

Victorian Gables Homeowner Association

Annual Meeting
December 12, 2021 at 12:30 p.m.

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)
 - 2022 Budget & Vote (Ted & Scott)
- **Covenant Changes (15 min)**
 - Insurance (Dale)
 - Voting and Administration/Management (Scott)
- **Policies for Doors, Windows and Garage Doors**
- **Questions and Concerns (15 min)**
- **Nominations and Election (15 min)**
 - Nominations for Officers and Directors (Kammi)
 - 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:

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

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

Kammi Eckhoff (#2)- term expires at the end of 2023

President's Comments

- Victorian Gables continues to be a wonderful community
- Like most of you, I would like to:
 - Keep our dues as low as possible
 - Properly maintain our property
 - Enhance the appearance of our community
 - Be fiscally responsible; assure 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
- Clarify ambiguities in responsibility for maintenance of windows and doors

Architecture

Architecture

- **2021 Accomplishments**
 - **More window wells replaced**
 - **Roof repairs**

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.

Landscape

Kammi Eckhoff

Xeriscape Project

- Converted about 10,000 square feet to very low to low water xeriscape plants.
 - Xeriscape areas are on a drip (individual plants) or MP rotors (native Buffalo/Grama grass blend)
- Friday, September 3, homeowners planted 176 plants in the two xeriscape areas.
- 52.5% of our units were represented
 - 12 units represented, 16 workers.
 - 9 units represented by those who weren't able to work, but stopped by to watch.
- Friday, September 10, homeowners mulched the xeriscape areas with 32 cubic yards of mulch.
 - 6 units represented
- Xeriscape was completed the week of September 27, 2021
- Final FC XIP inspection completed on 10/7/2021.
- City contributed \$15,000 to project
- We saved about \$3300 by doing the planting and mulching ourselves.
- Evergreen was extremely impressed and complimentary by the way our VGHOA homeowners worked on this project.

Before Xeriscaping Tennis Courts

East Facing



West Facing



Planting Day 8/20/2021



Fruits of Our Labor



Pollinator Garden

Xeriscape Area B

Pre-Project (east facing) July 22, 2020

East Facing



West Facing



Planting Day 8/20/2021



Fruits of Our Labor



Pollinator Garden Mulched





Finished Pollinator Garden

- https://photos.google.com/share/AF1QipMsMqHQ9mOufgvk5Kr00PzsMw-sx0icl1a6VaSj2-OtOjPeEhKnVs7WUDCi3QDwlQ/photo/AF1QipMyK6_KeMX3RumekkABA-FGt900H65GM6Ifdla8?key=MFp2MVE2YUZRODNFSFBfWnJkaERycGdYdGGetTHdn

Treasurer's Report

Ted Huston

Treasurer's Report

2021 Summary -
Through 30Nov2021

INCOME

Dues, \$3300/unit/year
Interest
Transfer fees

Total Income

Year-to-Date	Annual Budget
\$132,025.00	\$132,000
\$1,368.38	\$1,000
\$200.00	\$0
\$133,593.38	\$133,000

EXPENSES

Landscaping
Maintenance
Operating
Replacement

Total Expenses

\$45,665.05	\$43,450
\$6,783.53	\$6,600
\$39,133.32	\$45,150
\$24,646.17	\$37,250
\$116,228.07	\$132,450

NET Income less Expenses

\$17,365.31	\$550
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Treasurer's Report

2021 Summary -
Through 30Nov2021

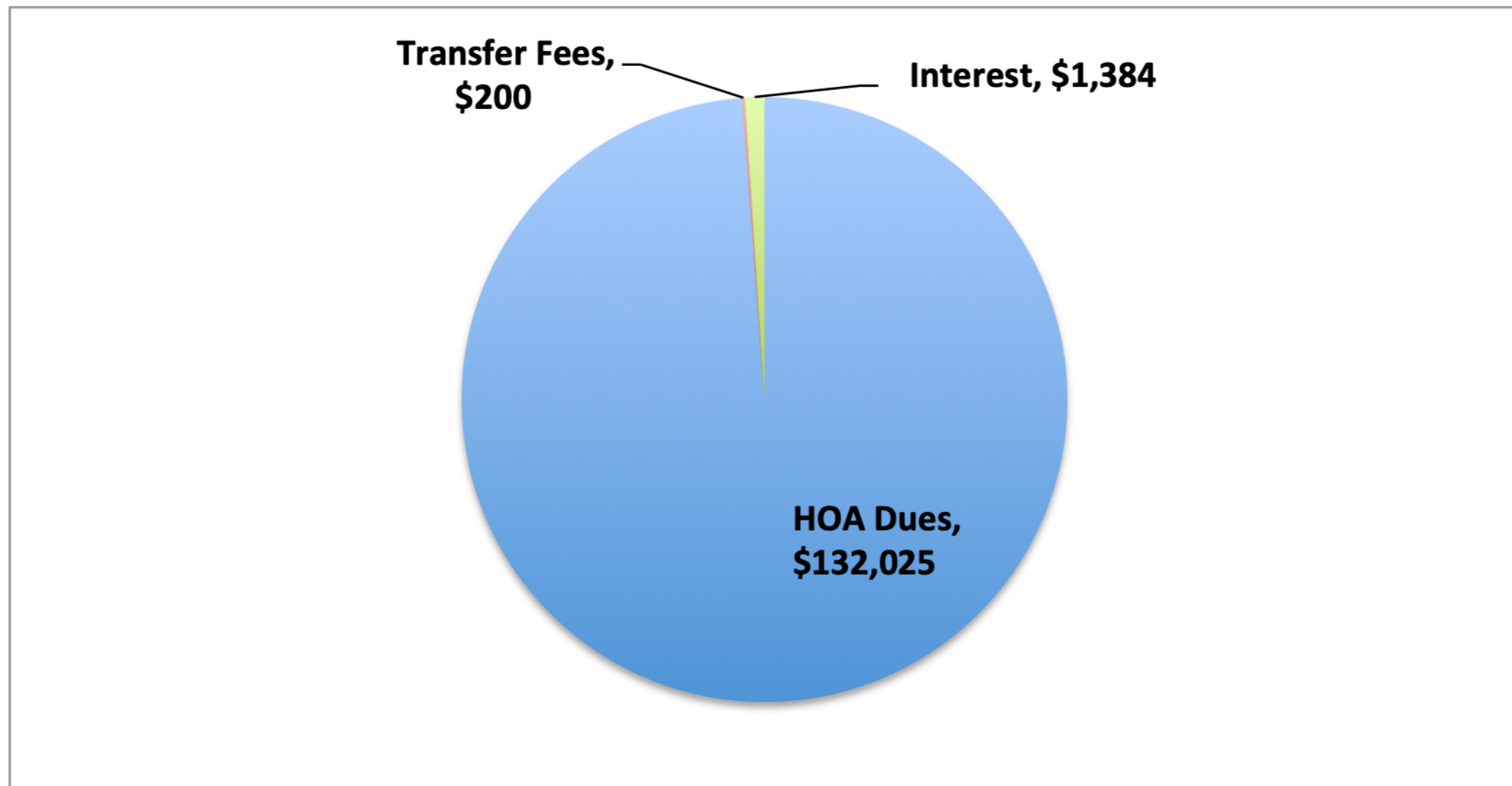
Assets Allocation			Year-to-Date	31-Dec-20
Independent Financial Checking			\$20,991.07	\$8,494.14
Western States Money Market	0.03% APY		\$6,629.47	\$3,121.49
	Sub-Total		\$27,620.54	\$11,615.63
Insurance Reserve				
	APY	Maturity		
Western States CD xx1549	0.50%	1/11/26	\$5,545.66	\$5,497.30
Western States CD xx1584	1.75%	4/23/22	\$11,741.13	\$11,537.89
	Sub-Total		\$17,286.79	\$17,035.19
Replacement Reserve				
Independent Financial CD xx2737	0.30%	6/11/22	\$19,716.73	\$19,667.49
Western States CD xx1476	2.75%	4/21/24	\$16,141.24	\$15,709.25
Western States CD xx1550	0.50%	1/11/26	\$19,964.35	\$19,790.25
Western States CD xx1585	1.75%	4/23/22	\$11,741.13	\$11,537.89
Western States CD xx1598	1.24%	8/3/22	\$20,336.91	\$20,086.68
	Sub-Total		\$87,900.36	\$86,791.56
	Total Assets		\$132,807.69	\$115,442.38

Where VGHOA's Money Comes from and Goes to

2021 Projected Income & Expenses

2021 Projected Income

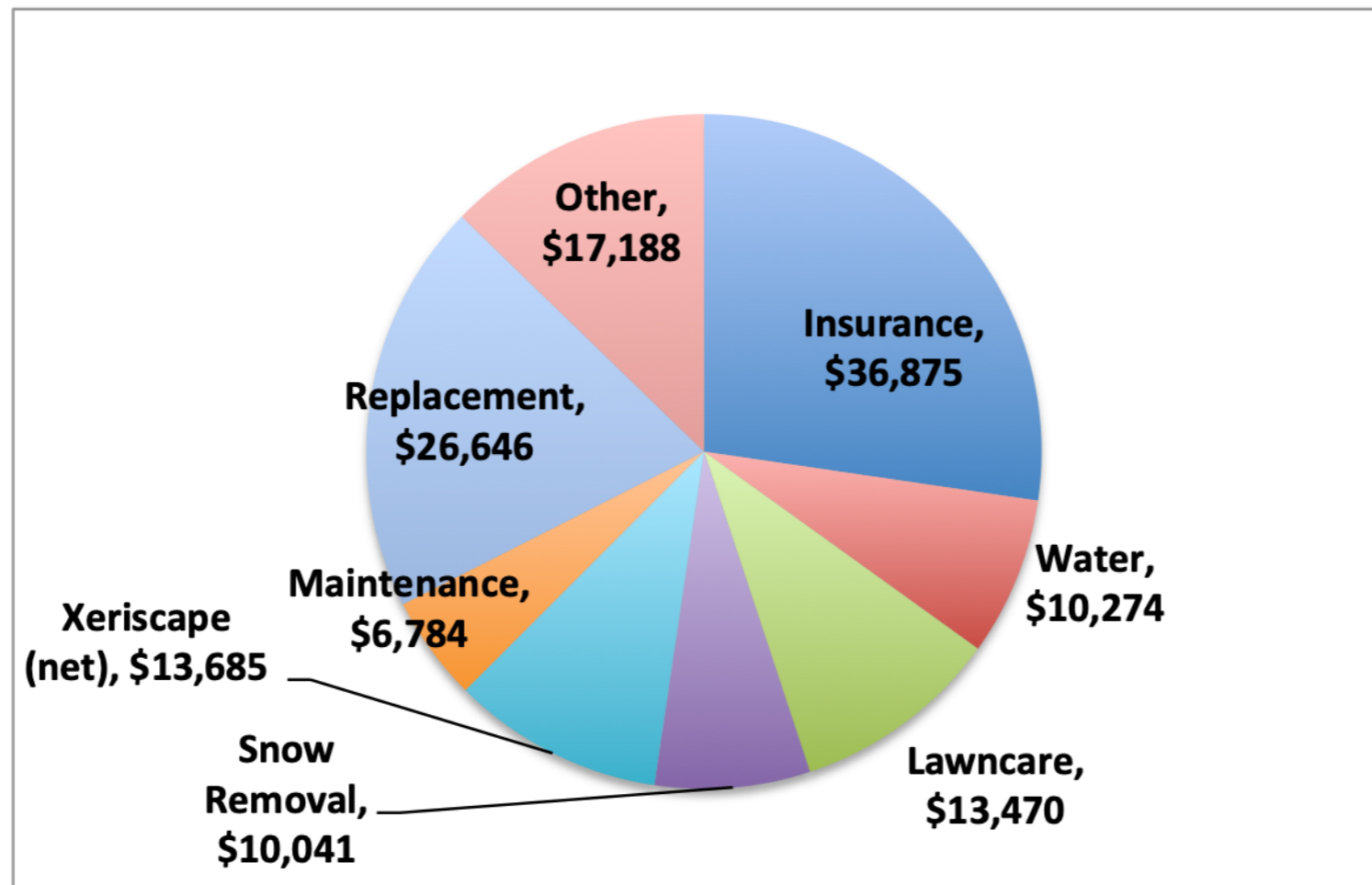
HOA Dues	\$132,025	98.8%	\$825/unit/quarter
Transfer Fees	\$200	0.1%	
Interest	\$1,384	1.0%	
Total Income	<u>\$133,609</u>		



2021 Projected Expenses

Insurance	\$36,875	27%
Water	\$10,274	8%
Lawncare	\$13,470	10%
Snow Removal	\$10,041	7%
Xeriscape (net)	\$13,685	10%
Maintenance	\$6,784	5%
Replacement	\$26,646	20%
Other	\$17,188	13%
Total Expenses	<u>\$134,963</u>	

Timing of Insurance Payments
Reason for Budget Overage



The 2022 Budget

Proposed 2022 Budget

	2021		Projected 2022	
	Budget	Expected Annual	Budget	Comment
Expenses				
<u>Operating</u>				
Operating Sub-Total	\$45,150	\$57,894	\$47,690	
<u>Landscape</u>				
Landscape Sub-Total	\$43,450	\$45,665	\$35,500	
<u>Maintenance</u>				
Maintenance Sub-Total	\$6,600	\$6,784	\$11,750	
<u>Reserve Funding</u>				
Reserve Funding Sub-Total	\$37,250	\$24,646	\$37,704	Should be at least \$42K to meet 30y replacement plan
Total Expenses	\$132,450	\$134,989	\$132,644	

Proposed 2022 Budget

	2021		Projected 2022	
	Budget	Expected Annual	Budget	Comment
Expenses				
Operating				
Insurance	\$21,000	\$36,900	\$23,600	21-22 policy increase over previous year: Liability insurance, 22%; D&O/Crime, 7%; Umbrella, 12%; Workers Comp, 0%
Street Lights	\$1,050	\$1,095	\$1,130	Announced 2% increase for 2022
Trash Removal	\$8,000	\$8,070	\$8,160	Same 3% increase as for 2021?
Water	\$10,600	\$10,275	\$10,300	Announced 0% increase for 2022
Misc	\$4,500	\$1,554	\$4,500	Add \$50/window well cover
Operating Sub-Total	\$45,150	\$57,894	\$47,690	
Landscape				
Landscape Sub-Total	\$43,450	\$45,665	\$35,500	
Maintenance				
Maintenance Sub-Total	\$6,600	\$6,784	\$11,750	
Reserve Funding				
Reserve Funding Sub-Total	\$37,250	\$24,646	\$37,704	Should be at least \$42K to meet 30y replacement plan
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Proposed 2022 Budget

	2021		Projected 2022	
	Budget	Expected Annual	Budget	Comment
Expenses				
Operating				
Operating Sub-Total	\$45,150	\$57,894	\$47,690	
Landscape				
Lawncare	\$13,300	\$13,470	\$13,850	3% increase over 2021
Snow Removal	\$9,000	\$10,041	\$10,000	10y range: \$2.95K(2017)-12.8K(2020), avg \$6.5K
Sprinklers	\$2,750	\$3,271	\$2,750	
Trees	\$6,000	\$5,057	\$7,500	Need \$4000 for general trimming, \$500 for pest/fertilizer, \$1500 for new trees; (postpone til 2023: \$4100 to remove tree at 26)
Xeriscaping	\$12,000	\$28,685	\$1,000	Project maintenance and plant replacements
	-	(\$15,000)		- Rebate from city for completed 2021 project
Misc	\$400	\$141	\$400	Landscape misc related to moved downspouts; soil for in-fill after window wells, etc
Landscape Sub-Total	\$43,450	\$45,665	\$35,500	
Maintenance				
Maintenance Sub-Total	\$6,600	\$6,784	\$11,750	
Reserve Funding				
Reserve Funding Sub-Total	\$37,250	\$24,646	\$37,704	Should be at least \$42K to meet 30y replacement plan
Total Expenses	\$132,450	\$134,989	\$132,644	

Proposed 2022 Budget

	2021		Projected 2022	
	Budget	Expected Annual	Budget	Comment
Expenses				
Operating				
Operating Sub-Total	\$45,150	\$57,894	\$47,690	
Landscape				
Landscape Sub-Total	\$43,450	\$45,665	\$35,500	
Maintenance				
Gutters Cleaning	\$600	\$725	\$750	
Painting	\$1,500	\$59	\$6,000	Supposed to do \$3000 in 2021, half of the amount needed
Private Roadway Repair	\$3,000	\$0	\$3,000	Crack seal (Seal coat is \$6K every 4-5y, due in 2023?)
Misc	\$1,500	\$6,000	\$2,000	Expect the unexpected; french drain at #28
Maintenance Sub-Total	\$6,600	\$6,784	\$11,750	
Reserve Funding				
Reserve Funding Sub-Total	\$37,250	\$24,646	\$37,704	Should be at least \$42K to meet 30y replacement plan
Total Expenses	\$132,450	\$134,989	\$132,644	

Proposed 2022 Budget

	2021		Projected 2022	
	Budget	Expected Annual	Budget	Comment
Expenses				
Operating				
Operating Sub-Total	\$45,150	\$57,894	\$47,690	
Landscape				
Landscape Sub-Total	\$43,450	\$45,665	\$35,500	
Maintenance				
Maintenance Sub-Total	\$6,600	\$6,784	\$11,750	
Reserve Funding				
Replacement Reserve				
Addition to Reserve	\$0	\$0	\$0	
(Withdrawal from Reserve)	(\$0)	(\$0)	(\$0)	
Expenses in Current Year				
Concrete	\$6,250	\$0	\$6,000	Half of balance of project bid (\$18K) for 2020 list
Decks/ Fences	\$2,000	\$350	\$9,800	Fences @16, 29, 33-40; bid price 2020 + 10%; (defer fences 5-6 until 2025)
Private Roadway	\$0	\$0	\$0	Replace road in ~2025, \$110K
Roof	\$0	\$0	\$0	
Skylights/ Garage Doors	\$1,400	\$0	\$1,400	
Sprinkler System	\$0	\$0	\$0	
Utility Connections	\$0	\$496	(\$496)	Lamppost damaged in 2021 snowstorm being reimbursed
Windows	\$0	\$0	\$0	
Window Wells	\$27,600	\$23,800	\$21,000	# of wells that can be done = 15
Reserve Funding Sub-Total	\$37,250	\$24,646	\$37,704	Should be at least \$42K to meet 30y replacement plan
Total Expenses	\$132,450	\$134,989	\$132,644	

Proposed 2022 Budget

	2021		Projected 2022	
	Budget	Expected Annual	Budget	Comment
Income				
HOA Dues	\$132,000	\$132,025	\$132,000	\$825 per quarter, no change from 2021
Transfer Fees	\$0	\$200	\$0	
Interest	\$1,000	\$1,384	\$1,000	
Total Income	\$133,000	\$133,609	\$133,000	
Expenses				
Operating				
Operating Sub-Total	\$45,150	\$57,894	\$47,690	
Landscape				
Landscape Sub-Total	\$43,450	\$45,665	\$35,500	
Maintenance				
Maintenance Sub-Total	\$6,600	\$6,784	\$11,750	
Reserve Funding				
Reserve Funding Sub-Total	\$37,250	\$24,646	\$37,704	Should be at least \$42K to meet 30y replacement plan
Total Expenses	\$132,450	\$134,989	\$132,644	
Surplus/Deficit	\$ 550	\$ (1,380)	\$ 356	

Assuring VGHOA is Fully Funded

And Avoiding Special Assessments Except for
Something Totally Unexpected

Replacement Reserve Funding

- Current Replacement Reserve Fund balance is ~\$87,900.
- 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 or most of a year's allotment.

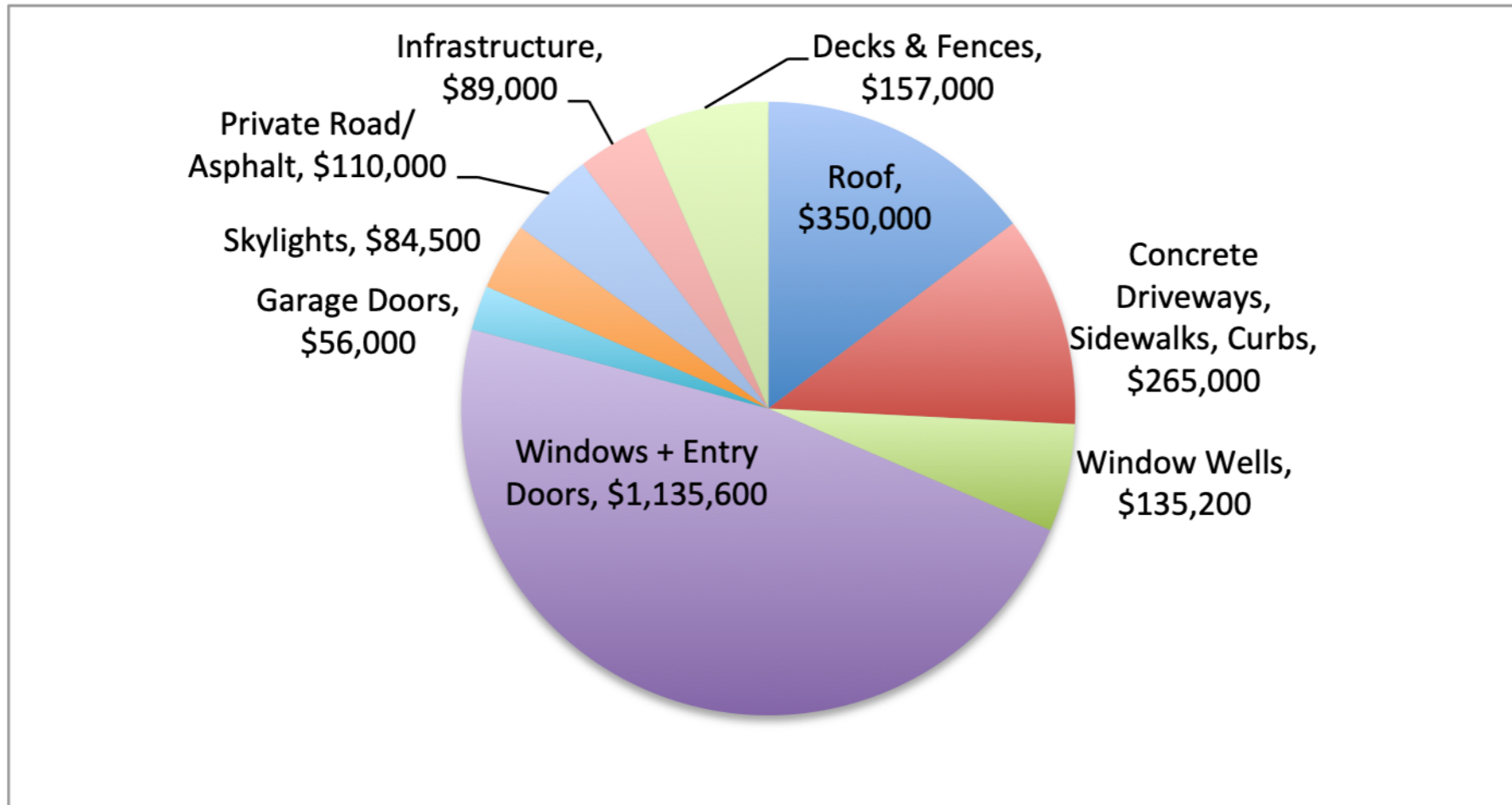
Replacement Reserve Funding

- “Full funding” over 30 years:
 - Requires \$1.45M in replacement expenses.
 - If equally distributed over 30y, the HOA needs **\$48,300/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 \$1.25M in replacement expenses.
 - If equally distributed over 30 years, the HOA needs **\$41,600/y** in today’s dollars.
- **These do not include inflation!**

30 Year Replacement Budget

(With windows and doors)

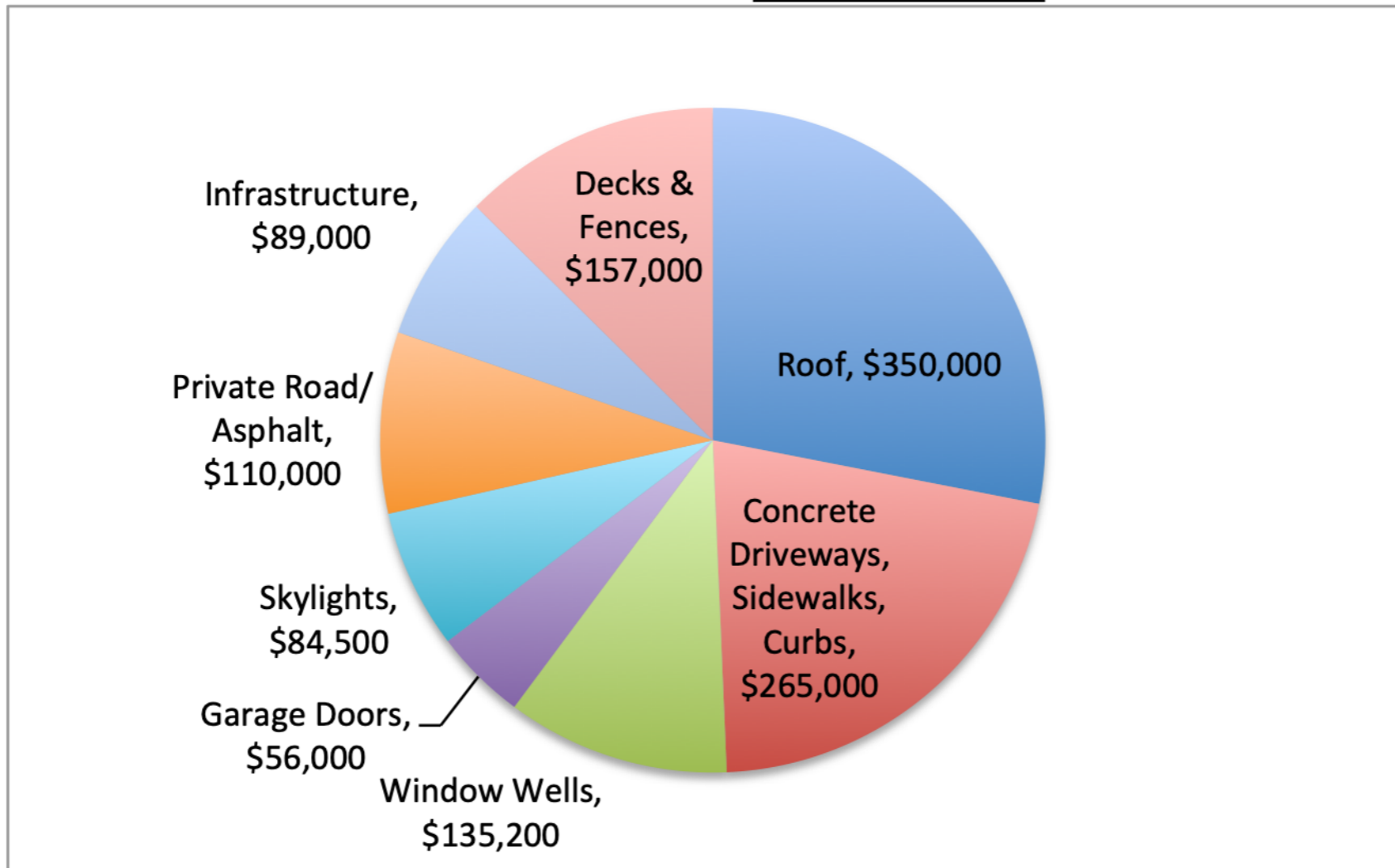
	Baseline Funding	
Roof	\$350,000	15%
Concrete Driveways, Sidewalks, Curbs	\$265,000	11%
Window Wells	\$135,200	6%
Windows + Entry Doors	\$1,135,600	48%
Garage Doors	\$56,000	2%
Skylights	\$84,500	4%
Private Road/Asphalt	\$110,000	5%
Infrastructure	\$89,000	4%
Decks & Fences	\$157,000	7%
TOTAL	<u>\$2,382,300</u>	\$79,410/y



30 Year Replacement Budget

(Without windows and doors)

	Baseline Funding	
Roof	\$350,000	28%
Concrete Driveways, Sidewalks, Curbs	\$265,000	21%
Window Wells	\$135,200	11%
Garage Doors	\$56,000	4%
Skylights	\$84,500	7%
Private Road/Asphalt	\$110,000	9%
Infrastructure	\$89,000	7%
Decks & Fences	\$157,000	13%
TOTAL	<u>\$1,246,700</u>	\$41,560/y



Replacement Reserve Funding

- We have been spending ~\$35,000/y toward replacements for the past few years.
- At that pace, over 30y we would spend \$1.05M, a bit short of our baseline funding target, \$1.25M.
- 2021 spending will be ~\$26,600, well short of even \$35K, let alone \$42K.
- 2022 proposed spending will be ~\$37,700.

Replacement Reserve Funding

- Board recommends clarifying:
 1. Windows and entry doors = Homeowner responsibility, saving >\$1.1M.
 2. Garage doors = HOA responsibility, costing ~\$60,000
- Changing nothing else leaves \$1.25M in replacement expenses.
- Equally distributed over 30 years, that means **\$41,600/y** in today's dollars.
- Other items for homeowner responsibility:
 1. Outdoor lighting fixtures
 2. ?

Increase reserve funding by an additional \$5,000/y (\$30/unit/qtr)?

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

Insurance Reserve Funding

- Current Insurance Reserve Fund balance is ~\$17,300.
- Our insurance policy deductible is \$10,000/event.
- Do we need to increase the Reserve?
- Do we need this Reserve at all? Transfer to Replacement?

2022 Budget Vote

Spending priorities

Recommend keeping dues at \$825/quarter

Insurance

Dale Noel

Rising HOA Insurance Costs

- Our property/liability insurance increased by 24% in 2018-19 and 11% in 2019-20. Last year our former agent gave us early word that our insurance renewal premium would increase by 70%.
- New agent found a policy costing only 8% more for 2020-21.
- The carrier of last year's (2020-21) dropped all its Colorado business; it was losing money here.
- Our insurance next year will cost 25% more than this year.
- Keeping costs low: No claims; shopping for agents; high deductibles

Insurance Covenant Revision

Why make the proposed Covenants changes for Insurance (Article XI)?

- To state consistently throughout that the homeowner is responsible for paying the HOA insurance **deductible** when damage occurs to their unit.
- To prevent the need to update covenants every year when HOA insurance deductibles increase. Specific deductible numbers -- e.g. \$10,000 -- have been eliminated.

Insurance Covenant Revision

What is the impact on homeowners?

- The **homeowner(s)** of a damaged Unit(s) will be **assessed** for the cost of repair *up to* the full deductible amount from the HOA's insurance policy.
- **Protect yourself** by including **Loss Assessment Coverage** in your homeowner's insurance policy.
- Each year ascertain that your coverage is adequate. As new HOA insurance policies are adopted each year, the amount of **recommended loss assessment** coverage may **change**.
- **This is not new.** It simply has been made much clearer, without internal contradiction, in this revision of the covenants.

Wind or Hail Damage and HOA Insurance

- We cannot find affordable HOA insurance without the outrageous deductible for **wind/hail** damage: 5% of the **building** value where damage occurs.
- Our new insurance escalates the guaranteed replacement costs of our units by 80%. Because of this, the deductible for wind/hail also increases by 80%.
- We now recommend loss assessment coverage to be **\$50,000** rather than last year's \$30,000.
- Deductible for “all other perils” (e.g., fire or lightning) remains \$10,000.

Example 1: Hail/Wind destroys roof

The **roof** of your building (your Unit and your neighbor's Unit) has damage due to **hail** and needs to be replaced

- Assume the cost of the new roof for your building is \$20,000 and your building is valued at \$900,000 (average replacement value in new HOA policy).
- HOA **cannot** even **file a claim** because deductible will be \$45,000 ($\$900,000 \times .05$), i.e., the **deductible is much higher than the damage**.
- HOA charges a loss assessment to both you and your neighbor of \$10,000 **each** to pay the cost of repairs, \$20,000 in total.
- If you have **Loss Assessment coverage**, you then submit a claim to your insurance company under your homeowner policy for \$10,000.
- If you have **no** loss assessment coverage, **you pay the \$10,000**.

Example 2: Complete Replacement after Fire

Your building (your Unit and your neighbor's Unit) is completely destroyed by fire and needs to be replaced.

- Assume "replacement value" of your **building** (your unit and neighbor's unit) is \$900,000 (average replacement value in new HOA policy).
- **Fire** is one of "all other perils." Its **deductible** is **\$10,000**.
- HOA will charge a loss assessment to both you and your neighbor of \$5,000 **each** to pay the cost of the HOA **deductible**. If you have **Loss Assessment coverage**, you then submit a claim to **your** insurance company for this assessment of **\$5,000**.
- The HOA insurance will then pay for complete replacement of **original building structure**. Your homeowner insurance will pay all other restoration, including personal property, and the wording of your homeowner policy may require you to pay a deductible to your homeowner insurance for this part of the restoration.

Voting and Administration

Scott Novogoratz

Voting

- Why make Covenants changes for Voting Rights (Article II, Section 2)?
 - Conflict exists between the Voting Rights section listed in the Articles of Incorporation and the Declaration of Covenants
 - This is a “clean up”, acknowledging Voting Rights in the Articles of Incorporation (Article V) supersede those in the Declaration of Covenants
- What is the impact on homeowners?
 - This does not affect homeowners’ voting rights, but serves to default to those in the Articles of Incorporation

Administration & Management

- Why make Covenants changes for Administration and Management?
 - Clarify that if conflicts exist between the Articles of Incorporation and the Declaration of Covenants, the Articles of Incorporation shall prevail
- What is the impact on homeowners?
 - This does not affect homeowners, but serves to clarify which document supersedes the other in case of a conflict

Windows Become Homeowner Responsibility?

Window replacement are estimated at \$20,000+/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

Other Policy Changes

- Adoption and amendment of policies
- Snow removal
- Parking
- Signs and Flags
- Insurance
- Garage Doors
- (What else?????)

Conversations

Questions and Concerns

Vote

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:

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

Kammi Eckhoff (#2) – (3 years) 2021-2023

Mark Cunningham (#36) – (3 years) 2022-2024

Election