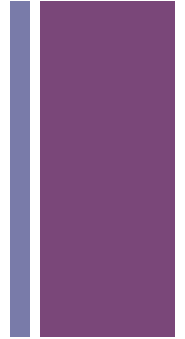


# SMVE 2019 Homeowner Meeting

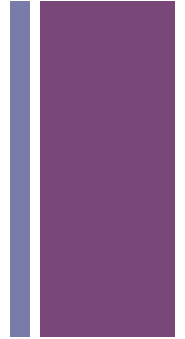
2/6/19

# + Agenda



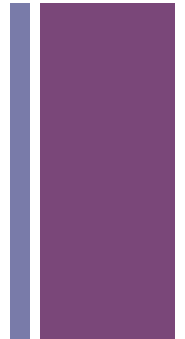
- HOA Core Mission/Objectives
- Acknowledge and thank volunteers
- 2018 Accomplishments
- 2018 Operating Expenses and 2019 Budget
- Reserve Expenses
- Dues

# + HOA Core Mission/Objectives



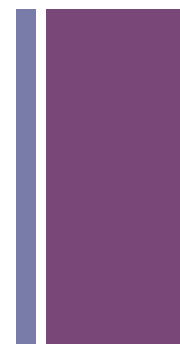
- To provide prudent and transparent financial management
- To maintain common assets
- To ensure consistent aesthetics through architectural control
- To cultivate community

# + Thank You 2018 Volunteers



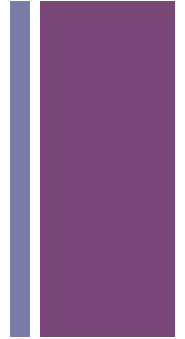
- Architecture Committee
  - Dave Robbins
  - Joe Steiner
- Pools
  - Susan Peterson - south pool
  - Ray Fisher - north pool
- Communications
  - Donna McBain Evans
- Finance Committee
  - Steve Graff
  - Toz Spaulding (also Reserve Specialist)
- Financial Reconciliations
  - Sam Evans
- HO Directory, Rep with Road Commission, Invasive Grasses
  - Pam Negri
- Social Committee
  - Sonja Allen
  - Judi Fisher
  - Pat Larson
  - Margie McCoy
  - Diane Meuser
  - Jane Spalding (chair)
  - Joyce Steiner
  - Carole Stephan
  - Susie Struck
- Miscellaneous
  - Dottie Klepper
  - Judi Fisher
  - Stevie and Harry Willett

# + Thank You Volunteers



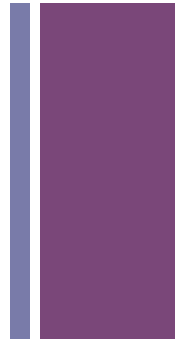
- Maintenance
  - Rick Levy
  - Rick van Hasselt
  - Steve Ciccanti
- Photography
  - Bob Yanal
- Roads Committee
  - Dale Larson
  - Bob Mix
  - Rick Levy
  - Guy Sharf
- Snakes & Lizards
  - Ted Forsberg
  - Granny Grant
- SNAP Representative
  - Joe Steiner
- North Pool Trash to curb
  - Joseph and Grazyna Fercz
- Tennis Courts
  - Lee Radziemski
- Water Watchers
  - Lois Coan
  - Ardith Grady
  - Cathy Grant
  - Cynthia Schneider
  - Toz Spalding
  - James Macinko
  - Susan Peterson
- Water Aerobics
  - Frankie Paulus

# + 2018 Accomplishments



- Central Velazquez was reconstructed
- Pools
  - Variable pumps installed
  - Upgraded pool and spa filtration
  - Installed UV sterilization for pool reducing amount of chlorine needed
  - Heater at north pool replaced
  - North pool KoolDeck repaired and painted
- Over 20 architectural requests processed (light fixtures, fences, gates, walls, windows, etc)
- 25 trees trimmed and thinned or removed with mostly lower cost vendors used to stretch our dollars
- Removed significant amounts of prickly pear (bunny ears) that was packrat habitat on maintained common land

# + 2018 Accomplishments continued



- Numerous miscellaneous tasks such as painting ramadas, installing bulletin boards at pools and mailboxes, etc.
- Increased number of events hosted by Social Committee to 10
- Successful push for more homeowner subscriptions to web in light of newsletter going away
  - Went from 46% enrollment to 65% enrollment
- Rules and Regulations and Fines updated to current Arizona law
- Created committee to start looking for Management Company



# Financial Status

Tom Kelley Treasurer

2/6/19



# + Allocation of Dues in 2018

	<u>Total</u>	<u>Per Household</u>
Dues collected	<u>\$440,000</u>	<u>\$1,850</u>
Operations	\$241,000	\$1,015
Reserve contribution	<u>\$194,000</u>	<u>\$820</u>
	<u>\$435,000</u>	<u>\$1,835</u>

## + Reserve Fund Status



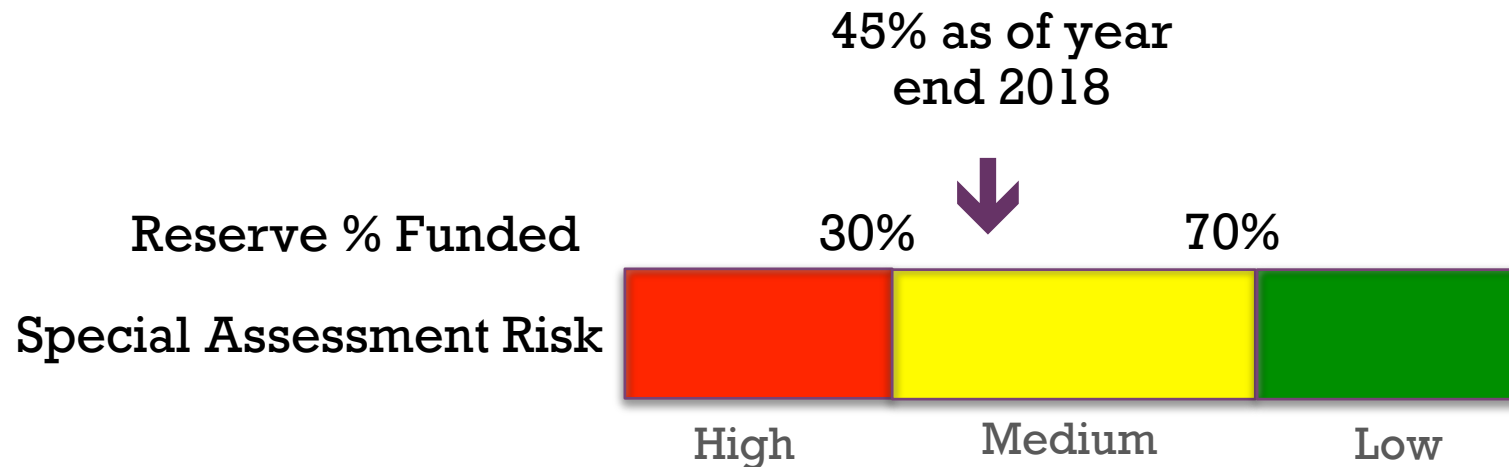
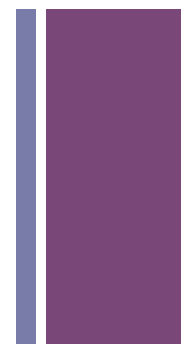
Balance beginning of 2018	\$426,000
2018 dues contributed	\$194,000
Interest earned on CD's	\$7,000
Capital projects completed	(\$163,000)
Balance end of 2018	<u>\$464,000</u>

# + Another way to assess dues



<u>Year</u>	<u>Operations</u>	<u>Reserve Expense</u>	<u>Total</u>	<u>Per Household</u>
2018	241,000	163,000	404,000	1,697
2019	241,000	48,000	289,000	1,214
2020	241,000	197,000	438,000	1,840
2021	241,000	68,000	309,000	1,298
2022	241,000	478,000	719,000	3,021
2023	241,000	212,000	453,000	1,903

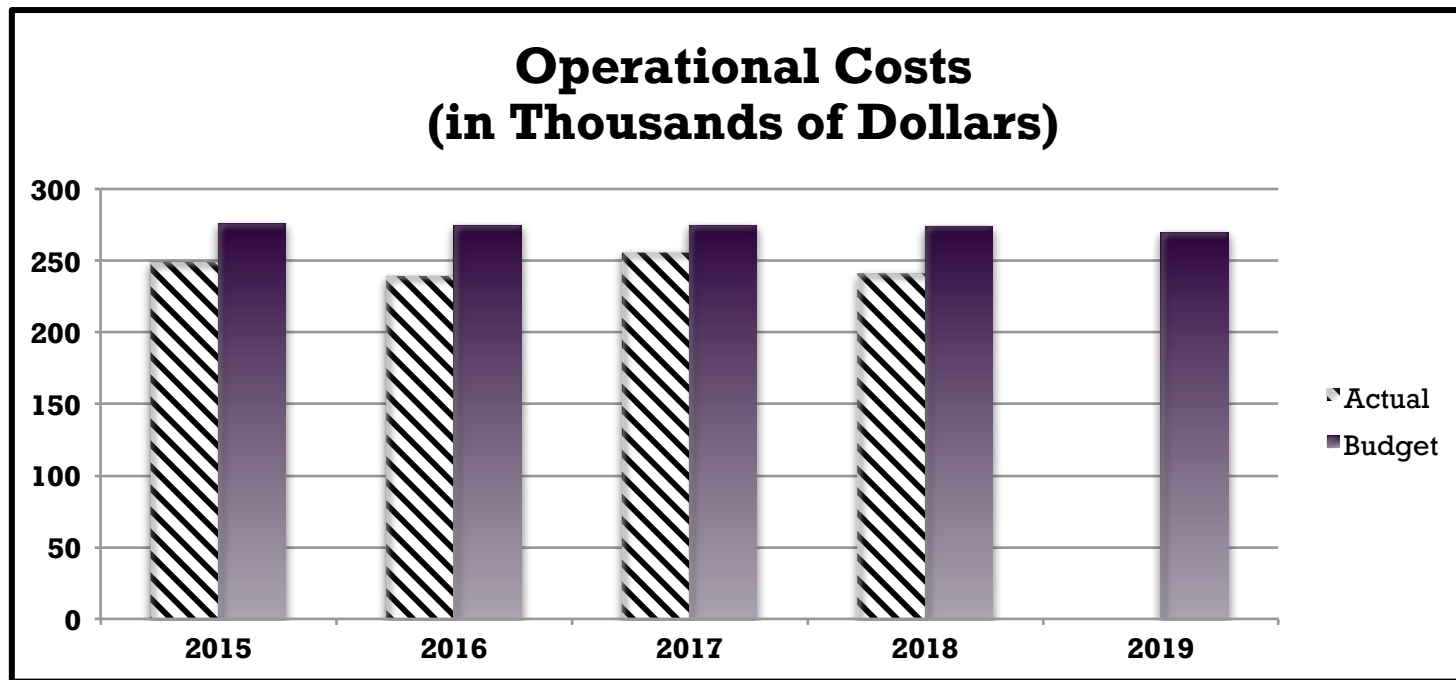
# + Reserve % Funded



We started at approximately 24% in January 2016 and ended 2018 at 45% which is up 2% from 2017.

% Funded will rise and fall based on years with significant expenditures as our aging assets need repair/replacement

# + 5 Year Actuals Versus Budget



- Operational budget has been nearly flat for last several years and this trend will continue for 2019



## Other Info

# + Move to Management Company

## ■ Rationale

- Currently have single point of failure on invoicing and database maintenance functions
- Finding volunteers with skill level for critical tasks is difficult
- As our assets age and need repair, more time is required by board members to manage repair and replacement

## ■ How Will this Help Us

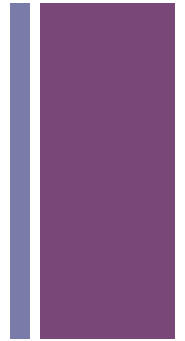
- Consolidate our outsourcing to single point of contact
- Remove time consuming but necessary administrative tasks from board members
- Ensure we no longer have critical processes reliant on a single homeowner
- Provide things we don't have manpower to implement (e.g. accept dues payment via web or credit card, invoice via email)

# + Move to Management (cont'd)

- What will the management company do?
  - Create & mail Homeowner Invoice for dues (**single point of failure today**)
  - Collect dues (Performed by HBL today)
  - Pursue delinquent dues (performed by both HBL and Treasurer)
  - Pay Bills (performed by HBL today)
  - Keep the books (performed by HBL today)
  - Maintain homeowner / lot information (**single point of failure**)
  - Send out violation letters
  - Take minutes at board meetings (performed by AME Mgt today)
  - Corporation commission filings, 1099s, taxes
  - Handle real estate transactions (performed by AME Mgt today)
  - Optionally host website
- What will the Board retain? Operational control
  - Roads, Architecture, Reserve Study and associated maintenance with that, oversight of management company



# + Move to Management (cont'd)



## ■ Timing

- Request for Bid sent to 7 companies
- Committee is meeting with companies and evaluating bids
- Plan to identify and approve a firm by April 2019 with transition shortly thereafter

## ■ Projected costs

- Base fee typically \$6 \$20 per home per month plus some costs are handled separately (e.g. reimburse per invoice paid, per violation letter sent, etc.)
- Real estate transaction fee could go up (375-400\$)
- Currently we spend approximately 15k on accounting plus AME management -- these costs would go away

# + Plea For Volunteers

- Even though we intend to move to a management company, we still need volunteers to help keep costs down
- Most urgent needs:
  - Board Members:** looking for folks who are team players, communicate well, and are willing to help make decisions for the community

# + Dues Strategy and Outlook

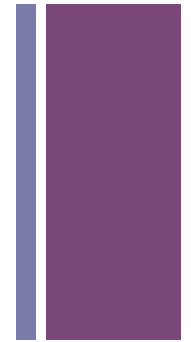
Board is committed to

- Ensuring sufficient income to cover operational expenses and to build up and maintain adequate funds in the reserve account for inevitable expenses associated with roads, pools, clubhouse and other shared assets
- Establishing a pattern of regular small dues adjustments sufficient to cover inflation and reserve contributions
  - Expect annual increases in the 2-3% range
- No increase for 2019 or 2020
- Future increase dependent on cost of moving to management company and inflation

# + Real Estate

18 homes sold in 2018

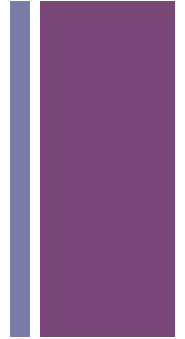
- 2 homes turned over twice in the year
- Home occupancy statistics (based on homeowners reporting use of home)
  - 67% primary home
  - 21% second home
  - 10% rental
  - 1% vacant
  - 1% other





# Backup Slides

# + Reserve Status Report



- A reserve is a fund set aside for repair, restoration or replacement of major assets to offset ongoing deterioration
  - Reserve spending is typically for large items
  - Expenses are irregular in timing
  - Expenses are inevitable
  - Reserves prevent special assessments
- We'll be doing an update to the Reserve Study in 2019

# + Why are our DUES Higher than other HOAs in Fairfield

- Each HOA is unique with amount of assets that have to be covered and the number of households contributing to that coverage. Differences between HOAs are
  - Number of Amenities/Facilities (2 pools, 2 tennis courts, clubhouse)
  - Amount of roads (3.2 miles of private roads)
  - Trash removal
  - Number of homeowners contributing to supporting all the amenities
- Reserve Study conducted in 2015 showed us
  - we did not have an adequate reserve fund to cover our aging assets
  - we needed to make larger contributions to Reserve to fund maintenance and replacement of those aging assets
- Amount of HOA dues does not say anything about status of reserve fund.
  - Other Fairfield HOAs range from well funded to little reserve.
  - We want to avoid special assessments

# + Annual Homeowner Dues Over Time

