



Lake Forest Glen HOA Annual Meeting

OCTOBER 10, 2020

Annual Meeting Agenda

10:00am –
11:30am,
October 10th,
2020

Welcome, Call to Order and "Rules of the Road"

Approval of 2019 Annual Meeting Minutes

President's report – Mark Pierpoint

Financial Report – Jason Kary, Treasurer

General Manager's Report – Alan Miescke

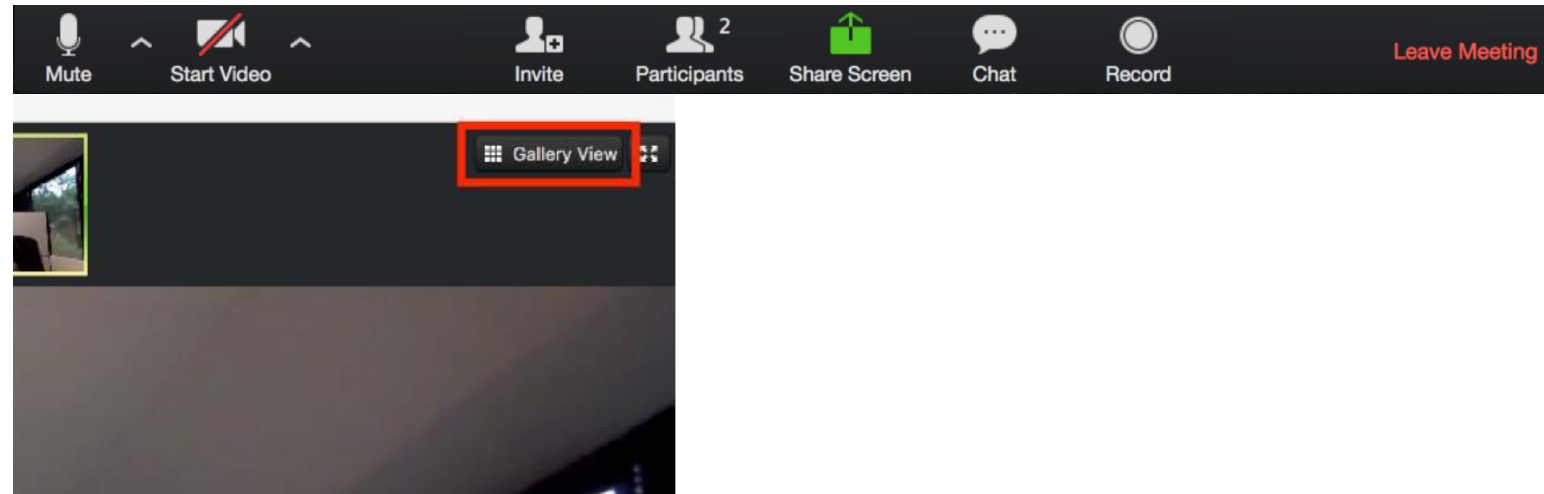
Q&A / Discussion

Election Results

Adjournment

Rules of the Road

- Some Zoom basics:



- Please mute until Q&A session
- We will take questions in the open session. If you want to log a question during the presentations, please type your question into chat – as usual please state your name & unit #

Your Board and Staff

Mark Pierpoint, President & Chair Administrative Committee

Jason Kary, Secretary / Treasurer

Jim Cochrane, Chair Landscape Committee

Gary Leach, Chair Architectural Review Committee

Kathy Livermore, Chair Nominating Committee

Alan Nelson, Chair Rules & Regulations Committee

Doug O'Neal, Board Member

Josette Reina-Luken, Chair Pools/Tennis Courts Committee

Sari Stenfors, Chair Vision Committee

Alan Miescke – General Manager

President's Report

Mark Pierpoint

- Covid !
- Office update
- SB323:
 - Email privacy ▪ Elections ▪ Voting ▪ Director Qualification
- 2021 Projects:
 - Pool bathroom remodel / ADA
 - Year 1 of 4-year painting cycle
 - Lighting improvements
 - Landscaping

Financial Report

Jason Kary,
Treasurer

Financial Philosophy

2020 Forecast Summary

Operating Expense Management Performance

2021 Budget & Forecast Considerations

2021 Proposed Budget & Dues

Financial Philosophy

Prudent

- Fiscal management is prudent and judicious
- “It’s our own money”

Proactive

- Don’t avoid maintenance that will create future financial issues at higher cost

Plan

- Avoid special assessments
- Forecast and regularly review assumptions

2020 Forecast Summary

Revenue Forecast: \$1,043K

- Dues: \$1,039K (\$370/month)
- Interest Income: \$5K

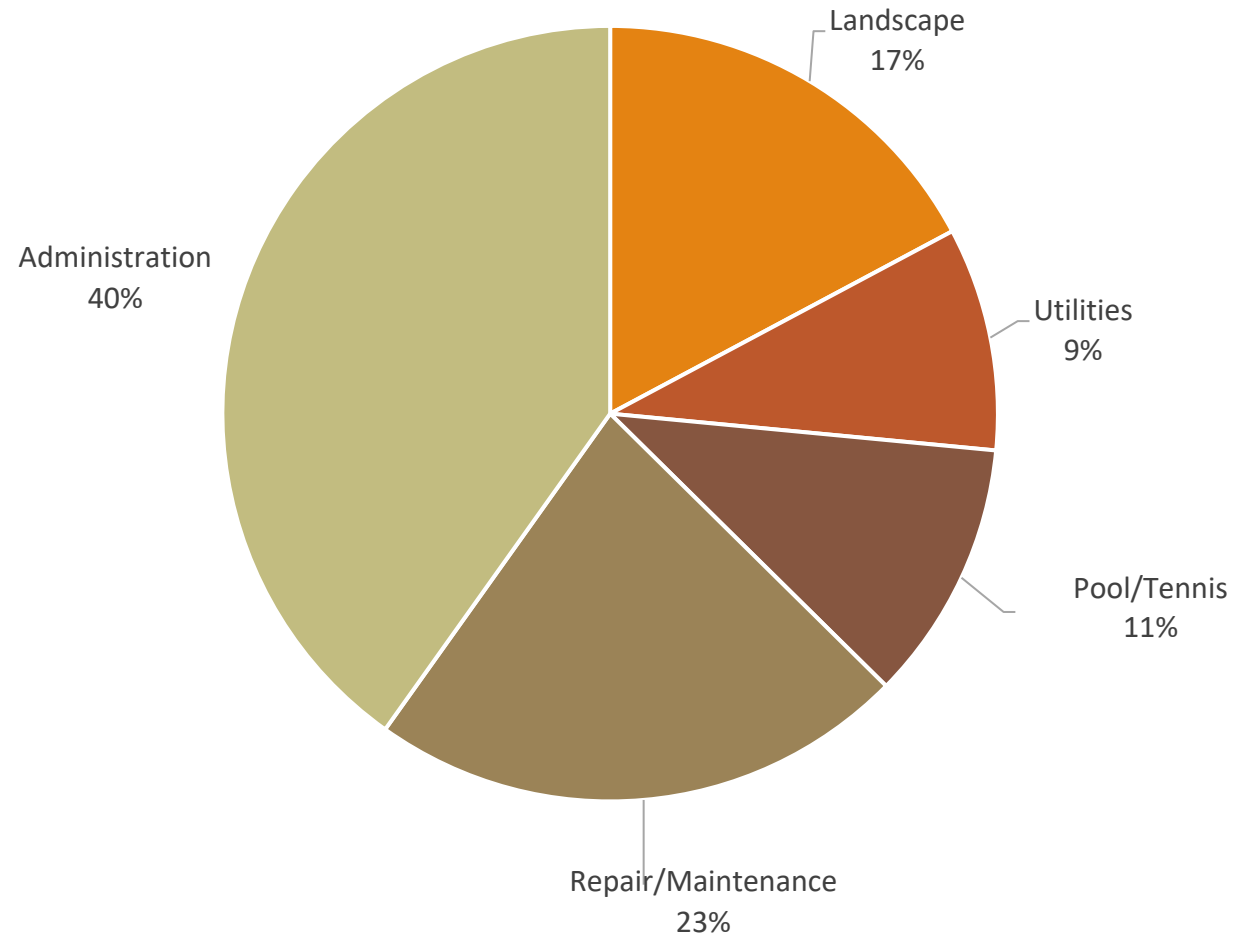
Operating Expense Forecast: \$603K

- Vs. Prior Year: \$609K, -\$6K, -1%

Reserves

- Beginning balance: \$1,194K
- Dues allocated to reserves: \$440K
- Reserve spending: \$59K for ADA bathroom engineering/permits, landscape, office, asphalt crack fill, concrete repairs, BMP, pools, lockers
- Projected year-end balance: \$1,575K

Operating Expense Forecast (\$603K)



Operating Expense Management Performance

2020 projected spending 6% under budget due to lower:

- Snow removal costs
- Pool maintenance costs
- Labor
- Supplies

	\$	Landscape	Utilities	Pool / Tennis	Repair / Maint	Admin	Total	YoY %	Labor	YoY %
2020	Projected	103,805	56,200	65,563	135,547	242,265	603,380	-1%	329,440	7%
	Budget	106,954	56,800	79,689	167,465	232,496	643,404	6%	335,924	9%
	Delta \$	(3,149)	(600)	(14,126)	(31,918)	9,769	(40,024)		(6,484)	
	Delta %	-3%	-1%	-18%	-19%	4%	-6%		-2%	
2019	Actual	98,053	55,379	77,848	159,220	218,633	609,133	7%	307,900	6%
	Budget	101,930	53,600	74,190	153,206	215,151	598,076	5%	320,345	10%
	Delta	(3,877)	1,779	3,658	6,014	3,482	11,057		(12,445)	
	%	-4%	3%	5%	4%	2%	2%		-4%	
2018	Actual	94,370	56,127	72,425	124,880	219,229	567,030	0%	289,927	0%
	Budget	112,777	53,400	79,194	157,841	206,109	609,320	8%	325,969	13%
	Delta	(18,407)	2,727	(6,769)	(32,961)	13,120	(42,290)		(36,042)	
	%	-16%	5%	-9%	-21%	6%	-7%		-11%	

2021 Budget & Forecast Considerations

Operating Expense Forecast

- Current year-over-year forecast and local cost expectations

Reserve Study & Projections

- 50+ year projection of future capital improvements
- Incorporates latest replacement cycles and inflation assumptions
- Facilitates prudent planning *now* for large investments *later* vs. one-time assessments

Reserve & Dues Scenario Analysis

- Ensure sufficient reserve for next major project (roofing replacement) with minimum \$1M balance after completion of project

2021 Operating Expense Forecast

Snow Removal (+\$26K y/y)

- Budget at contract cost of \$54K; below market rate

Pool & Tennis (+\$12K y/y)

- Return to normal expense level

Truck / General Maint. (+\$9K y/y)

- Return to normal expense level

Insurance (+\$3K y/y)

- Increased insurance due to higher replacement cost and property market increase due to natural catastrophe losses

Labor (+\$5K y/y)

	Operating Expenses			
	2021	2020	2021 YoY	
	Forecast	Projected	\$	%
Landscape	103,148	103,805	-657	-1%
Utilities	56,200	56,200	0	0%
Pool/Tennis	77,667	65,563	12,105	18%
Repair/Maintenance	170,493	135,547	34,946	26%
Administration	248,408	242,265	6,144	3%
Total Op Expenses	655,917	603,380	52,537	9%

Labor (incl. above)	334,167	329,440	4,727	1%
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2021 YoY increase +3% (+\$17K) when excluding Snow Removal and Pool & Tennis increases

Reserve Study & Projections: Capital Improvements

Replacement Item	Current Replacement Cost	Remaining Life	Life After Replacement	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total Site Improvement				\$31,000	\$145,000	\$5,000	\$5,000	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Building/Roof	\$3,075,250	10-13	1-22	\$8,000	\$54,000	\$49,000	\$49,000	\$49,000	\$3,000	\$9,500	\$55,750	\$56,000	\$49,000	\$1,152,000	\$858,000	\$913,000	\$49,000	\$49,000	\$49,000
Total Roads	\$1,064,500	18-20	1-25	\$7,340	\$9,500	\$9,500	\$54,500	\$9,500	\$9,500	\$9,500	\$54,500	\$9,500	\$9,500	\$9,500	\$54,500	\$9,500	\$9,500	\$9,500	\$54,500
Total Pool / Spa	\$569,500	7	2-15	\$4,522	\$6,000	\$93,500	\$46,000	\$3,500	\$6,000	\$3,500	\$436,000	\$3,500	\$6,000	\$33,500	\$6,000	\$3,500	\$6,000	\$3,500	\$6,000
Total Tennis Courts	\$141,000	16	5-20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Painting	\$450,000	0-3	6	\$0	\$112,500	\$112,500	\$112,500	\$112,500	\$0	\$0	\$112,500	\$112,500	\$112,500	\$112,500	\$0	\$0	\$112,500	\$112,500	\$112,500
Total Office	\$8,500	8	4-8	\$7,059	\$0	\$0	\$0	\$2,500	\$0	\$0	\$0	\$8,500	\$0	\$0	\$0	\$2,500	\$0	\$0	\$0
Total Trucks	\$170,000	0-3	5-10	\$0	\$40,000	\$85,000	\$45,000	\$0	\$0	\$0	\$0	\$45,000	\$0	\$0	\$40,000	\$85,000	\$45,000	\$0	\$0
Total Fencing	\$1,000	0-1	1-2	\$1,498	\$500	\$1,000	\$500	\$1,000	\$500	\$1,000	\$500	\$1,000	\$500	\$1,000	\$500	\$1,000	\$500	\$1,000	\$500
Total All	\$5,479,750			\$59,419	\$367,500	\$355,500	\$312,500	\$183,000	\$19,000	\$23,500	\$677,250	\$236,000	\$177,500	\$1,308,500	\$959,000	\$1,014,500	\$222,500	\$175,500	\$222,500
Inflation Factor				1.00	1.02	1.04	1.06	1.08	1.10	1.13	1.15	1.17	1.20	1.22	1.24	1.27	1.29	1.32	1.35
Provisions for Federal Income Tax				36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36
Provisions for Franchise Tax				36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36
Inflated Replacement Costs				59,491	374,922	369,934	331,700	198,157	21,050	26,537	778,019	276,584	212,201	1,595,126	1,192,468	1,286,703	287,899	231,641	299,528

\$4.1M total required over 2030-2032 timeframe

*July 2020 estimate; assumes 2% inflation

2021 Proposed Budget & Dues

Operating Expenses: \$655K

- Insurance, snow removal and labor costs expected to increase

Reserve Spending: \$375K

- ADA pool bathroom project, building painting (year 1 of 4-year project), siding/trim (year 1 of 3-year project), truck replacement, lighting improvements, BMP, landscape, and general maintenance

Dues: No increase; flat at \$370/month (\$1,039K total annual dues)

- No dues increase in 2021 in recognition of COVID pandemic and related financial hardship
- Implies minimal increase in reserves in 2021 (~\$9K)
- Typically a 2.8% annual dues increase is required to keep pace with inflation and provide sufficient reserves with minimum \$1M balance after next major project (roofing replacement)
- To be reviewed annually

General Manager's Report

Alan Miescke

- Work around the Glen in 2020
- Siding & Painting
- ADA
- Lighting

Election Results

Number of ballots cast = $117 / 234 = 50\%$

Uncountable ballots = 2 (voted for all 4 candidates)

Voting results:

Kathleen Livermore – Nominee / Incumbent	83
Alan Nelson – Nominee / Incumbent	94
Jeff Sealy – Nominee	67
Jessica Taff - Nominee	71

The following are hereby elected to your board for a 3 year term:

Kathleen Livermore

Alan Nelson

Jessica Taff

Open Session



Appendix

2021 Proposed Dues Breakdown (\$370/month)

