



Daylesford Lake

Community Meeting
May 24th 2006

Focus on the Future



Introduction

Community Meeting
May 24th 2006
Finbar McEvoy

Focus on the Future



Welcome

- Introduction
 - Thank outgoing Board members
 - Introduce new Board members
 - Thank all the volunteers
- Housekeeping matters
 - Rules of the Meeting
 - Introduce new Board members
 - Questions and Answers
 - Surprise
- The Meeting Agenda
 - Meeting Purpose

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Purpose of the Meeting

- Educate and Inform
 - Accomplishments over the past six months
 - Understand the need to change and “Focus on the Future”
 - Describe options available to the community
 - Present a roadmap for the future
 - Increase community participation and awareness of needs and priorities

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Agenda

7:00-7:10	Finbar McEvoy	Introduction
7:10 – 7:25	Stefan Richter	Legal
7:25 -7:30	Charlie Jebran	Accounting
7:30 – 7:45	Bob Caropi	Inspections
7:45 - 8:00	Mary Sigel	Maintenance
8:00 – 8:10	Ann DiGiacomo	Ballot Counting
8:10 – 8:30	Tom Barger	Finance
8:30 – 9:00	Board Members	Q and A

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Introduction

- The Board has a fiduciary responsibility to maintain and improve the community
- The Board will manage effectively and responsibly to meet its obligations as the community matures
- The Board is developing a plan to address the financial, maintenance and operating needs of our changing community

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Board Tasks	Description
<ul style="list-style-type: none">• Build on our History	<ul style="list-style-type: none">• Issues have been identified• Much has been accomplished• Structure is being built for the future
<ul style="list-style-type: none">• Align with our Future Needs	<ul style="list-style-type: none">• The community is becoming mature• Financial and organizational structure must match maintenance needs
<ul style="list-style-type: none">• Execute a Plan	<ul style="list-style-type: none">• Develop a long-term plan• Set up management and control• Determine how it will be financed

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New Community Focus

	<i>Current</i>	<i>New</i>
<i>Homeowner</i>	Immediate Priority	Planned Repair
<i>Property Manager</i>	React to Individual Homeowner	Manage against Priority in Maintenance Plan
<i>Contractor</i>	Single Work Order Response	Complete Entire Project in Plan
<i>Board</i>	React to situations	Plan, Budget and Fund Projects
<i>Project Manager</i>	None	Develop, Implement and Supervise Plan

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Process Change

Item	Current	New
Work Orders	Reactive	Proactive
Prioritization	No	Yes
Planning	No	Yes
Scheduling	No	Yes
Budgeting	No	Yes
Management	Reactive	Planned
Reporting	No	Yes

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Legal Report

Community Meeting

May 24, 2000

Stefan Richter Esq,

Terry W. Clemmons and Associates P.C.

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Audit Report

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May 24, 2006

Charlie Jebran,

Jebran and Associates

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Inspection Report

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Bob Caropi

TBS Services

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Maintenance Report

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May 24, 2006

Mary Sigel

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Background and History

- Thanks to those before us that have spent countless hours on Maintenance and Repair
- Started to study maintenance issues in a systematic way two years ago with inspections and an analysis of work orders
- Identified key areas of maintenance: Roofs, Stucco, Rotted Wood, Chimneys and Drainage
- Started Proactive Maintenance Program
 - Most recently the Block Captains

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Work Completed to Date

- 30% of all Rotted Wood has been replaced
- 80% of units have been painted, with remaining 20% in progress, to be completed by summer
- One-third of Chimney Chase covers have been replaced
- Roof repairs have been made to one-third of all units
- The Stucco on all but three Phase I Buildings has been sealed

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Maintenance Review

- Significant amount of work has been completed
- Lessons learned

Managing the process:

- Understanding of key technical issues and interrelationships
- Need for professional advice and specifications
- Contractor management and quality of work
- Economies of scale/Improved bid process
- Need for professional project management
- Not allowing the 80/20 Factor

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Lessons Learned

- The Board, Committees and the Property Management Company do not have the expertise to manage multiple projects at the same time
- Maintenance problems in Daylesford Lake are many and complex
- We need a Maintenance Strategy that meets our Community needs and stage in the lifecycle – not our Management Company, Contractors or an Individual Homeowner.
- Need the processes, systems and controls necessary to manage complex projects

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Actions Taken to Remedy Situation

- Engaged Consultants to perform inspection
- Temporarily put all non-emergency maintenance on hold, pending review and completion of new plan
- Developing long-term Maintenance and Financial Plan
- Implementing new processes, procedures and systems to manage and control maintenance
- Implement Community-based Maintenance Plan
- Will engage Professional Project Manager

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Change Focus

- Currently Individual-Based Maintenance
 - React to crisis one unit at a time
- Need to change the way maintenance is performed at Daylesford Lake
 - Age of Community – Life Cycle
 - Complexity and variety of issues
 - Need for restoration to maintain property values
 - Cost of long-term maintenance and repair
- Community-Focused
 - Planned proactive maintenance
 - Complete Community-wide projects

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Amendment Ballot

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Ann DiGiacomo

Wentworth Group

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Finance Committee Report

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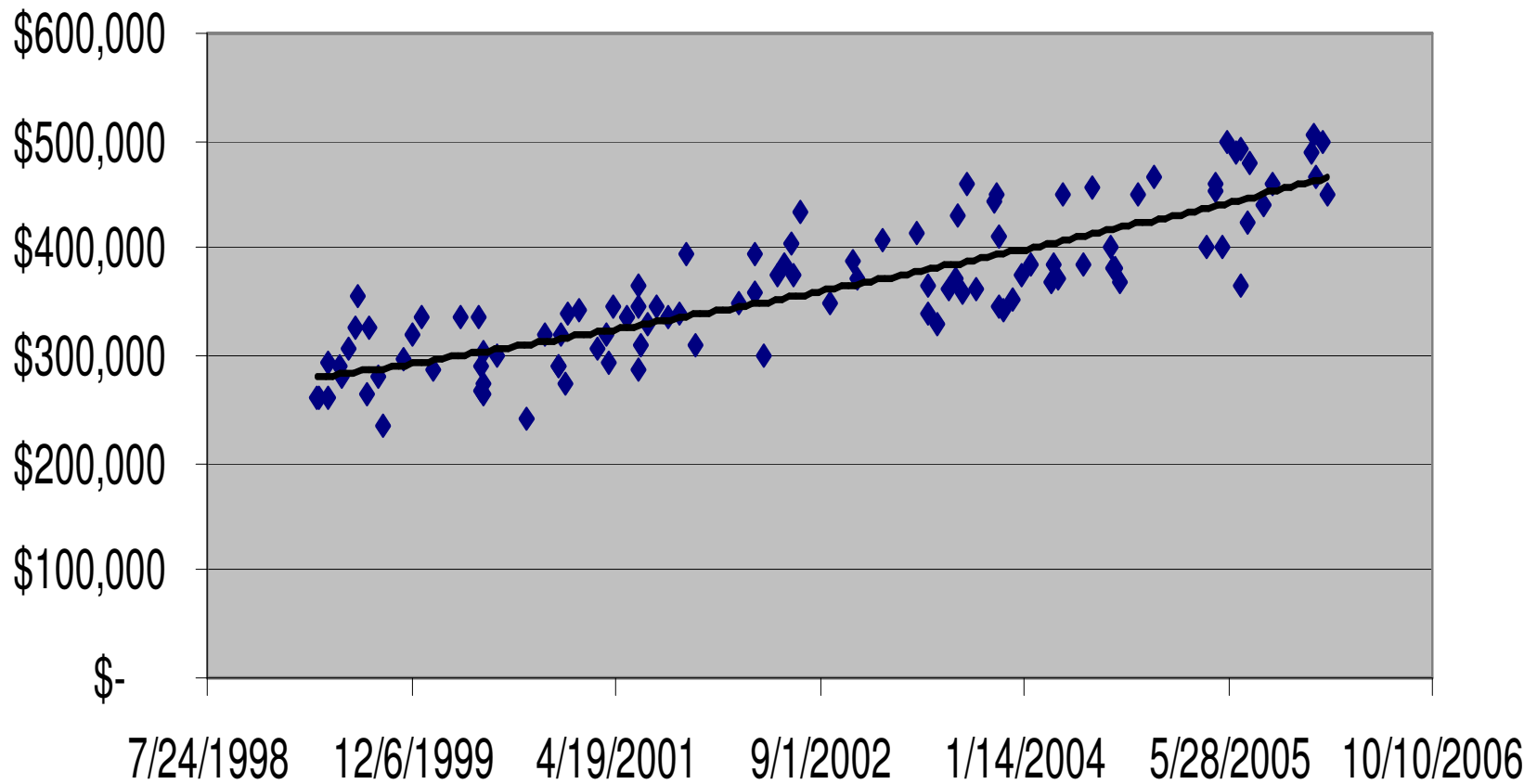
May 24, 2006

Tom Barger

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Daylesford Sales History with Trend Line



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Purpose of Reserve Studies

- Identify/confirm assumptions used for reserve funds:
 - Useful/remaining useful life of each asset, current replacement cost
 - Amounts and materials required for replacement
 - Expected timeframe and schedule for replacement.
- Estimate financial impacts:
 - Current balances and future (reserve) funding required
 - Current rates of depreciation for specified common elements
 - Total expected costs based on replacement schedule and costs
- Scope of studies (and hence reserve fund):
 - Common elements specifically identified:
 - Some structural: roof shingles, gutters, downspouts
 - Some infrastructure: roadways, retaining walls, lights
 - Some recreation: pool, courts, clubhouse
 - ***NOT ALL COMMON ELEMENTS ARE INCLUDED !***

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Accounting Methods Used

- Full replacement cost – most conservative
 - Each year, funds are added to reserves to completely cover depreciation of specified common elements for that year.
 - Leads to very large fund balances.
- Cash-Flow method – most risky
 - Projected spending is analyzed by year; reserve contribution is computed such that expected spending never fully depletes reserve fund (or goes below some established “cushion”)
 - Leads to smaller “just in time” reserves; most susceptible to shocks, unexpected events.
 - Produces lowest regular monthly contribution, but most likely to lead to special assessments.

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Daylesford Specifics

- Becht 2005 Study:
 - Unfunded “depreciation” of \$1.8 million (January, 2005)
 - \$100 per month per unit necessary to fund reserves at then-current position.
 - Note, this is for only those specifically scheduled items.
- Reserve funding history:
 - Reserve contributions have varied from \$15 to \$50 per month per unit, currently \$72 (out of \$300 monthly fee).
 - **Maximum** total reserve contribution in total from any unit is about \$5,000.
 - About \$4,560 for Phase III
 - About \$5,300 for Phase I and II
- Total Contributions through 2005: \$1.3 million

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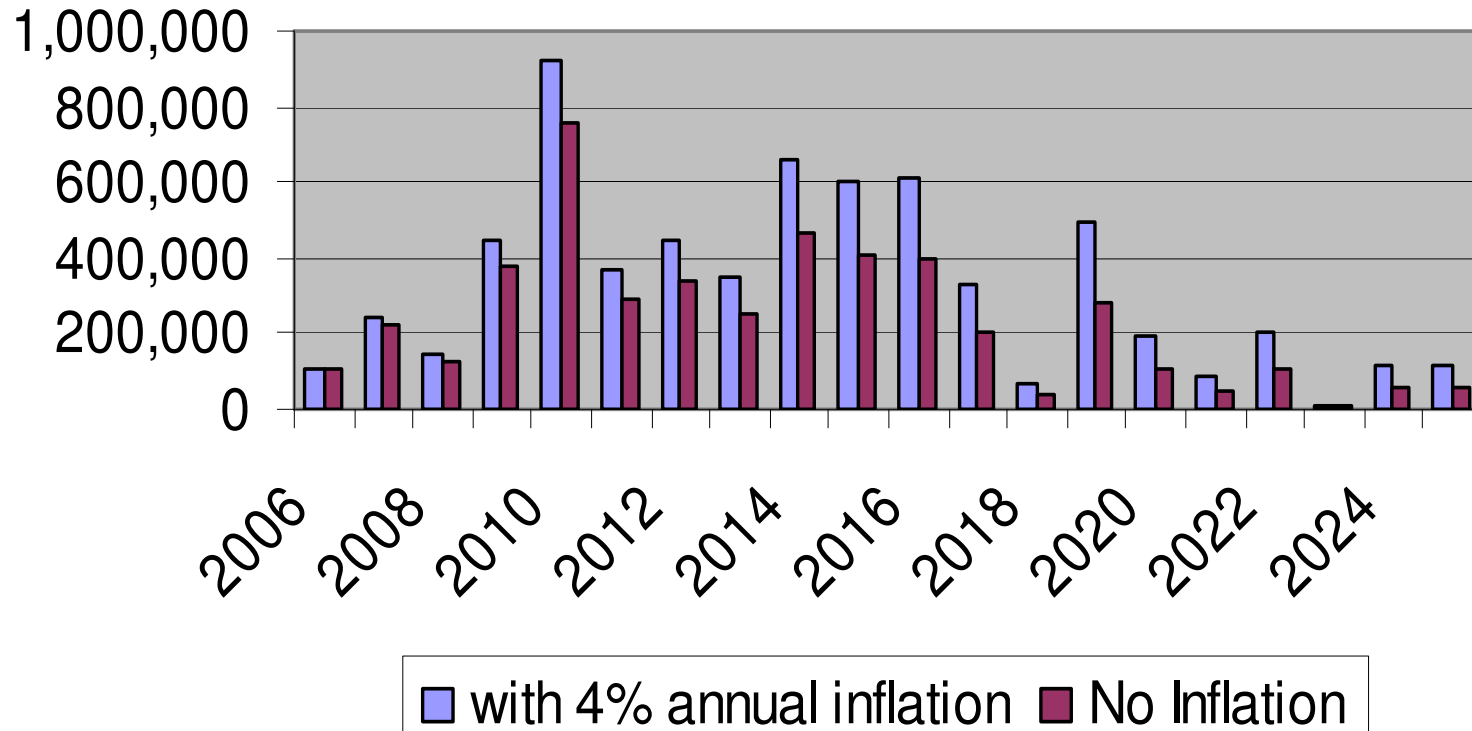


Daylesford Specifics

- Reserve Spending:
 - To date has been \$1.3 million (or \$5,900 per unit)
 - Significant outlays in:
 - 1999: \$137K
 - 2002: \$138K
 - 2004: \$212K
 - 2005: \$739K
 - See handout for details.

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Projected Replacement Spending



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Plans

- Use of independent engineering consultant:
 - Assess condition of buildings/units common areas
 - Identify options
 - Recommend actions, priorities, timing
- Possible individual assessments
 - Authorized by governing documents
 - See Stefan Richter discussion of Association duties
 - “Limited, unexpected, unbudgeted”
- Tightening of component definitions
 - Limited, limited common, common
 - Adherence to Chart of Responsibilities

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Options

- Given current scenario and structure, combination of:
 - Increased monthly fee
 - Additional assessment(s) – timing and amount uncertain
 - Borrowing to complete work; payback with interest
- Explore revised structure:
 - Become “homeowner association” as opposed to “condominium”
 - Exterior of units also owned by individual owners
 - Increase scope of “limited common elements”
 - Include exterior of units, like driveways and decks.
 - Essentially similar to “homeowner association”.
- Explore legal remedies / options

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Questions and Answers

Email your feedback to feedback@daylesford-lake.com
Email your questions to questions@daylesford-lake.com
Get answers to your questions at www.daylesford-lake.com
Find this presentation at www.daylesford-lake.com

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Adjourn Meeting

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