

# Kingsgate 3&4 Homes Association

Annual Meeting

February 11 2020

ORCS 7pm

# Board Members

- Trustee 1 – Steve Gengo – Trustee (Past President) Term Expires 2022
- Trustee 2 – Chris Adams – Trustee – Term Expires 2022
- Trustee 3 – Alex Long – Trustee (Past President) – Term Expires 2022

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- Trustee 4 – Mario Tremblay (Treasurer) – Term Expires 2020
  - Trustee 5 – Kelly Guenser (Bookkeeper) – Term Expires 2020
  - Trustee 6 – Scott Gray – Trustee – Term Expires 2020

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- Trustee 7 – Darcey Eilers (Vice President) Term Expires 2021
  - Trustee 8 – Mike Nelson – (President) - Term Expires 2021
  - Trustee 9 - Derek Tucci – (Secretary) – Term Expires 2021

# Agenda

- Treasurers Report (Mario) 15 min – 5 min questions
- Park Committee Chair (Alex- Mike) 10 min – 5 min questions
- Pool Committee Chair (Derek) 10 min – 5 min questions
- CCR Enforcement (Mike) 10 min – 5 min questions
- Election of new board members (Alex) –10 min
- President's Comments (Mike) 10 min

# Treasury Report – Mario Tremblay

## 2019

2019 Budget Kingsgate 3 & 4 HOA [Feb. Adj. Incl.]				2019 <as-of 12/31/2019>		Variance
		Credit	Debit	Expenses	Receipts	<>
<b>Balance Forward as-of 12-31-2018</b>			\$ 48,627		\$ 48,627.17	
<b>Revenues</b>						
Home owner Dues Income			\$ 189,600		\$ 187,850.97	\$ (1,749.03)
(300 houses * \$632)						
Late Fees on Dues [forecast]			\$ 2,000		\$ 4,561.81	\$ 2,561.81
Pool Income			\$ 14,000		\$ 22,628.05	\$ 8,628.05
<b>Total Revenues:</b>			<b>\$ 254,227</b>		<b>\$ 263,668.00</b>	<b>\$ 9,440.83</b>
<b>Reserve</b>						
Reserve/Emergency Fund						
<b>Total Reserve:</b>				<b>\$ 13,000.00</b>		<b>\$ -</b>

# Treasury Report – Mario Tremblay

## 2019

2019 Budget Kingsgate 3 & 4 HOA [Feb. Adj. Incl.]				2019 <as-of 12/31/2019>		Variance
		Credit	Debit	Expenses	Receipts	<>
<b>Expenses</b>						
Total Pool:		\$ 74,500		\$ 72,939.73		\$ 1,560.27
Total Park:		\$ 20,550		\$ 17,376.71		\$ 3,173.29
Total Utilities:		\$ 28,700		\$ 21,782.81		\$ 6,917.19
Total Office:		\$ 17,500		\$ 17,263.98		\$ 236.02
<b>Other Expenses</b>						
Reserve Study		\$ 1,850				\$ 1,850.00
Late Dues Recovery		\$ 2,000				\$ 2,000.00
<b>Audits</b>						
2017 [\$3,000] 2018 [\$3,000]		\$ 6,000				\$ 6,000.00
<b>IRS Returns Filing/Issues</b>						
\$600 x 10 years + Penalties		\$ 7,000				\$ 7,000.00
Legal/CPA/Prof Fees		\$ 9,000		\$ 3,812.50		\$ 5,187.50
<b>Total Other Expenses:</b>		<b>\$ 44,600</b>		<b>\$ 21,488.04</b>		<b>\$ 23,111.96</b>

# Treasury Report – Mario Tremblay

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Total Utilities:		\$ 28,700		\$ 21,782.81		\$ 6,917.19
Total Office:		\$ 17,500		\$ 17,263.98		\$ 236.02
Total Other Expenses:		\$ 44,600		\$ 21,488.04		\$ 23,111.96
Total Projects:		\$ 55,377		\$ 54,645.52		\$ 731.48
Total Expenses With Reserve:	\$ 254,227			\$ 218,496.79		\$ 35,730.21
Total Revenues:			\$ 254,227		\$ 263,668.00	\$ 9,440.83
Dues Discounts					\$ (3,677.00)	
Total as-of 12-31-2019				\$ 218,496.79	\$ 259,991.00	\$ 41,494.21
Balance Forward to 2020					\$ 42,544.04	\$ 42,544.04

# Treasury Report – Mario Tremblay

## 2020 Budget Highlights

- **\$12** annual dues increase from \$632 to **\$644** [**+1.89%**]
  - This increase is aligned with the 2019 US inflation rate (Cost Price Index –All Urban Consumers).
- **\$25** discount on dues to homeowners who do not carry a balance from 2019 and pay in full in the first quarter.
- **\$10** late fee per quarter added to statement for homeowners who are not making a payment in previous quarter.
- Total in cash = **\$150,359.28**
- Total in Reserve = **\$86,897.35** {incl. 2020 contribution of \$13,000}
- 161 homeowners have paid in full as-of 02-09-2020

# Treasury Report – Mario Tremblay

## 2020 Budget February Adjustments

2020 Budget Kingsgate 3 & 4 HOA				2020 Budget Kingsgate 3 & 4 HOA			
		Credit	Debit			Credit	Debit
<b>Forecast Bal. Forward as-of 12-31-2019</b>			\$ 28,300	<b>Bal. Forward as-of 02-09-2020</b>			<b>\$ 42,544</b>
<b>Revenues</b>				<b>Revenues</b>			
Home owner Dues Income (300 houses * \$644)			\$ 193,200	Home owner Dues Income (300 houses * \$644)			\$ 193,200
Late Fees on Dues [forecast]			\$ 3,500	Late Fees on Dues [forecast]			\$ 3,500
Pool Income			\$ 16,000	Pool Income			\$ 16,000
<b>Total Revenues:</b>			<b>\$ 241,000</b>	<b>Total Revenues:</b>			<b>\$ 255,244</b>
<b>Total Reserve/Transfers:</b>		\$ 13,000		<b>Total Reserve/Transfers:</b>		\$ 27,244	
<b>Expenses</b>				<b>Expenses</b>			
<b>Total Pool:</b>		\$ 75,500		<b>Total Pool:</b>		\$ 75,500	
<b>Total Park:</b>		\$ 22,950		<b>Total Park:</b>		\$ 22,950	
<b>Total Utilities:</b>		\$ 28,700		<b>Total Utilities:</b>		\$ 28,700	
<b>Total Office:</b>		\$ 19,700		<b>Total Office:</b>		\$ 19,700	
<b>Total Other Expenses:</b>		\$ 42,250		<b>Total Other Expenses:</b>		\$ 42,250	
<b>Total Projects:</b>		\$ 38,900		<b>Total Projects:</b>		\$ 38,900	
<b>Total Expenses With Reserve:</b>		\$ 241,000		<b>Total Expenses With Reserve:</b>		\$ 255,244	
<b>Total Revenues:</b>			<b>\$ 241,000</b>	<b>Total Revenues:</b>			<b>\$ 255,244</b>



# Treasury Report – Mario Tremblay

## **Audit Status 2017/2018**

- Currently being performed by Luby & Thomson, PLLC, CPA
- Work is in progress; no report has been issued yet.
- All 2017 & 2018 data/documents have been provided.

## **IRS Returns Filing/Issues**

- As we highlighted last year the HOA IRS Returns were not done for a period of 10 years. We were advised to complete Audit process prior to tackle IRS returns filing.
- We are planning to initiate IRS returns filing process in 2020.

# Treasury Report – Mario Tremblay

## Delinquent Accounts' dues recovery

- In 2019, the Board launched a formal process to recover past dues for the top delinquent homeowners who have not paid dues for a period of at least 2 years. Our effort to collect the dues was a success, and we settled with 7 homeowners out of 8 and are following through with the 1 remaining.

The Board will maintain this process as an on-going effort to keep the past dues delinquency as low as it can be.

### Delinquent summary [exclude lawyer fees]

**Total settle amount of \$19,368 out of \$24,138 [80%]**

□ Delinquency accounts balance at inception [as-of 03-16-2019]:	<b>\$24,138</b>
□ Full amount recovered as-of 02-09-2019:	<b>\$7,944</b>
□ Settlement amount – to be paid overtime:	<b>\$11,424</b>
□ In recovery process:	<b>\$4,770</b>

# Park Committee Chair – Alex Long

## **Summary of activities for 2019**

- Update security lighting throughout the park
- Install tamper resistant lighting in the gazebo
- Install phase 1 of security cameras
- Replace sound system
- Design bleacher awning

# Park Committee Chair – Alex Long

## **Current and on-going projects for 2020**

- Install phase 2 of camera system
- Install bleacher awning (before pool opening)
- Upgrade gate (key control issue)

# Pool Committee Chair – Derek Tucci

2016

- Pool house roof replacement

2017

- Boiler replacement
- Pool cover replacement

2018

- Furnace replacement
- Chemical pump replacement
- Bleacher update
- Pool deck corner repair

2019

- Main pump replacement
- Small fence repair
- Sound system replacement

# Pool Committee Chair – Derek Tucci

## 2020 Projects

- Pool deck shed replacement
- Sand filter upkeep
- Pool deck furniture rotation

# CCR Enforcement Report – Mike Nelson

- Positives for 2019
  - Dues recovery – 100% of delinquent funds selected for enforcement either in process or under contract.
- Problem areas
  - Trailers
    - Trailers parked on the street are in the City of Kirkland jurisdiction.
    - We report using “our Kirkland” app. The response is slow, but it does work.
    - You can use it too.
    - Trailers/RVs parked on property that can be seen are not in compliance.
  - Derelict vehicles
  - Duplex/Air BNB/
  - Enforcement Priorities for 2020
    - **Trailers**
    - **Derelict Vehicles**
    - **Unfinished Exterior projects**
    - **Rental Issues**

# Reserve Study – Darcey Eilers

- **What is it?** A reserve study is a report that
  - (1) outlines common area components that are the HOA's responsibility;
  - (2) identifies the expected replacement costs of the components over a specific time period;
  - (3) provides a replacement schedule; and
  - (4) indicates how much money needs to be set aside now and annually to have enough to fund future obligations.
- **Why is it important?**
  - *Fiscal Responsibility*
  - *Fairness to Community Members*
  - *Community Appeal*
- **Who did the study for us?** At the beginning of 2020, the Board hired a local professional, Joel Tax with Reserve Data Analyst, Inc., to perform an analysis and complete a reserve study. He provided us with a draft report very recently.

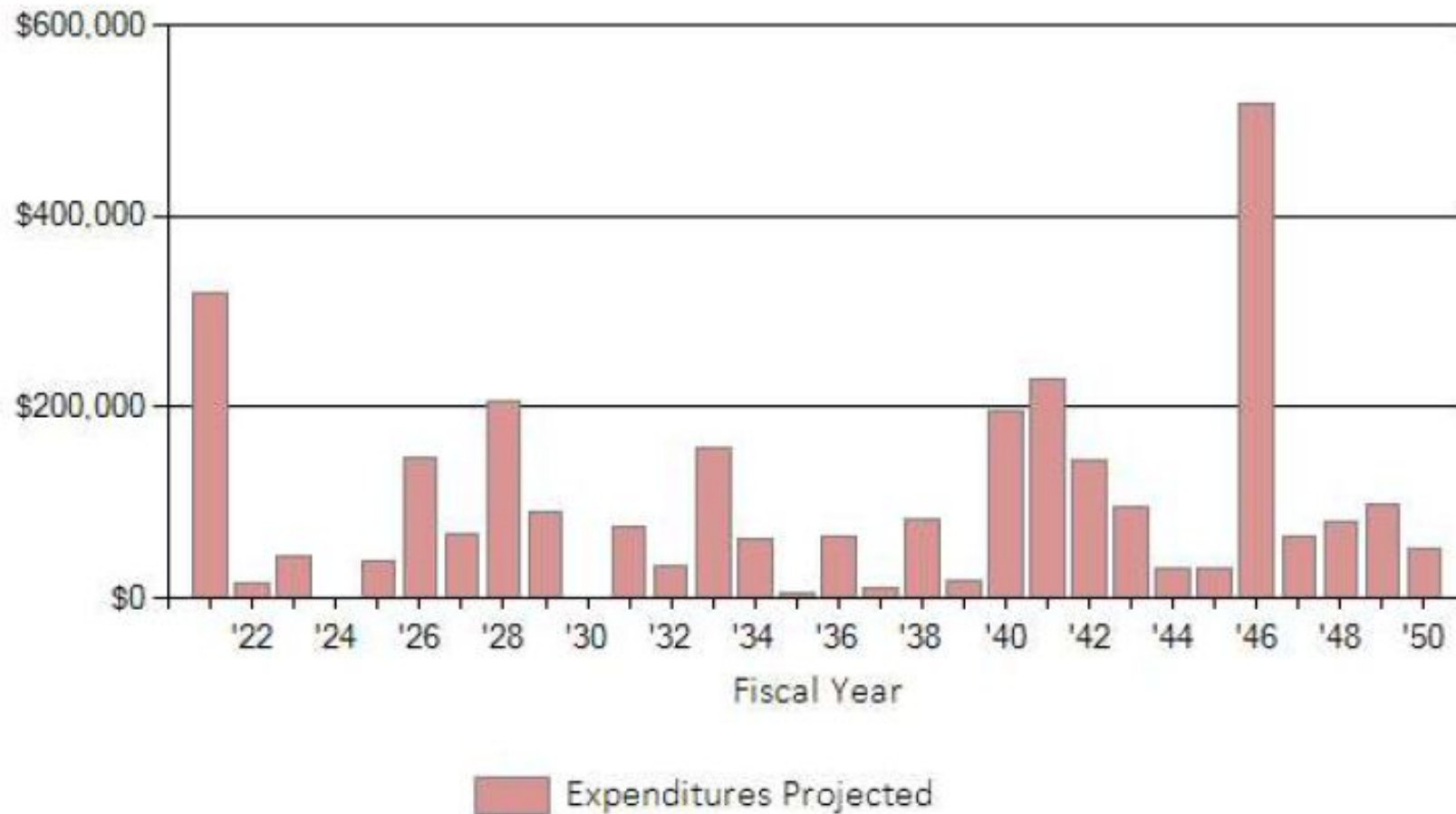


# Reserve Study – Component Examples

- Pool Building Components
  - **Roof (asphalt shingle):** installed 2017; with 25-year useful life; replacement year is 2042; current replacement cost is \$10,200.
- Pool Components
  - **Pool (resurfacing & retiling):** completed in 2006; with 20-year useful life; replacement year is 2026; current resurfacing cost is \$42,475 and retiling cost is \$29,340.
- Recreational Components
  - **Baseball Backstop and Fence (chain link):** installed in 1968; with 45-year useful life; replacement year is 2021; current replacement cost is \$11,164.
- Mechanical, Electrical, and Plumbing
  - **Hot Water Heater:** installed in 2006; with 16-year useful life; replacement year is 2022; current replacement cost is \$6,000.
- Site Components
  - **Irrigation Piping:** installed in 1968; with 60-year useful life; replacement year is 2028; current replacement cost is \$75,600.

## Projected Expenditures Chart

This chart provides a visual representation of the draft study's projections of reserve account projected expenditures over the 30-year period covered in the study.

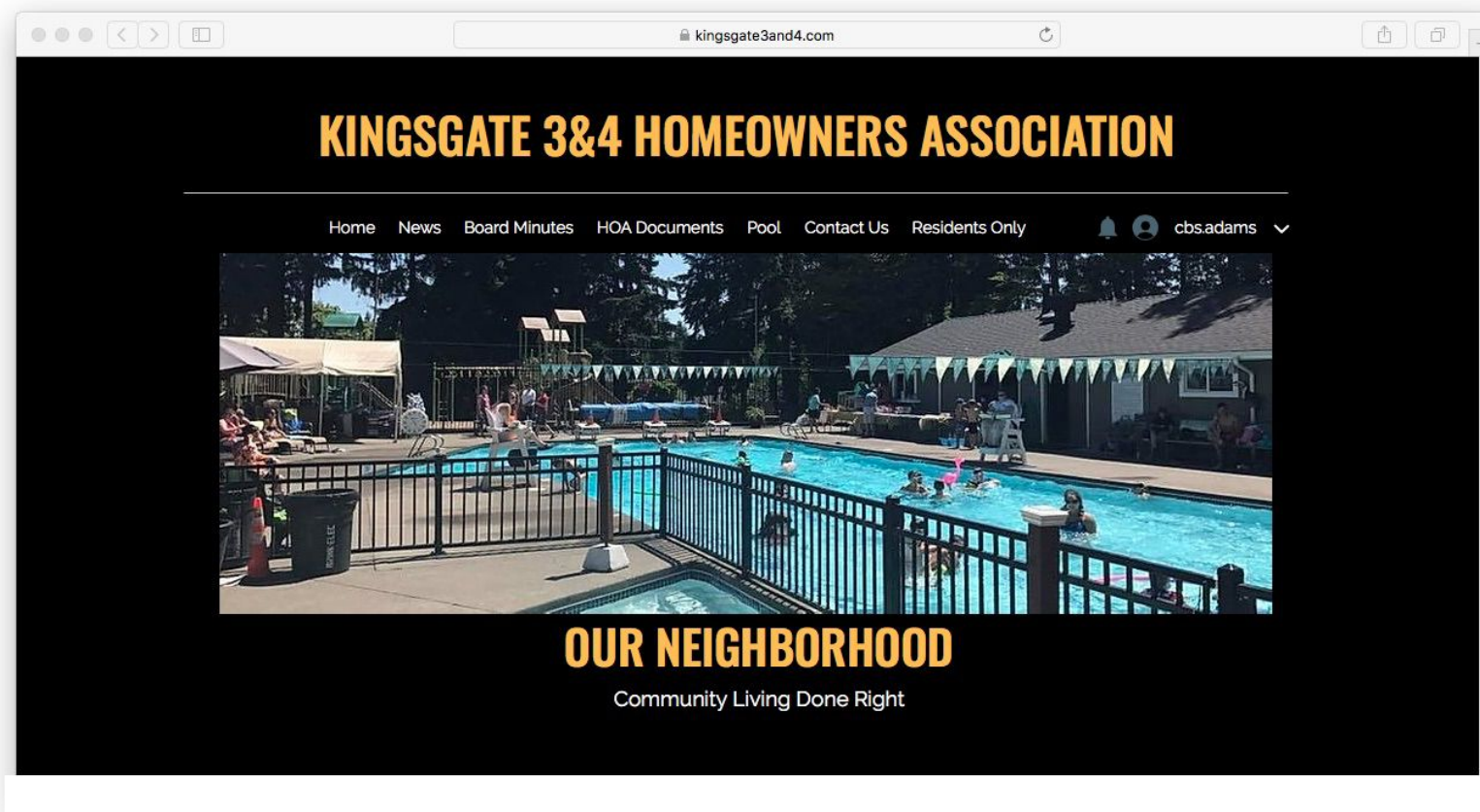


# Reserve Account Funding Models

- **Currently**, we have been setting aside \$13,000/year into the reserve account.
- The **recommended funding model** increases the reserve account to a 100% funded within the 30-year timeframe of the study.
  - It involves a first year (2021) reserve allocation of \$250,000, with the subsequent 9 years of reserve contributions increasing from \$81,000 (2022) to \$102,608 (2030). (page 21)
- The **baseline funding model** has a goal of keeping the reserve account balance cash positive (above \$0) within the 30-year timeframe of the study.
  - It involves a first year (2021) reserve allocation of \$249,283, with the subsequent 9 years of reserve contributions increasing from \$76,595 (2022) to \$97,029 (2030). (page 23)
- For both the recommended and baseline funding models, the initial year (2021) has a higher allocation rate than subsequent years due to the number of components considered to have reached the end of their respective useful lives. Then after the initial year, the reserve allocation rate falls to a more typical rate with annual increases thereafter.

# Next Steps with Reserve Study

- The reserve study is still in draft form! Board members will be reviewing the draft more fully and will be discussing items with the reserve study professional.
- Once we have a finalized reserve study, we will post the study on the website.
- Then the Board will begin making decisions about how to more fully fund the reserve account to address future obligations and about whether there are existing components where replacement will be deferred or the component removed, among other things.
- **Please be involved in these conversations and decisions!**



### Current Features:

- Park Camera Access for BOD
- HOA Meeting notes
- Budget updates
- Pool & Park reservations
- Resident Event calendar

### Future Possible Features:

# Board Members Election (Alex Long)

- Steve Genjo has decided to step down after a decade of service.
  - Nominations for a member to replace Steve Gengo
- Nominations for board members whose terms expire in 2020
  - Mario Trembley – to continue as the treasurer
  - Kelly Guenser – to continue serving on the board
  - Scott Gray – to continue serving on the board
- Challengers to those positions – please nominate.

# Membership Comments or Questions

# When are the Board Meetings?

- Second Wednesday of every month.
- Exceptions are July and August.
- See the website for location (Typically here or Kingsgate Library)