

Victorian Gables Homeowner Association

Annual Meeting
December 4, 2022 at 3:00 p.m.

Ground Rules

- Silence your cell phones
- Permit presenters to finish presentations
- Hold questions until presenter asks for questions

Agenda

- **Reports (40 min)**

- Approve Minutes (LeAnn)
- President's Report (Scott)
- Architecture Committee Report (Ron)
- Landscaping Committee Report (Kammi)
- Insurance (Dale)
- Treasurer's Report (Ted)
- 2023 Budget & Vote (Ted & Scott)

- **Policy Changes (5 min)**

- Snow Removal (Scott)

- **Questions and Concerns (15 min)**

- **Nominations and Election (15 min)**

- Nominations for Officers and Directors (Kammi & Mark)
- Officer and Director Elections (Kammi & Mark)

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:

Paul Nervig (#31) - term expires at end of 2022

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

Mark Cunningham (#36) - term expires at end of 2024

President's Comments

HOA costs are rising

What it takes to run an HOA

Sample HOA Cost Changes Over Time

Table 1

	2020	2021	2022	Expected 2023	% Change from 2020 to 2023
Insurance	\$20,000	\$23,600	\$28,542	\$34,250	71.25%
Trash Pickup	\$7,610	\$8,070	\$8,160	\$9,139	20.1%
Garage Door/per Door	\$1,411	-	\$2,218	\$2,095	48.5%

HOA Activities

- **Governance**

- Budget approval, policies, governing documents and operations oversight

- **Operations**

- Exterior structure maintenance and groundskeeping

- **Finances**

- Collections, payments, financial statements, investments, planning

- **Administration**

- Insurance, record keeping, respond to queries, filings, compliance

Architecture

Ron Segul

Architecture

- **2022 Accomplishments**
 - **More window wells replaced, 19 this year, 35 to go**
 - **Painting**
 - **Roof repairs**
 - **New French drain at unit #28**
 - **LED streetlights**

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

Signs



- Thanks to John Mercer for his help in putting them up.

Fall Colors



Community Picnic



- **Sept. 18 with about 25-30 people in attendance in the yard of Mark and Joy Cunningham, who also provided awning shade, tables, and lawn games.**
- **Thanks Mark and Joy for making this a successful event.**

2022

- **Trees trimmed**
- **Lawncare**
- **Reseeded xeriscape by tennis courts**
- **Cul-de-Sac #15-21, patched**
- **We will be replacing about 15 plants in the xeric areas next spring, it was too hot to do much planting this summer.**

Snow

- **Please remember to keep your areas by your front door clear in the winter.**
 - **Snow shovelers WILL NOT move items to remove snow.**
 - **They will not shovel between cars in the driveways.**

Thanks to all who have helped

- **Signs-John Mercer**
- **Weeding-Nancy Glenn, Diane Noel**
- **Shoveling-Dale & Diane Noel, Rosemary Rader & Ted Huston, Mark Cunningham, Paul Eckhoff, John Mercer, Ron Segul**
- **Dirt for window wells-Ted Huston, Steve Hansen, Paul Eckhoff**
- **Community Picnic space-Mark & Joy Cunningham**
- **AND anyone I have forgot to mention-YOU are appreciated**

New Projects?

- The state, county and city have additional monies for more xeriscape/Kentucky Bluegrass replacement projects
 - Ex-replace KY Bluegrass with native grasses using existing irrigation- eventually watering 2-4 times per month
- Please let me know of landscape projects you would be willing to have the VGHOA consider

Insurance

Dale Noel

HOA insurance and its cost

- Our 4 insurance policies and the premiums for next year

■ Property and liability	\$24,440
■ Directors & Officers/ Crime	\$1,820
■ Umbrella	\$1,600
■ Workers compensation	\$350
■ Total cost (includes 1% fee)	\$28,542

- Costs put into 3 perspectives

■ Average % increase/yr since 2017:	20%
■ % of total HOA budget:	22%
■ Your cost per year as one owner:	\$714

HOA insurance deductibles, and owner loss assessment insurance

- Deductibles
 - Wind/Hail: \$49,000 (5% of building replacement value)
 - All other perils: \$10,000
- Owner of damaged unit pays lesser of repair or deductible
- Loss assessment coverage in homeowner's insurance
 - We recommend same as last year: \$50,000
 - Look at HOA website under "loss assessment coverage"

Treasurer's Report

Ted Huston

Treasurer's Report

2022 Summary -
Through 22Nov2022

INCOME	Year-to-Date	Annual Budget
Dues, \$3300/unit/year *	\$125,375.00	\$132,000
Interest	\$1,250.11	\$1,000
Transfer fees	\$400.00	\$0
Total Income	\$127,025.11	\$133,000
EXPENSES		
Landscaping	\$29,493.34	\$35,500
Maintenance	\$9,551.69	\$11,750
Operating	\$46,707.21	\$47,690
Replacement	\$32,465.83	\$37,704
Total Expenses	\$118,218.07	\$132,644
NET Income less Expenses	\$8,807.04	\$356

* \$6,625 of 2022 dues was
collected in 2021

Treasurer's Report

2022 Summary -
Through 22Nov2022

Assets Allocation

Maintenance Reserve

Independent Financial Checking

FNBO Money Market xx605

0.40% APY

Year-to-Date

31-Dec-21

\$9,200.74

\$9,643.81

\$14,669.45

\$6,630.05

Sub-Total

\$23,870.19

\$16,273.86

Insurance Reserve

APY Maturity Date

Treasury I bond

9.62%

9/1/52

\$5,000.00

\$0.00

FNBO Money Market xx596

0.40%

\$6,854.17

\$0.00

FNBO CDxx1549

0.50%

1/11/26

\$5,573.39

\$5,545.66

FNBO CDxx1584

1.75%

4/23/22

\$0.00

\$11,741.13

Sub-Total

\$17,427.56

\$17,286.79

Replacement Reserve

APY Maturity Date

Independent Financial CD xx2737

1.31%

7/11/23

\$19,824.61

\$19,731.47

Independent Financial CD xx5704

2.52%

11/17/23

\$20,649.40

\$0.00

Treasury I bond

9.62%

9/1/52

\$5,000.00

\$0.00

FNBO Money Market xx604

0.40%

\$6,861.75

\$0.00

FNBO CD xx1476

2.75%

4/21/24

\$16,585.10

\$16,141.24

FNBO CD xx1550

0.50%

1/11/26

\$20,064.18

\$19,964.35

FNBO CD xx1585

1.75%

4/23/22

\$0.00

\$11,741.13

FNBO CD xx1598

1.24%

8/3/22

\$0.00

\$20,336.91

Sub-Total

\$88,985.04

\$87,915.10

Total Assets

\$130,282.79

\$121,475.75

Treasurer's Report

	31-Dec-2019 Actual	31-Dec-2020 Actual	31-Dec-2021 Actual	31-Dec-2022 Expected	31-Dec-2023 Expected
Assets					
Cash and Cash Equivalents	\$ 26,487.57	\$ 11,615.63	\$ 16,273.86	\$ 19,474.93	\$ 34,270.93
Term Investments	\$ 102,051.70	\$ 103,826.75	\$ 105,201.89	\$ 92,752.38	\$ 95,075.38
Prepaid Expenses (Insurance)	\$ 2,310.89	\$ 2,637.00	\$ 20,874.94	\$ 25,299.90	\$ 30,359.70
Receivables (Delinquent Dues)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Assets	\$ 130,850.16	\$ 118,079.38	\$ 142,350.69	\$ 137,527.21	\$ 159,706.01
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Loans	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Dues	\$ -	\$ -	\$ 6,625.00	\$ -	\$ -
Total Liabilities	\$ -	\$ -	\$ 6,625.00	\$ -	\$ -
ASSETS - LIABILITIES	\$ 130,850.16	\$ 118,079.38	\$ 135,725.69	\$ 137,527.21	\$ 159,706.01
Reserve Funds					
Maintenance Reserve	\$ 26,487.57	\$ 11,615.63	\$ 9,648.86	\$ 5,747.61	\$ 4,389.61
Toward Tree Removal at #26 in 2028					\$ 1,000.00
Toward Road Sealcoat in 2024					\$ 6,600.00
Replacement Reserve	\$ 85,325.64	\$ 86,791.56	\$ 87,915.10	\$ 89,046.44	\$ 99,387.44
Insurance Reserve	\$ 16,726.06	\$ 17,035.19	\$ 17,286.79	\$ 17,433.26	\$ 17,969.26
Prepaid Expenses (Insurance)	\$ 2,310.89	\$ 2,637.00	\$ 20,874.94	\$ 25,299.90	\$ 30,359.70
Total Reserve Funds	\$ 130,850.16	\$ 118,079.38	\$ 135,725.69	\$ 137,527.21	\$ 159,706.01

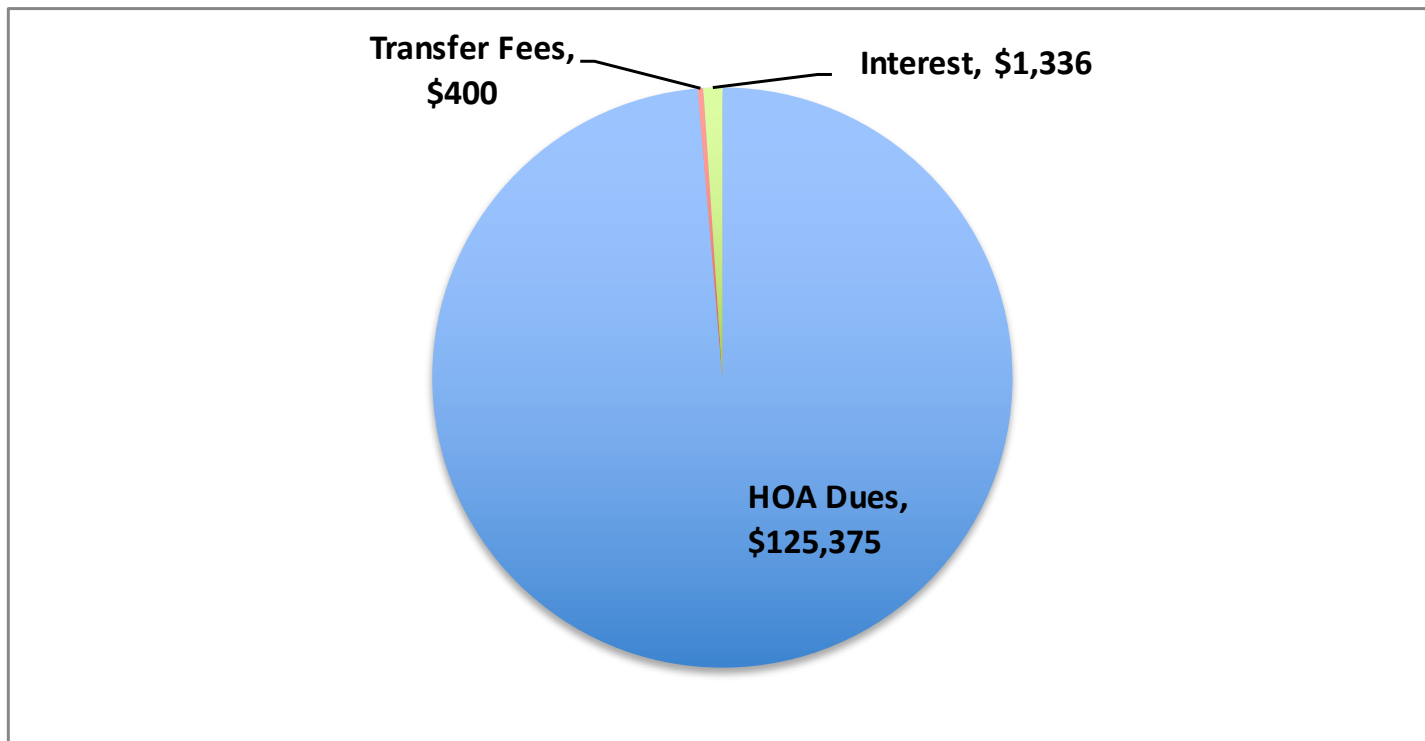
Where VGHOA's Money Comes from and Goes to

2022 Projected Income & Expenses

2022 Income

Projected annual, as of 22Nov

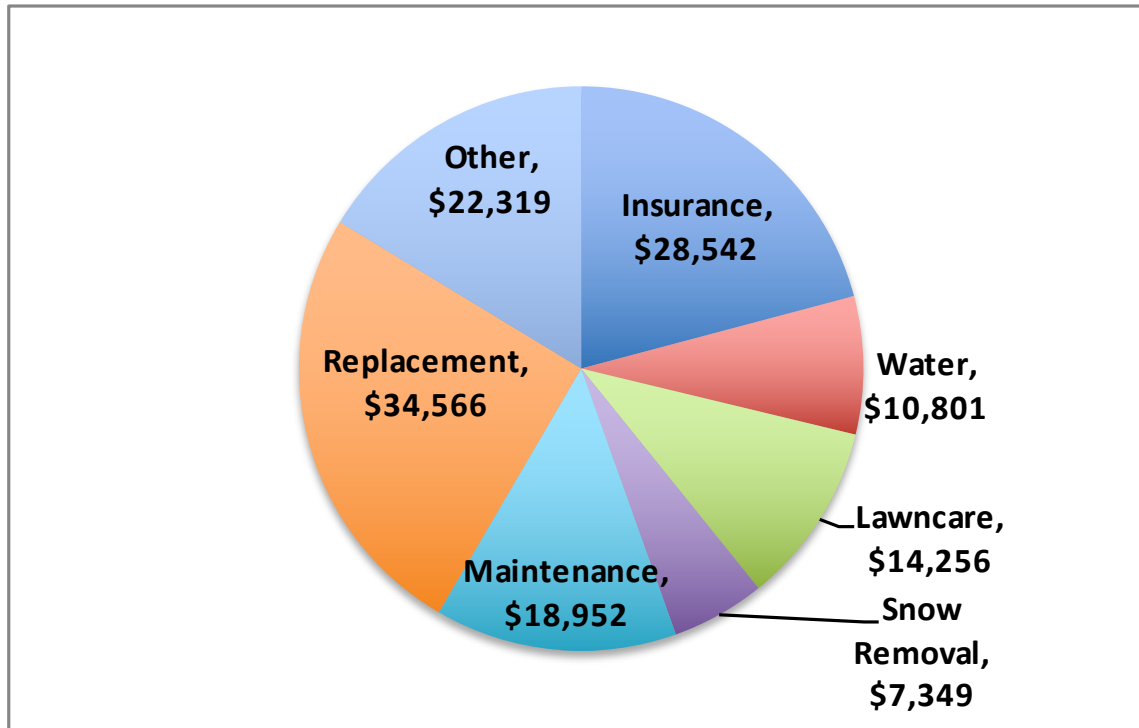
HOA Dues	\$125,375	98.6%	\$825/unit/quarter
Transfer Fees	\$400	0.3%	
Interest	\$1,336	1.1%	
Total Income	<u>\$127,111</u>		



* \$6,625 of 2022 dues was collected in 2021

2022 Expenses

Insurance	\$28,542	21%	Projected annual, as of 22Nov
Water	\$10,801	8%	
Lawncare	\$14,256	10%	
Snow Removal	\$7,349	5%	
Maintenance	\$18,952	14%	
Replacement	\$34,566	25%	
Other	\$22,319	16%	
Total Expenses	<u>\$136,785</u>		



The 2023 Budget

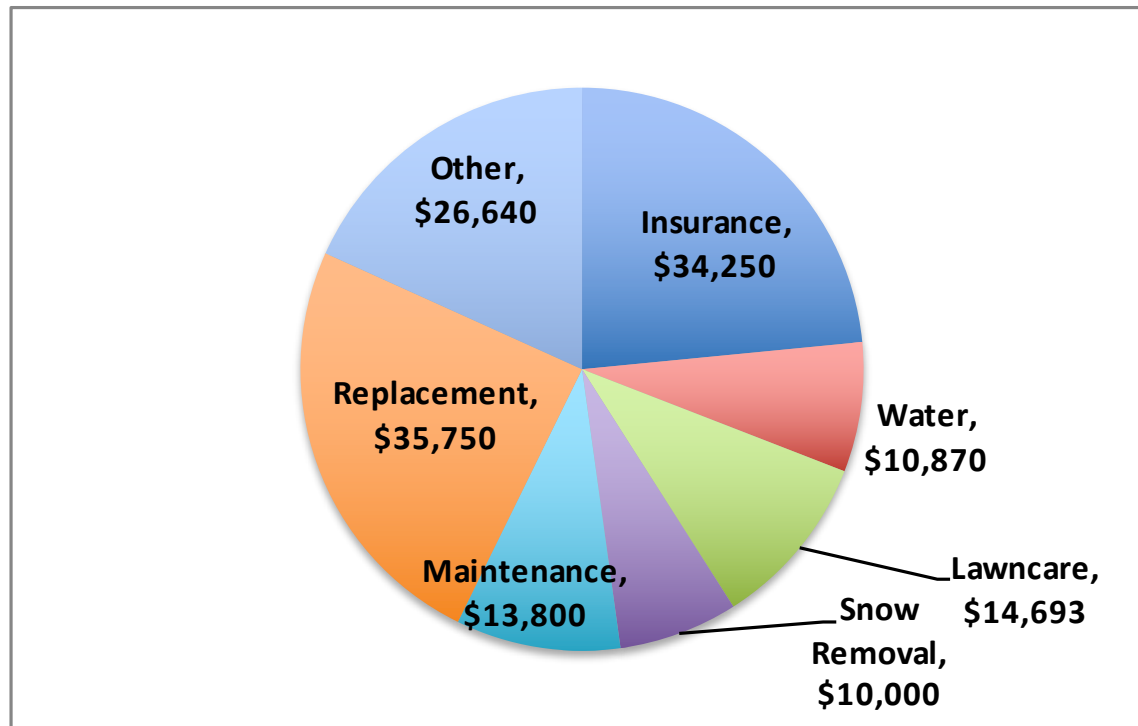
Proposed 2023 Budget

As set at 26Oct2022 board meeting

	2022		Projected 2023	
	Budget	Expected Annual	Budget	Comment
Expenses				
<u>Operating</u>				
Operating Sub-Total	\$47,690	\$51,674	\$58,260	
<u>Landscape</u>				
Landscape Sub-Total	\$35,500	\$31,602	\$38,193	
<u>Maintenance</u>				
Maintenance Sub-Total	\$11,750	\$18,952	\$13,800	
<u>Reserve Funding</u>				
Reserve Funding Sub-Total	\$37,704	\$34,566	\$35,750	Should be at least \$47K to meet 30y replacement plan
Total Expenses	\$132,644	\$136,793	\$146,003	

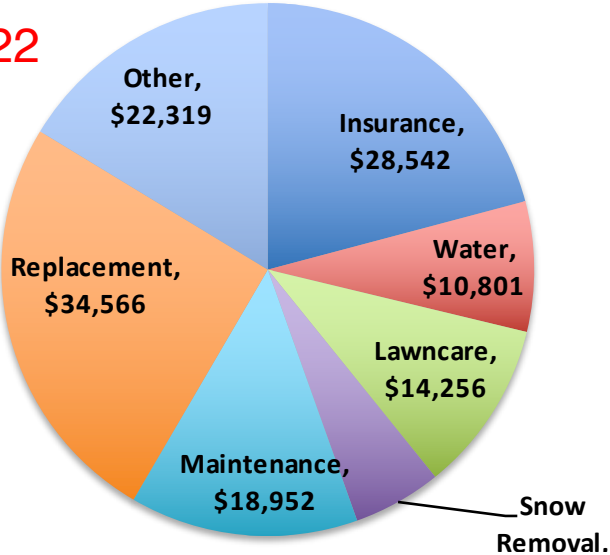
Proposed 2023 Spending

Insurance	\$34,250	23%
Water	\$10,870	7%
Lawncare	\$14,693	10%
Snow Removal	\$10,000	7%
Maintenance	\$13,800	9%
Replacement	\$35,750	24%
Other	\$26,640	18%
Total Expenses	<u>\$146,003</u>	

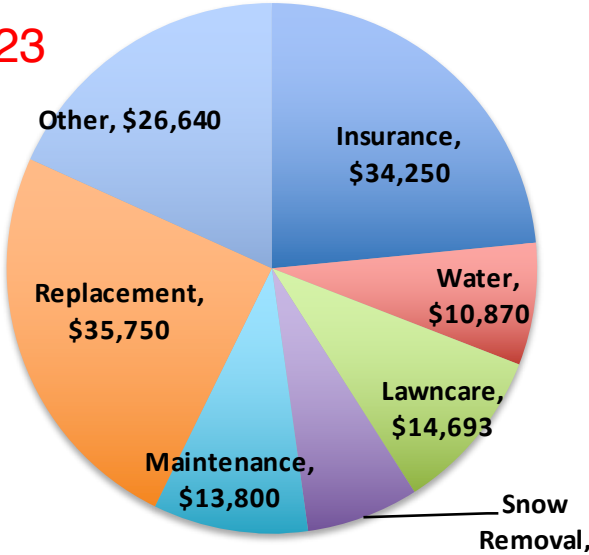


2022 v 2023 Spending

2022



2023



Proposed 2023 Budget

As set at 26Oct2022 board meeting

	2022		Projected 2023	
	Budget	Expected Annual	Budget	Comment
Expenses				
Operating				
Insurance	\$23,600	\$28,542	\$34,250	20% increase over 22-23 policies
Street Lights	\$1,130	\$1,279	\$1,260	
Trash Removal	\$8,160	\$8,627	\$9,000	
Water	\$10,300	\$10,800	\$10,870	
Misc	\$4,500	\$2,426	\$2,880	Taxes; licenses; legal fees; website; window well covers; etc
Operating Sub-Total	\$47,690	\$51,674	\$58,260	
Landscape				
Landscape Sub-Total	\$35,500	\$31,602	\$38,193	
Maintenance				
Maintenance Sub-Total	\$11,750	\$18,952	\$13,800	
Reserve Funding				
Reserve Funding Sub-Total	\$37,704	\$34,566	\$35,750	Should be at least \$47K to meet 30y replacement plan
Total Expenses	\$132,644	\$136,793	\$146,003	

Proposed 2023 Budget

As set at 26Oct2022 board meeting

	2022		Projected 2023	
	Budget	Expected Annual	Budget	Comment
Expenses				
Operating				
Operating Sub-Total	\$47,690	\$51,674	\$58,260	
Landscape				
Lawncare	\$13,850	\$14,265	\$14,693	3% increase over 2022
Snow Removal	\$10,000	\$7,349	\$10,000	10y range: \$2.95K(2017)-12.8K(2020), avg \$6.6K; major snow \$6.5K, minor snow \$1.2K
Sprinklers	\$2,750	\$3,406	\$3,000	
Trees	\$7,500	\$5,277	\$9,000	Need \$7500 for general trimming; \$500 for pest/fertilizer; \$1000 toward \$5400 cost of removal of tree at #26
Xeriscaping	\$1,000	(\$163)	\$500	\$500 for current maintenance, replacement plants + mulch; no new projects
Misc	\$400	\$1,468	\$1,000	Wasp remediation; soil for in-fill after window wells; signs; etc
Landscape Sub-Total	\$35,500	\$31,602	\$38,193	
Maintenance				
Maintenance Sub-Total	\$11,750	\$18,952	\$13,800	
Reserve Funding				
Reserve Funding Sub-Total	\$37,704	\$34,566	\$35,750	Should be at least \$47K to meet 30y replacement plan
Total Expenses	\$132,644	\$136,793	\$146,003	

Proposed 2023 Budget

As set at 26Oct2022 board meeting

	2022		Projected 2023	
	Budget	Expected Annual	Budget	Comment
Expenses				
Operating				
Operating Sub-Total	\$47,690	\$51,674	\$58,260	
Landscape				
Landscape Sub-Total	\$35,500	\$31,602	\$38,193	
Maintenance				
Gutters Cleaning	\$750	\$600	\$1,200	
Painting	\$6,000	\$7,211	\$4,000	
Private Roadway Repair	\$3,000	\$9,150	\$6,600	Toward \$13.2K for seal coat in 2024
Misc	\$2,000	\$1,991	\$2,000	Expect the unexpected (french drain problems?)
Maintenance Sub-Total	\$11,750	\$18,952	\$13,800	
Reserve Funding				
Reserve Funding Sub-Total	\$37,704	\$34,566	\$35,750	Should be at least \$47K to meet 30y replacement plan
Total Expenses	\$132,644	\$136,793	\$146,003	

Proposed 2023 Budget

As set at 26Oct2022 board meeting

	2022		Projected 2023	
	Budget	Expected Annual	Budget	Comment
Income				
HOA Dues	\$132,000	\$125,375	\$144,000	\$900 per quarter, \$25/mo or 9% increase from 2022
Transfer Fees	\$0	\$400	\$0	
Interest	\$1,000	\$1,400	\$1,400	
Total Income	\$133,000	\$127,175	\$145,400	
Expenses				
Operating				
Operating Sub-Total	\$47,690	\$51,674	\$58,260	
Landscape				
Landscape Sub-Total	\$35,500	\$31,602	\$38,193	
Maintenance				
Maintenance Sub-Total	\$11,750	\$18,952	\$13,800	
Reserve Funding				
Reserve Funding Sub-Total	\$37,704	\$34,566	\$35,750	Should be at least \$47K to meet 30y replacement plan
Total Expenses	\$132,644	\$136,793	\$146,003	
Surplus/(Deficit)	\$356	(\$9,618)	(\$603)	2022 deficit paid out of 2021 surplus (really, \$6625 in 2022 dues paid early) and maintenance reserve

Assuring VGHOA is Fully Funded

And Avoiding Special Assessments Except for
Something Totally Unexpected

Replacement Reserve Funding

- Current Replacement Reserve Fund balance is ~\$89,000.
- 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.

30 Year Replacement Plan

VGHOA Replacement Reserve Fund Study		Updated OCT 2022												
Components	Expected Replacement Cost *	Expected Replacement Expense Timeline											2023-2052 TOTAL	
		2021 Actual	2022 Actual	2023	2024	2025	2026	2027	2028-2032	2033-2037	2038-2042	2043-2047		2048-2052
Roof	400,000								200,000	200,000				400,000
Parkside Curbing and Adjacent Sidewalks	75,000							40,000		20,000	20,000	20,000	20,000	120,000
Driveways	130,000			6,500	6,500				32,500	32,500	32,500	32,500	32,500	175,500
Concrete Sidewalks from Driveway to Front Patio	60,000				3,000			3,000	15,000	15,000	15,000	15,000	15,000	81,000
Window Wells	135,200	23,800	27,450	16,500	24,000	14,400							6,500	61,400
Skylights	84,500		1,200	1,300	1,300	1,300	1,300	1,300	41,600	41,600		6,500	6,500	102,700
Private Road/Asphalt	110,000								110,000				18,000	128,000
Sprinkler System	35,000								25,000	20,000				45,000
Sprinkler System Controllers & Clocks	4,000								4,000					4,000
Water, Sewer, Electrical Connections to Units	50,000	496	(496)							10,000	10,000	10,000	10,000	40,000
Trees	75,000			3,750	750	750	750	750	3,750	3,750	3,750	3,750	3,750	25,500
Garage Doors	88,000		6,412	4,600	11,500	11,500	52,900						92,000	172,500
Decks	130,000										6,500	65,000	58,500	130,000
Fences and Gates	27,000	350		4,000		20,000							36,000	60,000
TOTAL	1,403,700	24,646	34,566	36,650	47,050	47,950	54,950	45,050	431,850	342,850	87,750	152,750	298,750	1,545,600
Inflation Adjustment (Assume 10% inflation every 5 years)		0	0	0	941	959	1,099	901	43,185	68,570	26,325	61,100	149,375	352,455
TOTAL with INFLATION		24,646	34,566	36,650	47,991	48,909	56,049	45,951	475,035	411,420	114,075	213,850	448,125	1,898,055
Funding														
Replacement Reserve Fund Balance at Start of Time Period		86,700	86,700	86,700	86,700	84,650	82,600	74,468	77,172	(135,214)	(257,720)	(53,990)	81,746	
Expected Reserve Fund Additions		24,646	34,566	36,650	45,000	45,900	46,818	47,754	262,649	288,914	317,805	349,586	384,544	1,884,833
Expected Reserve Fund Expenses		(24,646)	(34,566)	(36,650)	(47,050)	(47,950)	(54,950)	(45,050)	(475,035)	(411,420)	(114,075)	(213,850)	(448,125)	(1,953,367)
Surplus/(Deficit) Fund Balance at End of Time Period		86,700	86,700	86,700	84,650	82,600	74,468	77,172	(135,214)	(257,720)	(53,990)	81,746	18,166	

* If all done in one year

Nominal per year requirement

46,790



51,520

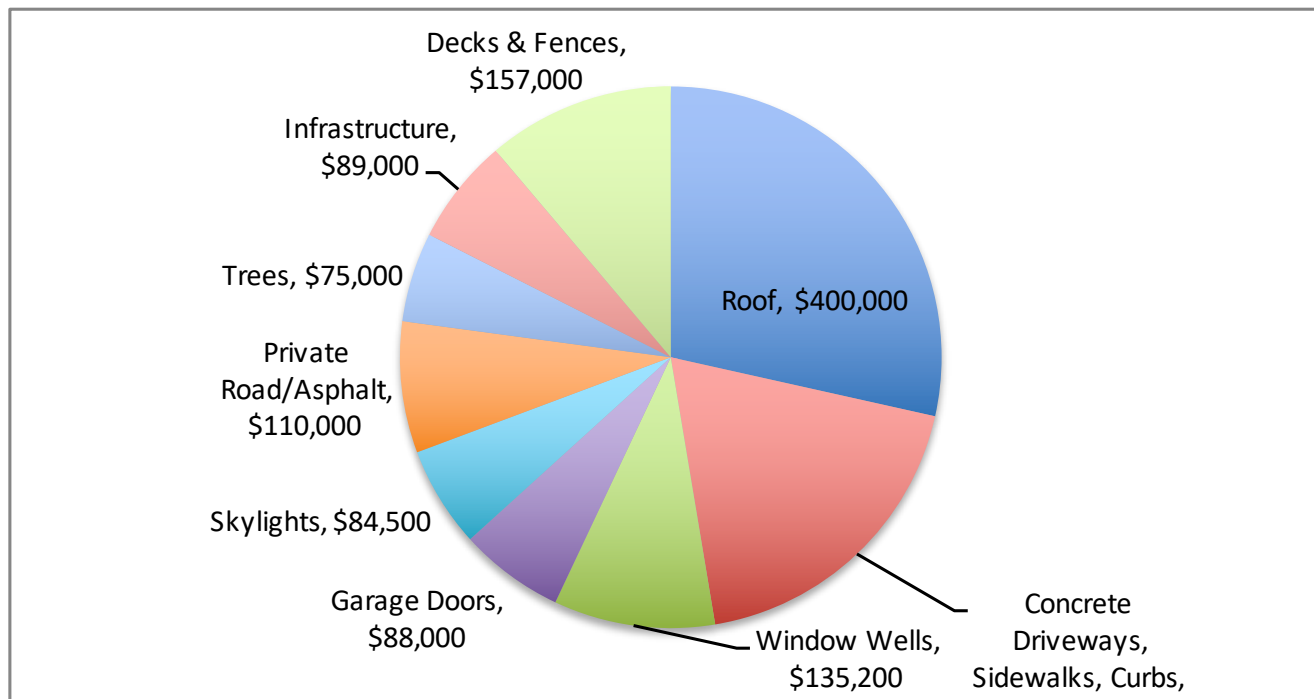


Replacement Reserve Funding

- “Full funding” over 30 years:
 - Requires \$1.6M in replacement expenses.
 - If equally distributed over 30y, the HOA needs **\$51,500/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 \$1.4M in replacement expenses.
 - If equally distributed over 30 years, the HOA needs **\$46,800/y** in today’s dollars.
- **These do not include inflation!**

30 Year Replacement Plan

	Baseline Funding	
Roof	\$400,000	28%
Concrete Driveways, Sidewalks, Curbs	\$265,000	19%
Window Wells	\$135,200	10%
Garage Doors	\$88,000	6%
Skylights	\$84,500	6%
Private Road/Asphalt	\$110,000	8%
Trees	\$75,000	5%
Infrastructure	\$89,000	6%
Decks & Fences	\$157,000	11%
TOTAL	<u>\$1,403,700</u>	\$46,790/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, short of our baseline funding target, \$1.4M.
- 2022 spending will be ~\$34,570.
- 2023 proposed spending will be ~\$35,750, well short of \$46,800.
- To get to \$46,800 would require **adding \$70/quarter** to annual dues.

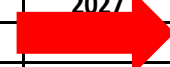
Replacement Reserve Funding

- We were on track for roof replacements beginning 10-15 years from now.
- Probably actually need to begin in 5-7 years.
- This coincides with road replacement.
- Implications.

Study	TJH	Updated OCT 2022										
Expected Replacement Cost *	30 Year Replacement Plan											
	2021 Actual	2022 Actual	2023	2024	2025	2026	2027	2028-2032	2033-2037	2038-2042	2043-2047	2048-2052
400,000								200,000	200,000			
75,000							40,000		20,000	20,000	20,000	
130,000			6,500	6,500				32,500	32,500	32,500	32,500	
60,000				3,000			3,000	15,000	15,000	15,000	15,000	
135,200	23,800	27,450	16,500	24,000	14,400							
84,500		1,200	1,300	1,300	1,300	1,300	1,300	41,600	41,600		6,500	
110,000								110,000				
35,000								25,000	20,000			
4,000								4,000				
50,000	496	(496)							10,000	10,000	10,000	
75,000			3,750	750	750	750	750	3,750	3,750	3,750	3,750	
88,000		6,412	4,600	11,500	11,500	52,900						
130,000										6,500	65,000	
27,000	350		4,000		20,000							
1,403,700	24,646	34,566	36,650	47,050	47,950	54,950	45,050	431,850	342,850	87,750	152,750	
years)	0	0	0	941	959	1,099	901	43,185	68,570	26,325	61,100	
	24,646	34,566	36,650	47,991	48,909	56,049	45,951	475,035	411,420	114,075	213,850	
Period	86,700	86,700	86,700	86,700	84,650	82,600	74,468	77,172	(135,214)	(257,720)	(53,990)	
	24,646	34,566	36,650	45,000	45,900	46,818	47,754	262,649	288,914	317,805	349,586	
	(24,646)	(34,566)	(36,650)	(47,050)	(47,950)	(54,950)	(45,050)	(475,035)	(411,420)	(114,075)	(213,850)	
Period	86,700	86,700	86,700	84,650	82,600	74,468	77,172	(135,214)	(257,720)	(53,990)	81,746	

* If all done in one year

Annual requirement **46,790**



Insurance Reserve Funding

- Current Insurance Reserve Fund balance is ~\$17,400.
- 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?

2023 Budget Vote

Spending priorities

Recommend increasing dues to \$900/quarter

Policy Changes

- Adoption and amendment of policies (#121, revised May 2022)
- Snow Removal
- Parking
- (What else?????)

Questions and Concerns

Vote

Nominations Committee

Kammi Eckhoff, (Director-at-Large, 2021-2023)
Mark Cunningham, (Director-at-Large, 2022-2025)

Ballot

Officers:

President, Scott Novogoratz (#39)

Vice President, Dale Noel (#18)

Treasurer, Ted Huston (#21)

Secretary, ?? (#)

Director-At-Large:

?? (#) – (3 years) 2023-2025

Election