

Lake View Park Villas 2018 Year End HOA Letter

January 21, 2019

Salutations!

I hope everyone had a wonderful and safe holiday season. We were able to spend a few weeks in Bigfork over the holidays, and as always had a wonderful time. There was not as much snow as we have had in the past, but it was a white Christmas. Lake View Park Villas always looks terrific, and under a layer of snow, it still looks just as great.

Purpose of this Newsletter

This newsletter will try to accomplish four things: (1) share some financial information; (2) recap the year just finished, (3) preview what will be going on in the new year: and (4) share some final thoughts. I am very happy and proud of the year just finished. Much was accomplished and will serve as the basis for going forward.

Our Year End Financials

Our Association results were very strong. Attached to this newsletter, you will find the 2018 financial Profit & Loss, and Balance Sheet results. With the help of our Board, Property Manager and Design Team we were able to underrun both our operational and special projects budgets while delivering on our planned services and projects. As always, we will provide full sets of financial statements, and answer all your questions at our annual meeting this coming summer. As a result of this performance there and as stated at last year's annual meeting, there will be **no dues increase** for 2019. I would like to point out that this will be the fourth year with no dues increase, yet provide a caution that an increase will be inevitable sometime soon to cover inflationary pressures. The following are a few highlights:

- Operational expenses underran budget by over \$19,000 primarily due to underruns in landscaping (~\$5,000), road maintenance (~\$2,500) and unspent contingency (\$6,700).
- Capital or special project spending underran budget by nearly \$7,000 as the embankment program is progressing but at a slower spending rate than anticipated.
- As a result an additional \$26,852 (Net Profit) was deposited into our capital reserve account so as to bring the total year-end balance to \$326,223 or approximately 10% ahead of the Long Range Plan.

Long Range Financial Planning

As a reminder, the Board and Design Review Committee is not in the business of taking member dues to build up a capital reserve. As has been explained these groups work with a 20 year rolling plan that is updated twice a year to cover an identified program list that includes roof replacements, annual painting, road chip sealing as well as the upper deck restorations that were just finished and will be in need of doing again in about ten years. The project list is substantial as it is aimed at keeping our townhome neighborhood as the best of all the townhome subdivisions in the Eagle Bend area. The size of the list as well as the size of the reserve and the size of our annual dues contribution (collectively \$57,000) has made this planning a serious business for those who have chosen to participate. As outlined in our annual meeting the plans current estimates for spending over the next five years will be close to \$350,000. Our team is confident that all of the identified projects are fully funded with the one possible exception which will be treated later in this letter.

As is usual, a complete financial report will be posted on our web site at Lakeviewparkvillas.com. We would appreciate it if you would visit this site often and we would appreciate any suggestions on how we can improve the experience so as to best meet your needs.

Accomplishments

The following highlight the major work completed in 2018:

- Completed the Park side upper deck restoration project. We completed the Lake View Villas in 2017. Our long term strategic plan calls for this to be done again 10 years from last year. All of us need to thank two Members, Bob Lust and Jon Cantwell are taking on this project, and overseeing the entire process, all the way to completion. Thanks very much Bob and Jon. They were also responsible for the resealing of patio decks last year.
- Installed new driveway lighting. This project was completed in the early fall and the results have been very well received. Now instead of having 4 different models of lights, they are all consistent, both in design and amount of illumination. The design the lights, while contemporary, works well and provides a much improved and even illumination.
- Completed a full power flush of the Park Side back yard drainage system. The French-Drain pipe which was originally designed to accommodate runoff water as well as sump pump output was nearly plugged with debris and roof grit. This work is considered to be “phase I” as other improvements may be required once this phase has been evaluated.
- Amended our CC&R’s. Our covenants were amended to provide for four things: (1) the ability for the Board of Governors to operate with less than three Board members; (2) a clarification of HOA maintenance responsibilities; (3) a set of minimum requirements for our HOA insurance policy; (4) a strengthened ability for the HOA’s abilities to address non-conformances. It should be noted that two non-conformances were addressed to good effect. One was resolved while the other is nearing completion.
- Completed the first year of our new annual painting strategy. We spent a bit over \$32,000 which was in accordance with our budget. Inspections will again be done this Spring to determine areas to be covered this year. That is when we will receive the expected cost for 2019. The budgeted number we are presently using is \$27,000.
- Continued our program of replacement planting with our landscaping crew. In a few instances we replaced a few items that were grossly overgrown, and could not be pruned back. Please remember that “personal” plantings

of perennials and “color” by the rear patio/deck are at Owner’s expense. Please remember to utilize the recommended plant book on our website.

A Special Note on the Painting Strategy

As you may or may not know, the Lake View residences are painted, and upon completion were examined and judged to have met expectations for coverage, color match, and quality. The Park Side residences are stained, and upon completion were also examined. As was outlined in a special letter to the membership, we did receive a complaint on the Park Side regarding color match. The owner and painting contractor had a meeting. The results of the review and potential paths forward will be reviewed at the annual meeting this summer.

On Tap for This Year

This coming year will continue to provide a few challenges and as such our agenda will include the following:

- Complete the scope development of the Pond Embankment Project which will get some additional treatment later in this letter.
- Complete Phase II of the Park Side Drainage Project
- Complete the second year of the New Painting Strategy and resolve the Park Side Staining Complaint
- Continue to deliver on our Black Magic landscaping program

A Point on the Impact of Our Landscaping Program

We firmly believe that we have the most beautiful and well maintained landscaped areas of all the HOAs in Eagle Bend. There has been a real benefit to that. You may have noticed many townhomes for sale in other HOAs, some of them have been for sale for years. Last year we had 5 homes in Lake View Park Villas listed for sale. Four were sold reasonably quickly. Buyers frequently mentioned that they were impressed by the manicured landscaping and general high level of appearance that our homes presented. They are also impressed by our long term plan which is accompanied by fully funded reserves. Our values are being protected, and the Board feels that this is of the utmost importance. Thank you for your support, and prompt payment of dues.

A Warm Welcome to Our New Members

I would like to take this opportunity to welcome those 4 new owners/Members of the HOA. In alphabetical order:

- David and Nancy Ewert who purchased Unit # 59
- James and Susan Kuhlman – Unit # 87
- Kyle and Michelle Lingscheit – Unit #39
- Mark and Jane Roberts – Unit #19

Welcome to the neighborhood, and please forgive me if I misspelled anyone's name. We look forward to meeting you next summer.

A Note on the Pond Embankment Project

As mentioned earlier, there is one project that we know has to be addressed, but we have yet to fully get our arms around the project to the point that we can price it out. That is what we call the Pond Embankment Project. On the Lake View side, there is a large pond behind all the units that is owned by the golf course. Behind several of the residences, the original rock riprap wall has sloughed down, resulting in a destabilization of the pond wall. This has further resulted in the level of the surrounding soil which is causing problems. For example, the rock planter between the residences in some instances is starting to disintegrate. In some units the patio slab has been undermined and slight cracking is resulting. We know that this has to be addressed, we know that it is a responsibility of the HOA to correct it, but as mentioned, we need to resolve how many homes are actually exposed to some type of potential structural problem, and then how do we fix the problem. We have hired two engineering teams to figure this out. One is a Geo tech engineer to work with soils and water, the other has already completed surveys, and will be responsible for determining how widespread the real problem is, and amounts of material to correct will be. Three members from our Design Review Committee: Bob Lust, Jon Cantwell, and myself; are coordinating and working with these engineers. Once we nail down an exact scope of work and have determined the best way to remedy the problem, we will have to hire a contractor to actually do the work. It is a complex problem, with multiple options to evaluate. We will determine which one best suits our needs and budget. Our timeline for when the work can be started has

not been determined. We presently have \$120,000 set aside in our capital reserve for this project and there is some concern that this one project may not be sufficiently covered in our Long Range Plan. Two other members from our Design Review Committee: Our Secretary/Treasurer – Ron Ransom and Bob Burke have been tasked with looking into financing options in case we need additional funds for this project.

Final Notes

This will probably be our last Newsletter prior to our Annual Meeting this summer. As always, please spend some quality time thinking through everything that we have going on. Make a list and bring them to our annual meeting so they can be discussed. At this point, we don't know of any projects that are needed that haven't been identified. Also, please review the Website and make sure you are familiar and comfortable with all our projects and corresponding budgets. Our Board and Design Review Committee will continue to work to a high level of transparency but good communications will still need your help and your participation.

Once again Ron, Brian and I were elected to serve for another 3 years. We thank you for your support and we pledge to keep earning your trust going forward. However, we are always in need of help. If you would like to serve on a committee or if you would be interested in running for the Board please let us know.

Thank you for your review of this newsletter, and we look forward to seeing you at this Annual Meeting.

Sincerely,
On Behalf of the Board

Paul R. Lentz
President

LVPV 2018 Profit and Loss (Cash Flow) Statement

Income	Dues for Operation	\$ 101,456
	Dues for Capital or Long Range Special Projects	\$ 56,984
	Interest Income	\$ 3,555
	FEC Capital Credit Refund	\$ 52
	Total Income	\$ 162,047
Expense	General	
	Administration	\$ 12,853
	Lawn Care & Maintenance	\$ 43,468
	Utilities & Irrigation	\$ 1,345
	Road Maintenance & Snow Removal	\$ 793
	General Maintenance & Pest Control	\$ 7,332
	Miscellaneous	\$ 4,103
	Capital or Long Range Special Projects Spending	
	Driveway Pole Light Upgrade	\$ 4,849
	Painting	\$ 32,849
	Drainage Project (Park Side Phase I)	\$ 2,675
	Pond Embankment Restoration (Initial Engineering)	\$ 3,500
	Upper Deck Restoration (Park Side)	\$ 16,239
	Special Landscape Program	\$ 2,160
	Driveway Resealing	\$ 1,470
Gutters & Downspouts & Irrigation Upgrade	\$ 1,560	
Total Expenses & Special Project Spending	\$ 135,195	
Net Income	Net Income (Added to Capital Special Projects Reserve)	\$ 26,852

LVPV 2018 Balance Sheet

Assets	Long Range Special Projects Reserve	\$ 326,223
	Operating Reserve	\$ 26,252
	Checking	\$ 15,221
	Accounts Receivable	(\$ 4,660)
	Total Assets	\$ 363,036
Liabilities & Equity	Retained Earnings	\$ 336,184
	Net Income	\$ 26,852
		\$ 363,036