



# DEER RIDGE ESTATES

Homeowners Association  
Board Meeting

# AGENDA

|   |
|---|
| <b>President Address</b>                                  |
| <b>Call Meeting to Order</b>                              |
| <b>Appointment of new Board member to fill vacancy</b>    |
| <b>Resident Speakers</b>                                  |
| <b>Review reserve study</b>                               |
| <b>2018 HOA assessment increase discussion and action</b> |
| <b>Capital Funding Fee implementation</b>                 |
| <b>Asphalt repair at entry</b>                            |
| <b>Ditch maintenance throughout DRE</b>                   |
| <b>Executive Session</b>                                  |
| <b>Adjourn</b>  |

# President Address

Colby Cowan  
DRE HOA Board President

# Appointment of New Board Member

Michael Smith

CPA

Hartley Drive

# **Resident Speakers**

**Residents are allowed 2 minutes to address  
the Board**

**The BOD cannot take any action during this  
time**

**If you would like to speak about an item that  
is on the agenda please hold you comment  
until we get to that item**

# Reserve Study Review

- In 2016, the Board of Directors hired Community Association Reserves (CAR), an independent consultant, to review our neighborhood assets and our reserve balances. This was done to determine our future capital expenditures and our ability to meet those obligations.
- Capital expenditures are defined as assets that have a useful life of more than one year.
- The BOD has been reviewing the report issued by CAR over the last few months in order to determine the proper course of action.
- The capital expenditures range from painting and signage to replacing the roads. **The roads are by far the most expensive to replace.**
- The complete reserve study can be found on the Deer Ridge Estates Website ([www.deerridgeestates.net](http://www.deerridgeestates.net)) under the Association Documents tab.

# Reserve Study Review

| Title                                 | Description | UL | RUL | Cost       | Cycle   |
|---------------------------------------|-------------|----|-----|------------|---------|
| Concrete - Replace (partial)          |             | 10 | 8   | 5,000.00   | 100.00% |
| Asphalt Streets Antler Dr. - Replace  |             | 7  | 1   | 478,275.00 | 33.00%  |
| Asphalt Streets Phase 1,2,3 - Replace |             | 25 | 12  | 659,225.00 | 100.00% |
| Asphalt Streets Phase 4 - Replace     |             | 25 | 22  | 177,625.00 | 100.00% |
| Asphalt Streets Phase 5&6 - Replace   |             | 25 | 23  | 719,687.50 | 100.00% |
| Asphalt Streets Phase 7&8 - Replace   |             | 25 | 24  | 445,550.00 | 100.00% |
| Asphalt - Sealcoat                    |             | 5  | 3   | 280,000.00 | 33.00%  |
| Metal Fence - Replace                 |             | 45 | 32  | 82,000.00  | 100.00% |
| Metal Gates - Replace                 |             | 30 | 22  | 1,400.00   | 100.00% |
| Metal Fence - Paint                   |             | 6  | 0   | 18,450.00  | 100.00% |
| Call System - Replace                 |             | 10 | 5   | 1,700.00   | 100.00% |
| Gate Operators - Replace              |             | 8  | 7   | 11,800.00  | 50.00%  |
| Security System - Replace             |             | 10 | 3   | 900.00     | 100.00% |
| Entrance Building - Refurbish         |             | 20 | 7   | 5,000.00   | 100.00% |
| Exterior Surfaces - Repaint           |             | 10 | 3   | 2,000.00   | 100.00% |
| Metal Roof Roof - Replace             |             | 40 | 27  | 2,025.00   | 100.00% |
| Monument Sign - Refurbish             |             | 10 | 8   | 5,000.00   | 100.00% |
| Stone Walls/Pillars - Refurbish       |             | 10 | 8   | 5,000.00   | 100.00% |
| Lighting - Replace                    |             | 10 | 2   | 5,000.00   | 100.00% |
| Irrigation System - Replace (partial) |             | 10 | 3   | 3,000.00   | 100.00% |
| Trees/Vegetation - Replace (partial)  |             | 10 | 3   | 10,000.00  | 100.00% |
| Drainage - Maintain                   |             | 10 | 7   | 3,000.00   | 100.00% |
| Signage - Replace (partial)           |             | 10 | 1   | 1,500.00   | 50.00%  |
| Street Lights - Paint                 |             | 10 | 9   | 6,615.00   | 100.00% |
| Road Repair                           |             | 2  | 0   | 5,000.00   | 100.00% |

# Reserve Study Review

- There are over 9.66 miles of asphalt roads in DRE of varying widths. This equates to 1,417,413 square feet of asphalt.
- The average useful life of an asphalt road is 25 years. Our roads vary in age from 1 to 13 year(s) old, with average remaining lives ranging from 12 to 24 years.
- The consultants have advised that just repaving of the roads is not a feasible option because our road base does not include concrete curbing. Therefore, they advise that they should be replaced every 25 years.
- CAR has provided a schedule of cost to replace all of the roads. In today's dollars that cost is estimated to be \$2,159,918. However, since our roads will be replace over time, not today, they have assumed an annual inflation rate of 2.8%. **When taking that into account, the actual cost to replace our roads is estimated to be \$4,046,126.**



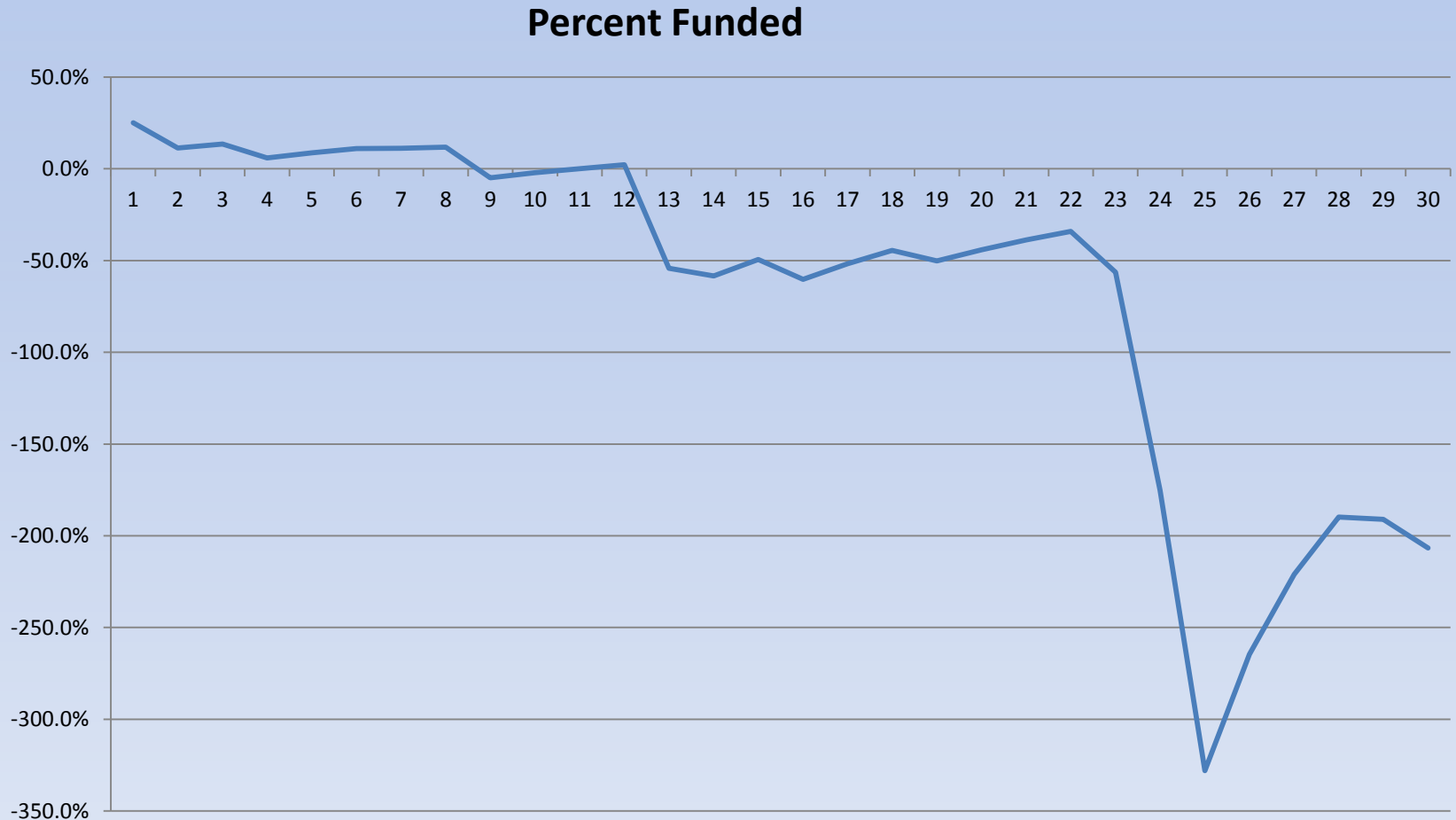
# Reserve Study Review

## If No Change to Income

| Year | Annual Reserve Revenue | Special Assmts. | Interest Income | Total Income | Annual Expenses | Ending Reserve Balance | % Funded |
|------|------------------------|-----------------|-----------------|--------------|-----------------|------------------------|----------|
| 2017 | \$48,000               | \$0             | \$1,776         | \$49,776     | -\$23,450       | \$203,917              | 25.2%    |
| 2018 | \$48,077               | \$0             | \$2,039         | \$50,116     | -\$163,021      | \$91,012               | 11.3%    |
| 2019 | \$48,154               | \$0             | \$910           | \$49,064     | -\$10,570       | \$129,506              | 13.5%    |
| 2020 | \$48,231               | \$0             | \$1,295         | \$49,526     | -\$117,613      | \$61,419               | 6.0%     |
| 2021 | \$48,308               | \$0             | \$614           | \$48,922     | -\$5,585        | \$104,756              | 8.8%     |
| 2022 | \$48,385               | \$0             | \$1,048         | \$49,433     | -\$1,952        | \$152,237              | 11.0%    |
| 2023 | \$48,463               | \$0             | \$1,522         | \$49,985     | -\$27,671       | \$174,551              | 11.2%    |
| 2024 | \$48,540               | \$0             | \$1,746         | \$50,286     | -\$16,861       | \$207,976              | 11.9%    |
| 2025 | \$48,618               | \$0             | \$2,080         | \$50,698     | -\$336,978      | -\$78,304              | -4.8%    |
| 2026 | \$48,696               | \$0             | -\$783          | \$47,913     | -\$8,480        | -\$38,871              | -2.1%    |
| 2027 | \$48,774               | \$0             | -\$389          | \$48,385     | -\$6,590        | \$2,924                | 0.1%     |
| 2028 | \$48,852               | \$0             | \$29            | \$48,881     | -\$1,016        | \$50,789               | 2.2%     |
| 2029 | \$48,930               | \$0             | \$508           | \$49,438     | -\$957,931      | -\$857,704             | -54.2%   |
| 2030 | \$49,008               | \$0             | -\$8,577        | \$40,431     | -\$155,086      | -\$972,359             | -58.4%   |
| 2031 | \$49,086               | \$0             | -\$9,724        | \$39,362     | -\$7,360        | -\$940,357             | -49.4%   |

# Reserve Study Review

## If No Change to Income



# Reserve Study Review

- Our current reserve balance is \$177,591. Under our current dues structure, assuming all residents pay their dues, we can project adding only approximately \$48,000 to the reserve each year.
- CAR has recommended an immediate increase in dues to \$800 for each home and \$400 for each non residential lot. Additionally, they recommend an annual increase of 3%.
- Governing Documents require that unimproved lots pay a rate of 50% of the full assessment.

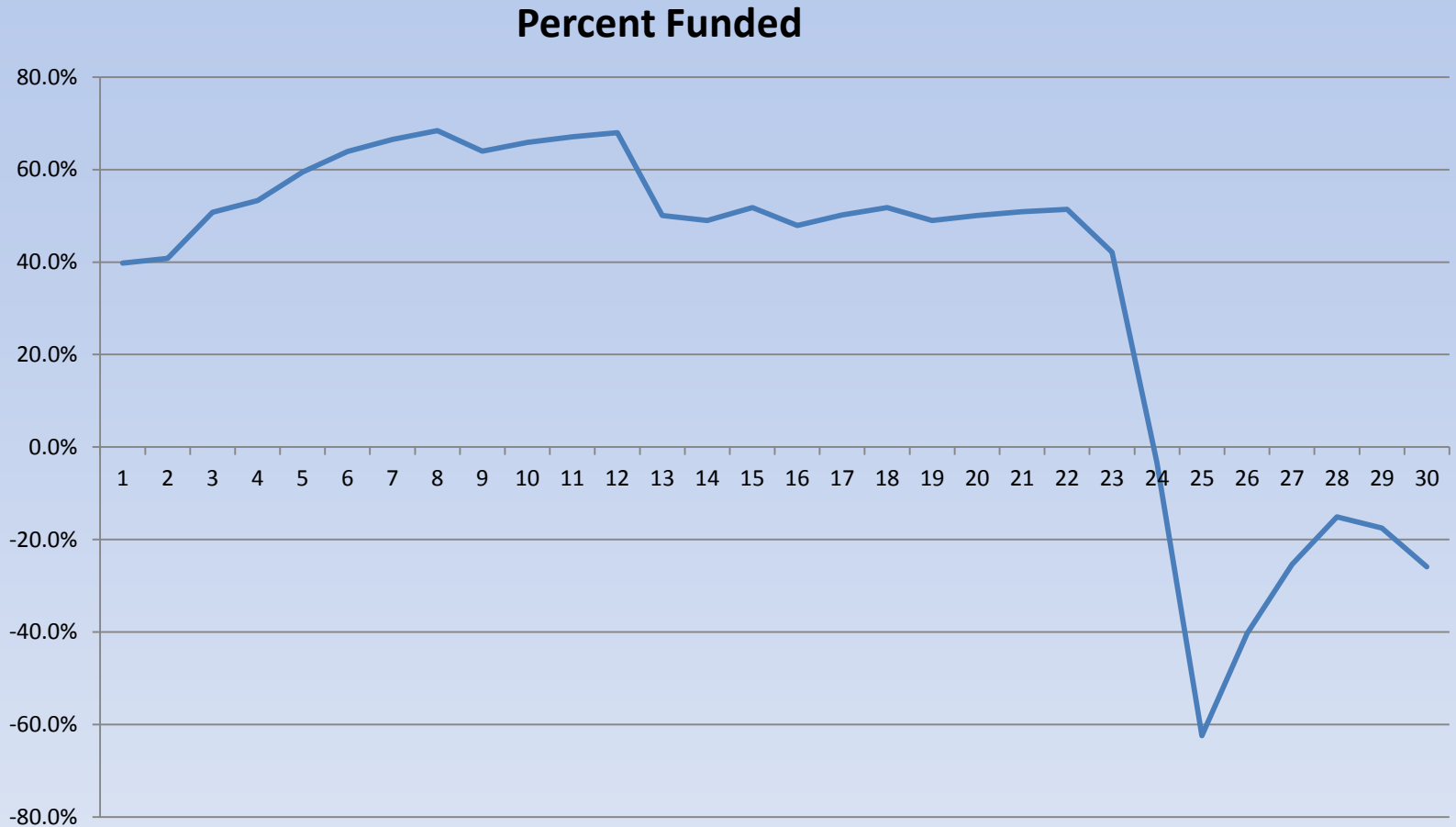
# Reserve Study Review

**CAR Recommended \$800/\$400**

| Year | Annual Reserve Revenue | Special Assmts. | Interest Income | Total Income | Annual Expenses | Ending Reserve Balance | % Funded |
|------|------------------------|-----------------|-----------------|--------------|-----------------|------------------------|----------|
| 2017 | \$166,400              | \$0             | \$1,776         | \$168,176    | -\$23,450       | \$322,317              | 39.8%    |
| 2018 | \$166,666              | \$0             | \$3,223         | \$169,889    | -\$163,021      | \$329,185              | 40.8%    |
| 2019 | \$166,933              | \$0             | \$3,292         | \$170,225    | -\$10,570       | \$488,840              | 50.8%    |
| 2020 | \$167,200              | \$0             | \$4,888         | \$172,088    | -\$117,613      | \$543,315              | 53.3%    |
| 2021 | \$167,468              | \$0             | \$5,433         | \$172,901    | -\$5,585        | \$710,631              | 59.5%    |
| 2022 | \$167,735              | \$0             | \$7,106         | \$174,841    | -\$1,952        | \$883,520              | 63.9%    |
| 2023 | \$168,004              | \$0             | \$8,835         | \$176,839    | -\$27,671       | \$1,032,688            | 66.5%    |
| 2024 | \$168,273              | \$0             | \$10,327        | \$178,600    | -\$16,861       | \$1,194,427            | 68.4%    |
| 2025 | \$168,542              | \$0             | \$11,944        | \$180,486    | -\$336,978      | \$1,037,935            | 64.0%    |
| 2026 | \$168,812              | \$0             | \$10,379        | \$179,191    | -\$8,480        | \$1,208,646            | 65.9%    |
| 2027 | \$169,082              | \$0             | \$12,086        | \$181,168    | -\$6,590        | \$1,383,224            | 67.1%    |
| 2028 | \$169,352              | \$0             | \$13,832        | \$183,184    | -\$1,016        | \$1,565,392            | 68.0%    |
| 2029 | \$169,623              | \$0             | \$15,654        | \$185,277    | -\$957,931      | \$792,738              | 50.1%    |
| 2030 | \$169,895              | \$0             | \$7,927         | \$177,822    | -\$155,086      | \$815,474              | 49.0%    |
| 2031 | \$170,166              | \$0             | \$8,155         | \$178,321    | -\$7,360        | \$986,435              | 51.8%    |
| 2032 | \$170,439              | \$0             | \$9,864         | \$180,303    | -\$250,297      | \$916,441              | 47.9%    |
| 2033 | \$170,711              | \$0             | \$9,164         | \$179,875    | -\$7,780        | \$1,088,536            | 50.2%    |
| 2034 | \$170,985              | \$0             | \$10,885        | \$181,870    | -\$4,797        | \$1,265,609            | 51.8%    |
| 2035 | \$171,258              | \$0             | \$12,656        | \$183,914    | -\$215,118      | \$1,234,405            | 49.0%    |
| 2036 | \$171,532              | \$0             | \$12,344        | \$183,876    | -\$11,179       | \$1,407,102            | 50.1%    |
| 2037 | \$171,807              | \$0             | \$14,071        | \$185,878    | -\$8,685        | \$1,584,295            | 50.9%    |
| 2038 | \$172,081              | \$0             | \$15,843        | \$187,924    | -\$1,340        | \$1,770,879            | 51.4%    |
| 2039 | \$172,357              | \$0             | \$17,709        | \$190,066    | -\$636,827      | \$1,324,118            | 42.1%    |
| 2040 | \$172,633              | \$0             | \$13,241        | \$185,874    | -\$1,573,545    | -\$63,553              | -3.4%    |

# Reserve Study Review

**CAR Recommended \$800/\$400**



# Reserve Study Review

The BOD feels this level of increase is excessive and compromised by proposing to establish dues of \$500 for each home and \$250 for each unimproved lot.

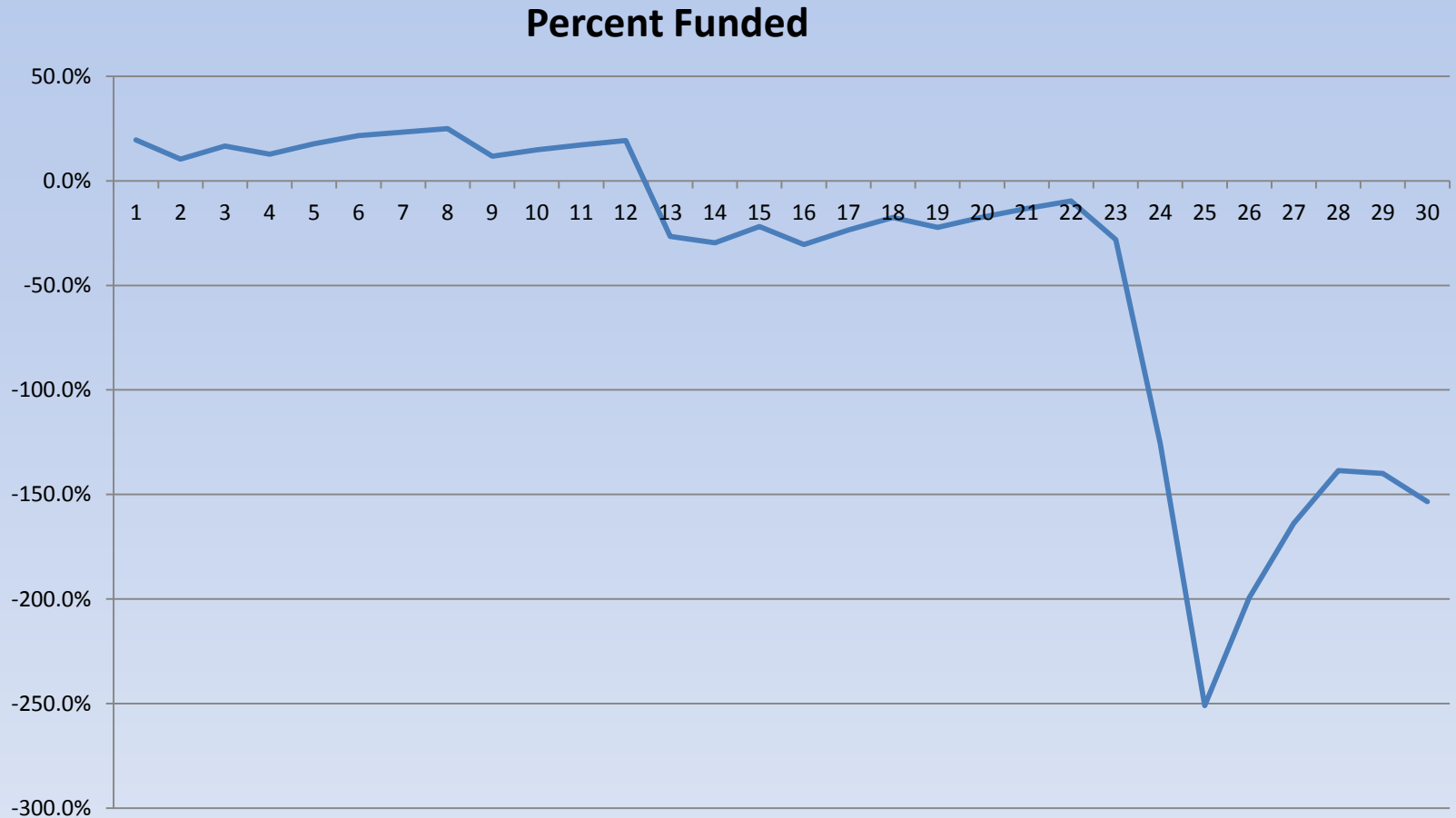
# Reserve Study Review

**Board Recommended \$500/\$250**

| Year | Annual Reserve Revenue | Special Assmts. | Interest Income | Total Income | Annual Expenses | Ending Reserve Balance | % Funded |
|------|------------------------|-----------------|-----------------|--------------|-----------------|------------------------|----------|
| 2017 | \$86,001               | \$0             | \$954           | \$86,955     | -\$23,450       | \$158,945              | 19.6%    |
| 2018 | \$86,139               | \$0             | \$1,589         | \$87,728     | -\$163,021      | \$83,652               | 10.4%    |
| 2019 | \$86,276               | \$0             | \$837           | \$87,113     | -\$10,570       | \$160,195              | 16.6%    |
| 2020 | \$86,414               | \$0             | \$1,602         | \$88,016     | -\$117,613      | \$130,598              | 12.8%    |
| 2021 | \$86,553               | \$0             | \$1,306         | \$87,859     | -\$5,585        | \$212,872              | 17.8%    |
| 2022 | \$86,691               | \$0             | \$2,129         | \$88,820     | -\$1,952        | \$299,740              | 21.7%    |
| 2023 | \$86,830               | \$0             | \$2,997         | \$89,827     | -\$27,671       | \$361,896              | 23.3%    |
| 2024 | \$86,969               | \$0             | \$3,619         | \$90,588     | -\$16,861       | \$435,623              | 24.9%    |
| 2025 | \$87,108               | \$0             | \$4,356         | \$91,464     | -\$336,978      | \$190,109              | 11.7%    |
| 2026 | \$87,247               | \$0             | \$1,901         | \$89,148     | -\$8,480        | \$270,777              | 14.8%    |
| 2027 | \$87,387               | \$0             | \$2,708         | \$90,095     | -\$6,590        | \$354,282              | 17.2%    |
| 2028 | \$87,527               | \$0             | \$3,543         | \$91,070     | -\$1,016        | \$444,336              | 19.3%    |
| 2029 | \$87,667               | \$0             | \$4,443         | \$92,110     | -\$957,931      | -\$421,485             | -26.6%   |
| 2030 | \$87,807               | \$0             | -\$4,215        | \$83,592     | -\$155,086      | -\$492,979             | -29.6%   |
| 2031 | \$87,948               | \$0             | -\$4,930        | \$83,018     | -\$7,360        | -\$417,321             | -21.9%   |

# Reserve Study Review

**Board Recommended \$500/\$250**





# 2018 HOA Assessment Increase Discussion and Action

- **Will reduce impact of special assessment**
  - Will still need to look at again around 2025
  - We could stay out of the hole until 2040 (mostly) with a \$119,000 contribution (\$444 per lot/year, or dues of \$625 total), **so this is a compromise between large increase and large special assessment**
- **Payment Plans will be allowed**
- The BOD will continue pursue options to contain costs and reduce the financial impact to DRE

# Remaining Agenda Items

- Capital Funding Fee Implementation
  - To accommodate for inflation instead of annual dues increase
  - Already allowed by the governing documents (Section 2.3d(ii)). Equal to 10 months dues. Only applies to sales going forward.
- Asphalt Repair at Entry
  - Supposed to have been done earlier
- Ditch Maintenance throughout DRE
  - For esthetic value for overall neighborhood to compensate for those who won't mow own ditches

# Remaining Agenda Items

➤ Executive Session

➤ Adjourn