

**Austin Lake Homeowners Association  
Capital Reserve Analysis Review Special Meeting Minutes  
Wednesday, October 30, 8:00 pm  
Austin Lake Clubhouse**

**Officers in Attendance**

President: Ruth Zimmerman  
Vice President: Eva Margolies  
Secretary: Susan Smith  
Treasurer: Scott Sivlerstein  
Social: Marie Stockton  
Grounds: Leanne Allen  
Architecture: Paul Young  
Nominating Chair: Missy Baisden

**Residents Present:**

Jim Brooks  
Hally Brooks  
Brandon Nunley  
Chris Mount  
Estee Lassiter  
Howard Smith  
Patrick Dixon  
Doug Hoffman  
Michelle McIntosh  
Gail Sickling  
Julian Anugom

**I. Call to Order: Ruth Zimmerman, President**

**II. Capital Reserve Analysis Review Scott Silverstein, Treasurer**

The complete Powerpoint presentation with appendix is in the link below:

 **Reserve Analysis.pptx**

The following is the text of the presentation:

**Background: Capital Reserve Analysis (2021)\***

The Capital Reserve Analysis, requested by our community, was completed in 2021. This analysis projected costs of maintaining, repairing, and placing items related to the pool, clubhouse, tennis courts, lake, neighborhood entrance, and other common areas over a 20-year period through 2040. The timing of expenses was projected and future costs estimated using an inflation rate of 3 per cent. The analysis recommended reassessing current conditions and replacement costs. As a result, the 2022 HOA Board recommended that annual dues be set at \$950 to fund capital projects and existing maintenance obligations.

## Rising Costs

- Federal Reserve inflation indices show significant cost increases since the Capital Reserve Analysis was completed in 2021 (See first chart below.)
- The ALHOA experienced high costs for recent projects.(See second chart.)
- Refreshed cost expectation necessary

<b>Index</b>	<b>Feb-21</b>	<b>Feb-22</b>	<b>Feb-23</b>	<b>Feb-24</b>
Producer Price Index by Industry: Plumbing, Heating and Air-Conditioning Contractors, Nonresidential Building Work	138.1 <b>Var</b>	153.9 11%	172.7 12%	176.9 2%
Producer Price Index by Industry: Electrical Contractors, Nonresidential Building Work	131.6 <b>Var</b>	146.6 11%	175.7 20%	166.7 -5%
Producer Price Index by Industry: Roofing Contractors, Nonresidential Building Work	144.4 <b>Var</b>	163.7 13%	199.4 22%	207.6 4%
Producer Price Index by Industry: Concrete Contractors, Nonresidential Building Work	139.3 <b>Var</b>	164.8 18%	178.6 8%	176.9 -1%
<b>Average</b>		<b>14%</b>	<b>16%</b>	<b>0%</b>

### *Recent cost of capital projects vs. cost as estimated by reserve study*

<b>Project</b>	<b>Year planned</b>	<b>Year actual</b>	<b>Reserve study</b>	<b>Actual cost</b>	<b>Var</b>
Pool resurfacing	2025	2023	13,506	15,028	11%
Clubhouse windows & doors	2023	2024	12,731	18,830	48%
Fence / gate repair	2021 & 2031	2023	7,032	30,077	328%

(Because of city codes regarding fences and gates, the cost was much higher than projected.)

**Current State vs. Reserve Analysis**

Funding for annual dues~\$100,000  
Operating expenses~\$60,000  
Reserves~\$40,000

	<b>Reserve Analysis</b>	<b>Inflation Impact</b>
Feb 2021 Reserve balance	57,279	57,279
Expected requirements	-748,236	-887,692
2021-2040 Contributions	780,000	780,000
2040 ending balance	89,043	-50,413
2040 Target reserve acct balance		100,000
Projected 2040 reserve acct balance		-50,413
Shortfall		-150,413

\*After the 2022 dues increase, a 3 percent inflation rate across the period projected ending reserves of ~ \$90,000

\*Applying 2021 and 2022 actual rates to the period ~140,000 impact

\*Expected and recent increases in maintenance costs:

Pool contract up 16 percent vs. 2021

Lake contract up 7 percent vs 2023

**Conclusion**

Therefore the 2024 HOA Board's recommendation is that the 2025 dues be set at \$1,100 to keep pace with recent inflationary pressures.

The Board also recommends an update of the Capital Reserve Analysis in the year 2025.

## Appendix

Examples:

### SCHEDULE IIIa

AUSTIN LAKE

#### ELECTRICAL/MECHANICAL/PLUMBING ITEMS - PRELIMINARY DATA

Electrical Mechanical Item Description	Units of Measure	Number of Units	Cost per Unit	Total Cost in Current Dollars	Estimated Useful Life	Estimated Remaining Life
1 Pool Filter and Pump - Replace	L.S.	1	\$5,000.00	\$5,000	10	4
2 Chlorination System	L.S.	1	\$1,500.00	\$1,500	10	4
3 Clubhouse HVAC - Replace	Ea.	1	\$8,000.00	\$8,000	20	15
4 Toilet Exhaust Fans- Replace	Ea.	2	\$150.00	\$300	20	5
5 Water Heater - Replace	Ea.	1	\$1,650.00	\$1,650	12	9
6 Clubhouse Ceiling Fan - Replace	Ea.	1	\$350.00	\$350	20	15
7 Power Attic Roof Fan - Replace	Ea.	1	\$450.00	\$450	20	4
8 Club Interior/Exterior Light Fixtures - Repair/Replace	Allow	1	\$2,500.00	\$2,500	20	3
9 Accent Lighting at Entrance - Upgrade	Allow	1	\$2,500.00	\$2,500	20	15

### SCHEDULE IIIb

AUSTIN LAKE

#### ELECTRICAL/MECHANICAL/PLUMBING ITEMS - REPLACEMENT COST & FUNDING DATA

Electrical Mechanical Item Description	First Replacement			Second Replacement		
	Yr Replaced	Adjusted Cost if Inflation is 3.00%	Annual Funding Thru Yr Replaced	Yr Replaced	Adjusted Cost if Inflation is 3.00%	Annual Funding Thru Yr Replaced
1 Pool Filter and Pump - Replace	2025	5628	1126	2035	7563	756
2 Chlorination System	2025	1688	338	2035	2269	227
3 Clubhouse HVAC - Replace	2036	12464	779	2056		
4 Toilet Exhaust Fans- Replace	2026	348	58	2046		
5 Water Heater - Replace	2030	2153	215	2042		
6 Clubhouse Ceiling Fan - Replace	2036	545	34	2056		
7 Power Attic Roof Fan - Replace	2025	506	101	2045		
8 Club Interior/Exterior Light Fixtures - Repair/Replace	2024	2732	683	2044		
9 Accent Lighting at Entrance - Upgrade	2036	3895	243	2056		

<b>Year</b>	<b>Cost</b>	<b>3% inflation</b>	<b>Updated inflation</b>	<b>Impact</b>
2021	5,000	5,000	5,000	
2022	5,000	5,150	5,700	
2023	5,000	5,305	6,612	
2024	5,000	5,464	6,810	
2025	5,000	5,628	7,015	1,387
2026	5,000	5,796	7,225	
2027	5,000	5,970	7,442	
2028	5,000	6,149	7,665	
2029	5,000	6,334	7,895	
2030	5,000	6,524	8,132	
2031	5,000	6,720	8,376	
2032	5,000	6,921	8,627	
2033	5,000	7,129	8,886	
2034	5,000	7,343	9,153	
2035	5,000	7,563	9,427	1,864
2036	5,000	7,790	9,710	
2037	5,000	8,024	10,001	
2038	5,000	8,264	10,301	
2039	5,000	8,512	10,610	
2040	5,000	8,768	10,929	

### III. Question and Answer Session

Q: Should we have a Reserves Study commissioned on a regular basis?

A: It is recommended that one be done every 4 or 5 years.

Q: Do the expected requirements include dredging the lake?

A: Yes

Q: When was the Capital balance last at 100K, and what caused it to go down?

A: We have not fully recovered from the expense of dredging the lake in 2013.

Q: Why not secure a loan when there is a large capital expense?

A: That is something we will check into.

Q: How much is the contingency in the budget annually?

A: There is no contingency in the budget, per se. But we have put in the budget some extra funding for various items.

Q: Have we done an analysis of comparable neighborhoods to see where our dues stack up to keep our neighborhood on par with others?

A: Yes. We are in line with other neighborhoods of similar size, property values, and amenities, although we do have more amenities than some since we have the lake along with clubhouse, tennis courts, pool, playground area.

Q. Could we move some of our Community Development Fund to our Reserves or Operating Budget?

A: The Community Development Fund was created to save up for “new and shiny” features in our common areas. So far, we have spent a very small amount from that fund. We can vote on that issue at the annual meeting.

Q. What projects are we considering for next year?

A.       Increased funding for landscaping the front entrance  
          Repairing cracks in tennis courts  
          Repairing shaky boards and railings on our clubhouse deck  
          Lighting the tennis courts  
          Improving the entrance lighting

Q. Shouldn't we be closely following the maintenance, repair, and replace schedule of the Capital Reserves Study?

A. Yes, this is included in the process for establishing the budget each year. We sometimes have items that must be addressed because they become more critical and occasionally a planned maintenance item gets delayed as a result.

Q. Could we better fund these projects with a Special Assessment and not raise dues?

A. The HOA does have the ability to levy a special assessment. We recently had our attorney review our bylaws and covenants in regard to special assessments. Because of some of the restrictions she noted, we feel that we do not in our present position meet the requirements to levy an assessment for the necessary capital expenses.

#### **IV. Meeting Adjourned**

\*The Capital Reserves Analysis of 2021 can found on our website [Austinlakesmyrna.com](http://Austinlakesmyrna.com)

\*\*Our by-laws and covenants can also be found on our website under the tab “regulations.”