

November 17, 2016

Dear Daniels HOA Members,

We will be having our Annual Meeting on December 6, 2016 at 6 PM MT at Wylene's loft. I have set up a conference call for those who cannot participate in person, details of which can be found below.

Following is the formal agenda for the meeting:

- Review 2016 finances
- Update on building maintenance and status
- Discuss updated Reserve Study
- Review planned 2017 building maintenance
- Approve 2017 budget
- Election of Officers (Laurie and Diane have one more year left on their term. Mark's two-year term is up. He is willing to continue in the role of president for another two-year term).
- Open discussion.

Please let me know if you have an item that you would like added to the agenda.

If you are unable to attend in person or via the conference call, please consider giving me, or another owner, your proxy so as to ensure a quorum for the meeting. You may send me your proxy via email at [mark.ruport@gmail.com](mailto:mark.ruport@gmail.com).

**Conference Call Information:**

Telephone number: 866 740-1260

Access code: 6302243

(Please note that you will be put on hold until I join the call after we are all gathered at Wylene's, which might be a few minutes after 6 PM MT.

Our governing documents, current financial statements, Reserve Studies, Board Meeting minutes and budgets can be found on our website at <http://www.danielslofts.org>. I have attached our proposed 2017 Budget for your review.

As you are aware, we are very proud of our building and have been able to keep it in great shape for the last 15 years. We have been able to control our monthly operating expenses and increase our Reserve Fund without a dues increase. As we enter 2017 we anticipate higher monthly operating costs as well as the need to address a few specific issues common with an aging building. The most pressing issue is the deterioration of the brick wall on the north side of the garage. This work along with slightly rising operating costs makes it necessary for the Board to propose a 10% increase in HOA dues effective January 2017. It should be noted that even with the 10% dues increase we would still be short of the monthly reserve contribution recommended in the Reserve Study update. However, the Board feels that a 10% increase is appropriate at this time.

Thanks in advance for your participation and cooperation.

Mark Ruport

# High-level Financial Analysis

2016 Budget Variance*	<u>Budget</u>	<u>Forecast</u>	<u>Variance</u>
Income	\$ 52,336	\$ 51,350	\$ -986
Expenses	<u>42,638</u>	<u>41,561</u>	<u>1,077</u>
Net Income	\$ <b>9,698</b>	\$ <b>9,789*</b>	\$ <b>91</b>

\* Actual through October and forecasted November – December

\*\* 19% contribution to the Reserve Fund

## 2017 Proposed Budget

Income*	\$ 56,964
Expenses	<u>43,570</u>
Net Income	\$ <b>13,494</b>

\*10% increase in HOA dues

\*\*24% contribution to Reserve fund

Reserve Fund Analysis (Forecasted)	<u>2016</u>	<u>2017</u>
Checking	\$ 4,812	\$ 5,000
Savings	99,251	110,298
Planned Expenditures	<u>-4,000</u>	<u>-22,942</u>
<b>Total</b>	<b>\$ 101,904</b>	<b>\$ 93,356</b>

## Planned Reserve Fund Expenditures

2016

Engineering Study for garage wall \$ 4,000

2017 (If needed)

Garage wall/Surfaces – Paint \$ 3,850

Metal Surfaces - Paint 613

Major Brick Work – Garage 12,500

Garage Door Openers – Replace 650\*

Garage CO System 900\*

Intercom - Replace 1,750\*

Harwood floor maintenance 1,000\*

Conversion to LED Lights 1,679

**Total \$22,942**

2018 (If needed)

Restrooms/Hallway – Repaint \$ 758

Brick repairs 5,225

Restrooms/Hallway – Remodel 4,859

**Total \$ 10,842**

\*Red – unlikely even though in Reserve Study. Total of \$4,300 in 2017 which would bring ending reserve balance to \$97,656.

**Proposed Monthly Dues - 10% Increase (Effective January 2017)**

<b><u>Unit</u></b>	<b><u>% Sq. Footage</u></b>	<b><u>Current</u></b>	<b><u>Proposed</u></b>
104	24.8%	\$ 1,065	\$ 1,172
106	12.6%	\$ 544	\$ 598
108A	11.5%	\$ 497	\$ 547
108B	10.5%	\$ 454	\$ 499
108C	15.7%	\$ 677	\$ 745
108D	8.7%	\$ 377	\$ 415
108E	8.7%	\$ 377	\$ 415
108F	<u>7.5%</u>	<u>\$ 325</u>	<u>\$ 358</u>
<b>Total</b>	<b>100%</b>	<b>\$4,316</b>	<b>\$4,748</b>