

The 2019 Hickory Woods HOA Budget

The Board thought it would be helpful if some additional details were made available to unit owners regarding the 2019 budgeting process.

The 2019 budget has two distinct expense aspects: the operating account and the reserve account. The current monthly assessment is \$225 with \$19 (8.4%) going to the reserve account and the remainder going towards operations.

This equates to annual revenue of \$242,256 going toward funding operational expenses (landscaping, snow removal, clubhouse maintenance, insurance, etc.) and \$22,344 going towards funding the capital reserve account (replacement of HOA assets).

For the 2019 budget, the HW Board is proposing to maintain the same level of funding for operational expenses as 2018. There are many reasons for being able to maintain no increases in operational expenses. The most significant reason is that we negotiated a two-year contract with Alliance (landscaping & snow removal) which maintains the same costs as 2018. These two items represent 60% of the total annual budget. Most other line items are either unchanged or slightly decreased from 2018 spending levels. We will have approximately a 20% increase in property management with the change from Evergreen to New Star. However, our HOA has been getting far more benefits than previous service we received from Evergreen. It is clear that we are receiving far more value from New Star Properties.

The significant change for 2019 will be in the reserve funding. At the annual unit owner's meeting on January 8, 2019, the Board will be asking Unit Owners to vote in favor of an increase in the monthly assessment from \$225 to \$275. The additional \$50 per month increase will enable us to increase the monthly reserve funding from \$19 to \$69 per unit/month which is consistent with TEAM Engineering's reserve study recommendations.

In the event that less than 66% of the unit owners approve the \$50 per month increase, the Board will provide an alternative budget. This version of the budget will increase the assessment from \$225 to \$247.50 in 2019. That equates to a 10% increase over the current assessment of \$225. The Board anticipates that further monthly assessment increases will be needed in 2020 and 2021 so that the capital reserve is funded to meet TEAM's recommended levels.

Sincerely,

The Hickory Woods Board of Directors.