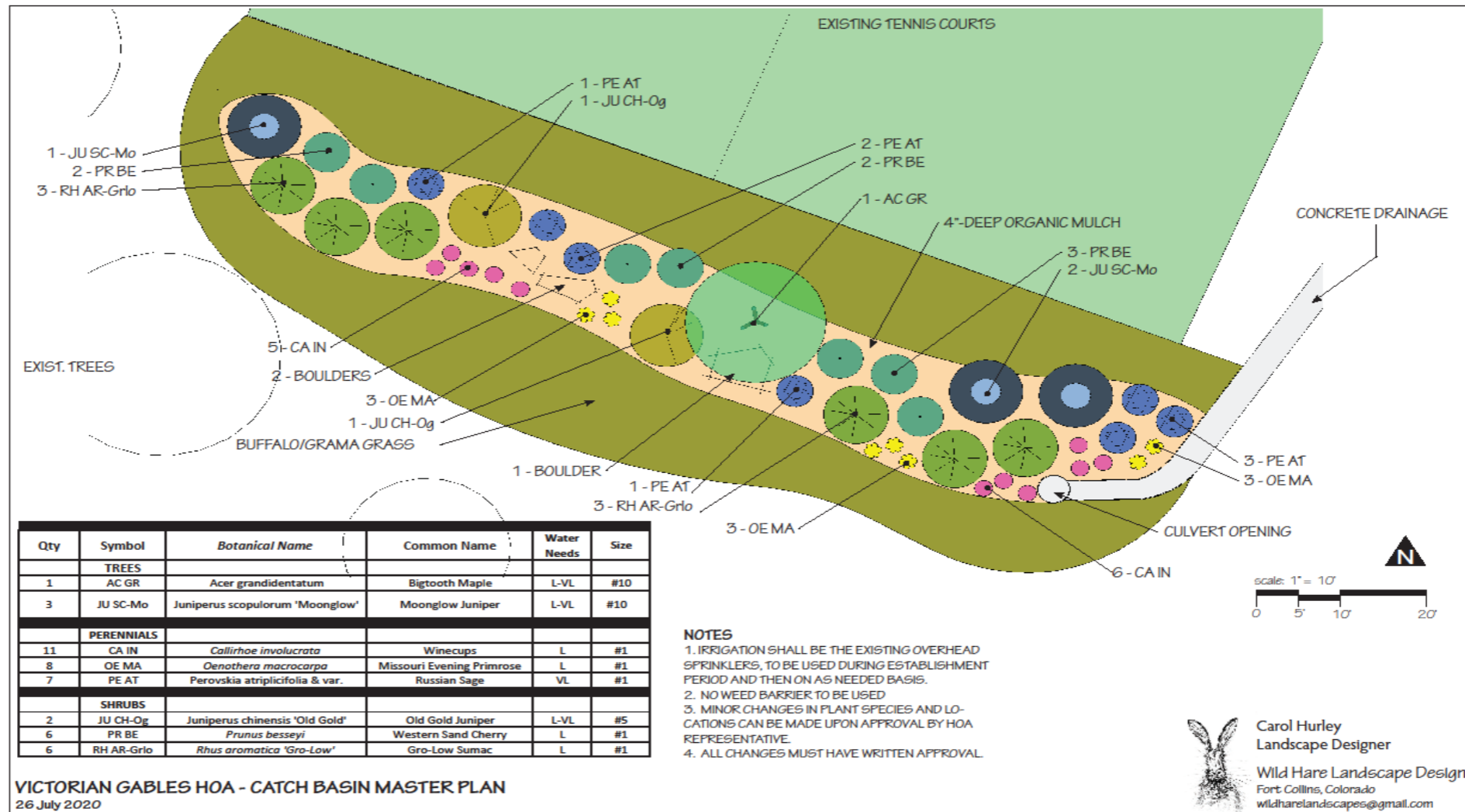
- We have received a matching grant from Fort Collins Xeriscape Incentive Plan (XIP) for \$12,443
- We have applied for a Northern Colorado Water Conservancy Grant for \$11,233 To be awarded in January 2021
- To save ~\$2,000 volunteers will plant most of the plants, with Evergreen planting the trees
- Begin Spring 2021-finish October 2021

Area A-South of Tennis Courts

Replace 3945sf of Kentucky Bluegrass with Buffalo/Grama grasses and low water plants, upgrade sprinkler system to drip system after plants are established (3+/- years, cut water to 2-4 times per month)



Xeriscape Garden

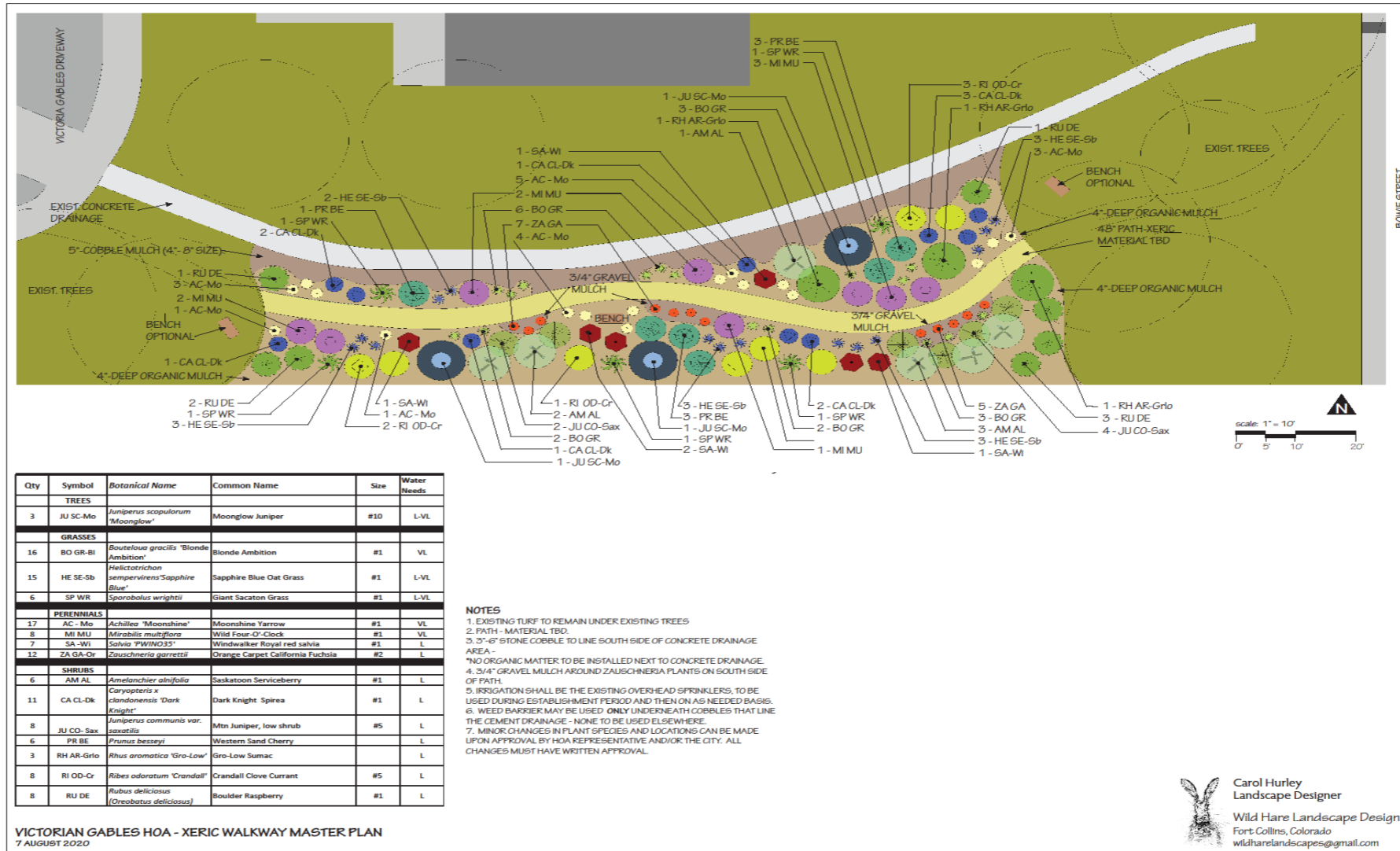


Area B-South of #36-37

Replace 4350sf Kentucky Bluegrass with a crushed stone path from Bowie to Swallow, seating areas and low water plants that invite pollinators, drip system only (after 3+/- years water 2-4 times per month)



Pollinator Garden



Treasurer's Report

Ted Huston

Victorian Gables HOA

2020 Summary Report
- Through November 25, 2020

INCOME

Dues, \$3000/unit/year
Interest
Transfer fees

Total Income

Year-to-Date	Annual Budget
\$120,000.00	\$120,000
\$1,828.79	\$1,000
\$400.00	\$0
\$122,228.79	\$121,000

EXPENSES

Landscaping
Maintenance
Operating
Replacement

Total Expenses

\$37,195.22	\$28,250
\$23,840.51	\$18,400
\$32,479.54	\$40,664
\$35,008.25	\$35,000
\$128,523.52	\$122,314

NET Income less Expenses

-\$6,294.73 **-\$1,314**

Victorian Gables HOA

2020 Summary Report
- Through November 25, 2020

Assets Allocation

Independent Financial Checking
Western States Money Market

0.11% APY

Current	31-Dec-19
\$9,314.30	\$5,869.82
\$9,120.63	\$20,617.75
\$18,434.93	\$26,487.57

Sub-Total

Insurance Reserve

Western States CD xx1549
Western States CD xx1584

APY Maturity
2.00% 1/11/21
1.75% 4/23/22

\$5,497.30	\$5,388.43
\$11,537.89	\$11,337.63
\$17,035.19	\$16,726.06

Sub-Total

Replacement Reserve

Independent Financial CD xx2737
Western States CD xx1476
Western States CD xx1550
Western States CD xx1585
Western States CD xx1598

0.35% 6/11/21
2.75% 4/21/24
2.00% 1/11/21
1.75% 4/23/22
1.24% 8/3/22

\$19,650.35	\$19,463.19
\$15,709.25	\$15,287.68
\$19,790.25	\$19,398.29
\$11,537.89	\$11,337.63
\$20,086.68	\$19,838.85
\$86,774.42	\$85,325.64

Sub-Total

Total Assets

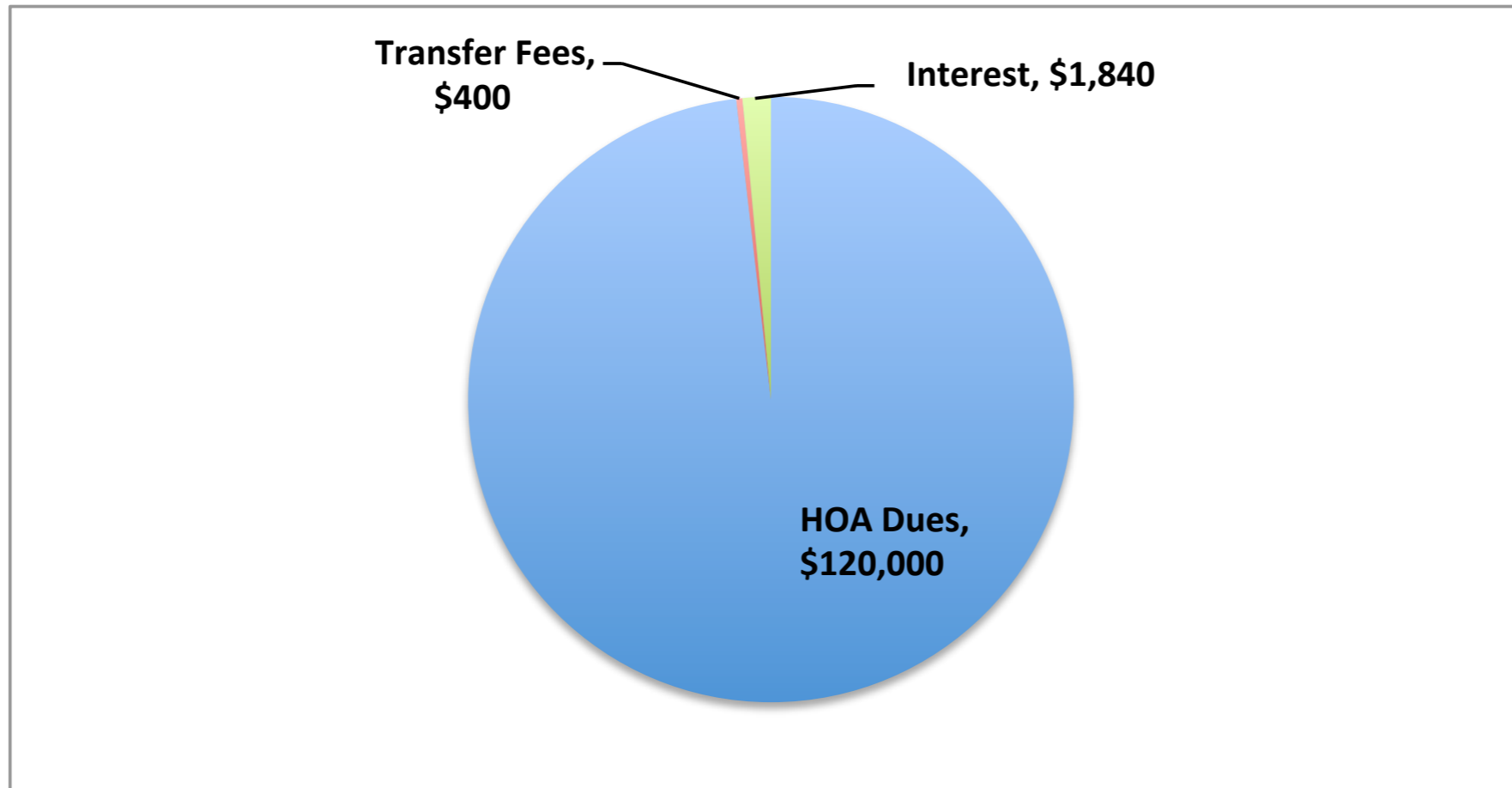
\$122,244.54	\$128,539.27
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Where VGHOA's Money Comes from and Goes to

2020 Projected Income & Expenses

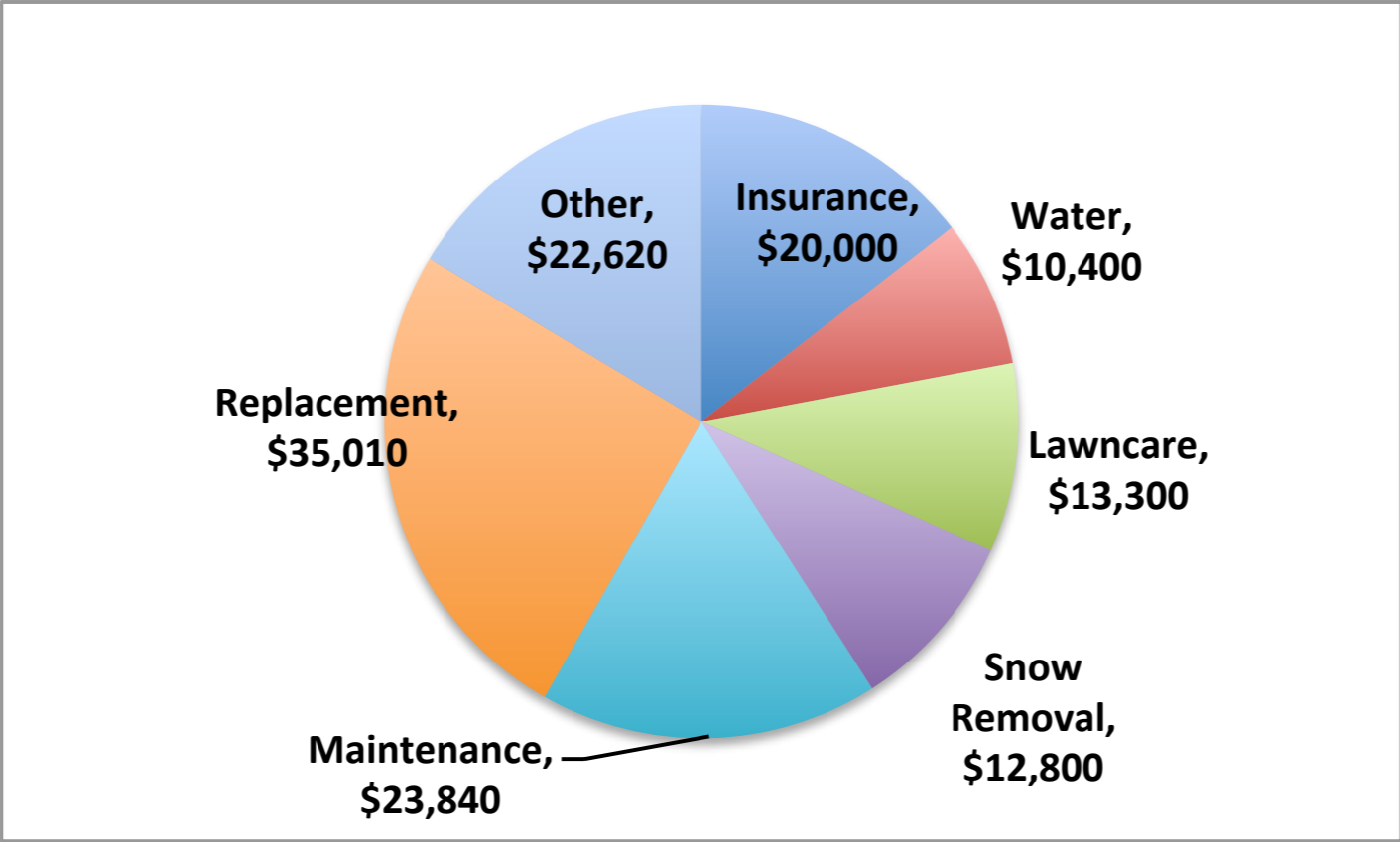
2020 Projected Income

HOA Dues	\$120,000	98.2%	\$750/unit/quarter
Transfer Fees	\$400	0.3%	
Interest	\$1,840	1.5%	
Total Income	<u>\$122,240</u>		



2020 Projected Expenses

Insurance	\$20,000	14%
Water	\$10,400	8%
Lawncare	\$13,300	10%
Snow Removal	\$12,800	9%
Maintenance	\$23,840	17%
Replacement	\$35,010	25%
Other	\$22,620	16%
Total Expenses	<u>\$137,970</u>	



The 2021 Budget

Proposed 2021 Budget

	2020		Projected 2021	
	Budget	Expected Annual	Budget	Comment
Expenses				
Operating				
Operating Sub-Total	\$40,664	\$41,830	\$45,150	
Landscape				
Landscape Sub-Total	\$28,250	\$37,294	\$43,450	
Maintenance				
Maintenance Sub-Total	\$18,400	\$23,841	\$6,600	
Reserve Funding				
Reserve Funding Sub-Total	\$35,000	\$35,008	\$37,250	
Total Expenses	\$122,314	\$137,973	\$132,450	

Proposed 2021 Budget

Expenses	2020		Projected 2021	
	Budget	Expected Annual	Budget	Comment
Operating				
Insurance	\$19,100	\$20,000	\$21,000	New brokerage for insurance in 2020 and higher deductibles saving >\$10K; 2021 small increases on D&O/Crime/Umbrella and Workers Comp policies
Street Lights	\$924	\$1,020	\$1,050	reported 07Nov, increase rate by 3% for 2021
Trash Removal	\$7,640	\$7,610	\$8,000	Same 5% increase as last year?
Water	\$11,000	\$10,400	\$10,600	reported 07Nov: increase rate by 2% for 2021
Misc	\$2,000	\$2,800	\$4,500	Add \$50/window well cover; add \$2000 for lawyer covenant/policy review & update
Operating Sub-Total	\$40,664	\$41,830	\$45,150	
Landscape				
Landscape Sub-Total	\$28,250	\$37,294	\$43,450	
Maintenance				
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Expenses				
Operating				
Operating Sub-Total	\$40,664	\$41,830	\$45,150	
Landscape				
Lawncare	\$13,300	\$13,300	\$13,300	
Snow Removal	\$9,000	\$12,800	\$9,000	10y range: \$2.95K(2017)-12.8K(2020), avg \$6.5K
Sprinklers	\$2,750	\$2,220	\$2,750	
Trees	\$2,800	\$6,916	\$6,000	Need \$4000 for general trimming, \$500 for pest/fertilizer, \$1500 for new trees; (postpone til 2023: \$4100 to remove tree at 26)
Xeriscaping	-	\$1,350	\$12,000	Assumes total project is ~\$34K and we get \$12K from city + \$10K from Northern Water match grants; one time expense
Misc	\$400	\$708	\$400	Landscape misc related to moved downspouts; soil for in-fill after window wells, etc
Landscape Sub-Total	\$28,250	\$37,294	\$43,450	
Maintenance				
Maintenance Sub-Total	\$18,400	\$23,841	\$6,600	
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Expenses				
Operating				
Operating Sub-Total	\$40,664	\$41,830	\$45,150	
Landscape				
Landscape Sub-Total	\$28,250	\$37,294	\$43,450	
Maintenance				
Gutters Cleaning	\$1,000	\$1,400	\$600	Go back to regular cleaning in fall?
Painting	\$14,000	\$22,087	\$1,500	Staining 2020 fence repairs, \$1000; stripping and repainting select decks. \$500
Private Roadway Repair	\$3,000	\$0	\$3,000	Crack seal (Seal coat is \$6K every 4-5y, due in 2023?)
Misc	\$400	\$354	\$1,500	Downspouts at 28, and between houses Swallow/Bowie, whatever remains after work done in 2020
Maintenance Sub-Total	\$18,400	\$23,841	\$6,600	
Reserve Funding				
Reserve Funding Sub-Total	\$35,000	\$35,008	\$37,250	
Total Expenses	\$122,314	\$137,973	\$132,450	

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Landscape				
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Maintenance				
Maintenance Sub-Total	\$18,400	\$23,841	\$6,600	
Reserve Funding				
Addition to Reserve	\$0	\$0	\$0	
(Withdrawal from Reserve)	(\$0)	(\$0)	(\$0)	
Expenses in Current Year				
Concrete	\$12,000	\$5,222	\$6,250	Half of balance of project bid (\$18K) for 2020 list
Decks/Fences	\$4,500	\$6,568	\$2,000	Fences @16, 29, Gate @33 (defer fences 33-40 until 2022; defer fences 5-6 until 2025)
Private Roadway	\$0	\$0	\$0	Replace road in ~2025, \$110K
Roof	\$0	\$0	\$0	
Skylights/Garage Doors	\$3,500	\$2,818	\$1,400	One skylight OR one garage door?
Sprinkler System	\$0	\$0	\$0	
Utility Connections	\$0	\$0	\$0	
Windows/Entry Doors	\$0	\$0	\$0	
Window Wells	\$15,000	\$20,400	\$27,600	# of wells that can be done = 23
Reserve Funding Sub-Total	\$35,000	\$35,008	\$37,250	
Total Expenses	\$122,314	\$137,973	\$132,450	

Proposed 2021 Budget

	2020		Projected 2021	
	Budget	Expected Annual	Budget	Comment
Income				
HOA Dues	\$120,000	\$120,000	\$132,000	To \$825/qtr; an increase of \$75/qtr, (+10%, or \$25/mo)
Transfer Fees	\$0	\$400	\$0	
Interest	\$1,000	\$1,840	\$1,000	
Total Income	\$121,000	\$122,240	\$133,000	
Expenses				
<u>Operating</u>				
Operating Sub-Total	\$40,664	\$41,830	\$45,150	
<u>Landscape</u>				
Landscape Sub-Total	\$28,250	\$37,294	\$43,450	
<u>Maintenance</u>				
Maintenance Sub-Total	\$18,400	\$23,841	\$6,600	
<u>Reserve Funding</u>				
Reserve Funding Sub-Total	\$35,000	\$35,008	\$37,250	
Total Expenses	\$122,314	\$137,973	\$132,450	
Surplus/(Deficit)	(\$1,314)	(\$15,733)	\$550	Note: deficit in 2020 was covered by surpluses in 2018-2019

Assuring VGHOA is Fully Funded

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

Replacement Reserve Funding

- Current Replacement Reserve Fund balance is ~\$86,800.
- Our priorities for determining which replacements to pursue are:
 1. Safety.
 2. Avoiding Extra Expense from Failing to Act.
 3. Replace as Item Wears Out.

Replacement Reserve Funding

- Special assessments for known replacement items can be avoided if:
 - Reserve fund is funded appropriately.
 - Replacement schedule is maintained.
- Some expenses can be spread over several years.
- Others will need to be done all at once. These will:
 - Draw down our Replacement Reserve Fund.
 - Use all of a year's allotment.

Replacement Reserve Funding

- “Full funding” over 30 years:
 - Requires \$2.04M in replacement expenses.
 - If equally distributed over 30y, the HOA needs **\$67,500/y** in today’s dollars.
 - Full funding accounts for the fact that some items are replaced at a different frequency than every 30y.
- “Baseline funding” over 30 years:
 - Requires \$1.71M in replacement expenses.
 - If equally distributed over 30 years, the HOA needs **\$56,900/y** in today’s dollars.
- **These do not include inflation!**

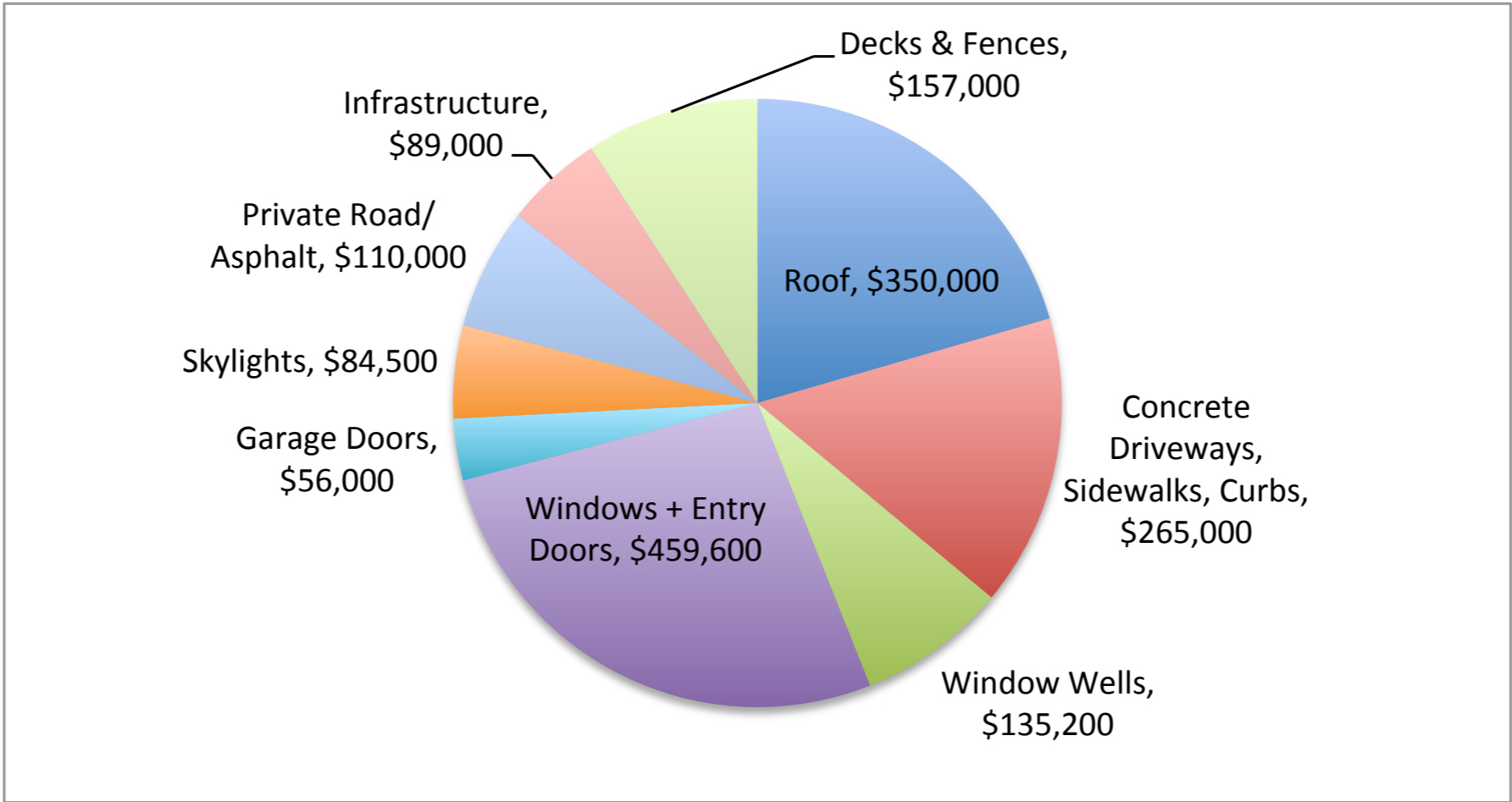
Replacement Reserve Funding

Currently:

- We have been spending ~\$35,000/y toward replacements for the past few years.
- Over 30y we would spend \$1.05M, well short of our baseline funding target, \$1.71M.
- To continue at this level, we must eliminate ~\$700,000 in HOA obligations.

30 Year Replacement Budget

	Baseline Funding	
Roof	\$350,000	21%
Concrete Driveways, Sidewalks, Curbs	\$265,000	16%
Window Wells	\$135,200	8%
Windows + Entry Doors	\$459,600	27%
Garage Doors	\$56,000	3%
Skylights	\$84,500	5%
Private Road/Asphalt	\$110,000	6%
Infrastructure	\$89,000	5%
Decks & Fences	\$157,000	9%
TOTAL	<u>\$1,706,300</u>	\$56,900/y



Replacement Reserve Funding

- Board recommends excluding windows and entry doors, saving ~\$460,000.
- Eliminating nothing else leaves \$1.25M in replacement expenses.
- Equally distributed over 30 years, that means **\$42,900/y** in today's dollars.
- Can we:
 1. Reduce expenses beyond windows/entry doors?
 2. Increase reserve funding by an additional \$8,000/y (\$50/unit/qtr)?

The expenses don't go away, they just become homeowner expenses.

Insurance Reserve Funding

- Current Insurance Reserve Fund balance is ~\$17,000.
- Our insurance policy deductible is \$10,000/event.
- Do we need to increase the Reserve?

2021 Budget Vote

Spending priorities?

Increase dues from \$750/qtr to \$825/qtr?

Insurance

Dale Noel

Insurance

Insurance for 20-21

Coverages equal to last year's insurance; at about same price new agent; proposals of last year's and 3 others were more costly

Deductibles

Hail/wind damage: \$27,000 per occurrence per building

HOA insurers demand hail/wind deductible that is based on *percentage* of the replacement value of the *building*; this year and last year 5%.

“All other perils” (for example, fire or lightning): \$10,000

Loss assessment coverage in homeowners policies

The HOA will assess the above deductibles to the owner(s) who suffered damage. Protect yourself with “loss assessment coverage.” Should be at least \$25,000, but \$50,000 is almost as inexpensive. The “losses” protected by this rider on your ***own*** insurance apply to ***damages*** to common areas and your ***own*** unit. They may apply to “special assessments” for improving common areas, but are not for other types of “special assessments.” **See also next slide for emphasis.**

Loss Assessment

EXTREMELY IMPORTANT

If a unit within the HOA incurs a loss, such as hail damage, the HOA will almost certainly assess the individual owner for costs to pay for repairs until the deductible charge is reached. A Loss Assessment rider on your current homeowner's policy helps you avoid any out of pocket cost, which could be up to \$25,000/unit.

Please verify with your current insurance company that your home policy has at least \$25,000 loss assessment endorsement coverage. Discuss Coverage Options of this Endorsement along with Exclusions and Premiums with your insurance agent.

Generally, the cost of increasing the amount of coverage for loss assessments is a small percentage of the cost of the rest of the homeowner's policy.

Conversations

Windows Become Homeowner Responsibility?

Window replacement are estimated at \$10,000+/unit

- A legal interpretation of our Covenants suggests windows are the responsibility of the homeowner.

The Board recommends that windows be the homeowners' responsibility from this point forward

Nominations

Doug Ouren

Nominations

Officers:

President, Scott Novogoratz (39)

Vice President, Dale Noel (18)

Treasurer, Ted Huston (21)

Secretary, LeAnn Payton (23)

Directors-At-Large:

One open position with 3 year term (2021-2023)

Doug Ouren (31) - (3 years) 2020-2022

Tom Glenn (20) - (2 years) 2020-2021

Questions and Concerns

Election