

# LFPOA Semi Annual Meeting

January 23, 2016

# Agenda

- Financial State of the POA
- Directors' Reports
- New Combined Lots Policy
- New Policy Granting LFCC Non-POA Member Access to Common Areas
- New Clubhouse Progress Report
- Other Project Initiatives
- New Residents
- Questions

# STATE OF THE LFPOA

Mid-Year Review

July 2015 – December 2015

# Financial Highlights

## Operating Income

- Plan: \$384,241
- Actual: \$385,974
- Variance: \$1,733 favorable variance

## Variance Attributed To

- Advertising, Tennis Fees, Interest

# Financial Highlights

## Operating Expenses

- Plan: \$382,289
- Actual: \$369,764
- Variance: \$12,525 favorable variance

## Variance Attributed To

- Positive: Property Tax, Water, Timing
- Not So Positive: Legal

# Financial Highlights

## Operating Results

In summary,

- Actual Income vs Plan: \$1,733
  - Actual income was more than planned income
- Actual Expenses vs Plan: (\$12,525)
  - Actual expenses were less than planned expenses

Surplus: \$14,258 favorable variance

# Financial Highlights

## **Cash in Bank: \$887,611**

- Operations & General Reserves: \$761,290
- Community Center Reserves: \$126,321

## **Secured Long Term (11 Years) Construction Loan of \$3 Million with a Fixed Rate of 3.75%**

## **Clubhouse at Lockwood Folly Expenditures \$843,316**

- General Reserves: \$144,616
- Community Center Reserves: \$605,003
- Bank Loan: \$93,697

## **Current Ratio (Current Assets / Current Liabilities) = 17**

- our current liabilities are covered 17x over

## **Long Term Solvency (Total Assets – Total Equity / Total Assets) = .12**

- for every dollar in assets the POA has 12 cents obligated to liabilities

**Equity in the Association (Total Assets – Total Liabilities) has increased 19.1% to \$2,385,586 since June 30, 2015**

# Financial Highlights

## **Community Center Reserves - Reconciliation**

- Balance as of June 30, 2015: \$731,324
- Balance as of December 31, 2015: \$126,321
- Funds Spent: \$605,003

## **Details**

- Closing Costs \$14,500
- Architectural Fees \$3,950
- Loan Interest \$207
- Engineering Services \$4,629
- Drawings & Permits \$10,077
- Contractor Draws \$570,185
- Other Fees \$955
- Furnishings \$500



# Financial Highlights

## General Reserve Account Projects

- **Spent vs Plan**

- Infrastructure Expenses \$16,796 vs Plan of \$30,750
- Clubhouse Renovations \$2,500 vs Plan of \$2,500
- Road Repaving \$215,756 vs Plan of \$219,000
- Tree Canopy Trimming \$5,000 vs Plan of \$10,000
- Storm Recovery \$0 vs Plan of \$30,000
- Boat Ramp Repairs \$0 vs Plan of \$4,500

# Delinquent Accounts

- Currently, \$129,310 outstanding > 90 days
- 14 property owners (2%) account for \$125,300 (97%)
- Each delinquency is unique
- Each delinquency has an action plan to collect
- Formal POA Policy in place

# Financial Highlights

## Audits

The Association contracts with a CPA firm to conduct an annual audit of our financial records to ensure the accounting of income and expenses, including reserve accounts, are proper.

**Opinion of Auditors:** Our records are in order & we are properly accounting for all our financial transactions in accordance with GAAP. They did not find anything out of the ordinary and provided their stamp of approval concluding our financial records accurately reflect the financial state of the Association.

# **A Look Ahead For The Remainder Of The Year**

## **On-Going Reserve Account Projects**

- Clubhouse
- Boat Dock Revitalization
- Security
- Pool Repairs

# Future Assessments

Regarding future assessments, the Board wants to assure the membership :

- The July 2015 Annual Assessment is not projected to increase for at least 5 years, and then only if needed based on circumstances
- The two remaining Community Center (Clubhouse) Special Assessments due in March 2016 & 2017 respectively will complete our Special Assessment Plan for the Clubhouse Project
  - No further special assessments are anticipated absent an unexpected catastrophic event

# Summary

- The POA is in excellent financial shape
- Association is realizing an operating surplus of \$14,258
- Operating Funds & General Reserves total \$761,290
- Community Center Fund Balance is \$126,321
- Our current liabilities are covered by our current assets by a multiple of 17
- For every dollar in assets, the POA only has \$0.12 obligated to liabilities
- Funds are sufficient for operations & currently anticipated projects
- The equity in the Association (Total Assets – Total Liabilities) has increased 19.1% to \$2,385,586 since June 30, 2015

# Director Reports

# Grounds Projects

- Trimmed and raised canopies of trees along Clubhouse, Marshview, Channelside and adjoining courts
- Repaved Marshview & Channelside and repaired broken sprinklers caused by edge shaving
- Raked & leveled disturbed earth along roadsides after paving
- Overseeded POA grounds along Clubhouse Drive
- Our pond contractor did a fine job maintaining the appearance of our ponds even with the dilution affect of all the rain we've had
- Replaced irrigation well beside pool house that was abandoned due to new septic
  - Big thanks to Ben Galletto for providing support to our construction contractors in a variety of ways



# Pool

- Deck Problem
  - A portion of the concrete pool deck collapsed due to washout
  - The washout occurred over several years because a section of retaining wall has eroded
  - We are waiting on an engineering study/drawing to submit to the county for permitting repairs
  - The contractor is MKT out of Myrtle Beach
- Leak Problem
  - We are again losing water due to slow leakage
  - Low Country Pools in Myrtle Beach is our contractor who is trying to solve the problem
  - The leak is difficult to find; we are letting to water level drop until it stops in an attempt to isolate the leak

# CSC Report

Letters issued to homeowners: 124

## Yard Maintenance:

- Yard needs mowing

- Replace mulch and/or edging

- Bare ground, needs re-seeding or new sod

- Dead shrubs/trees

- Mailboxes need maintenance

- Dirty driveways, recommend power washing

## House Maintenance:

- House exterior or roof need power washed

- House needs repair or new paint

- Rust stains (suggest Rust Out)

- Vehicles parked in yards or vacant lots

# CSC Report

## Goals for 2016

1. Continue to ensure LF remains beautiful
2. Make sure homes in poor condition are restored to LF standards
  - There are some houses beginning to deteriorate due to lack of care
3. Reach out to homeowners with physical or financial hardships
  - We have a group of volunteers willing to assist with labor and/or financial assistance
4. Improve compliance rate
  - Too many property owners are ignoring their notifications

# Events & Social

- Events held in the last 6 months:
  - 4<sup>th</sup> of July party
  - Mexican Train dominoes
  - Clubhouse groundbreaking
  - Flu Shots
  - Bridge lessons
  - Friday at Five Event
  - Xmas tree lighting
  - Fondue dinner
- Upcoming in the last 6 months of 2015-2016 fiscal year:
  - New residents' gathering prior to the Feb. 11<sup>th</sup> POA Board meeting
  - Mexican Train Dominoes in February
  - Bingo in April
  - The most exciting event in 2016 will be our grand opening ceremonies for the “Clubhouse at Lockwood Folly” expected to be next fall

# Lockwood Birthday

- 2016 is Lockwood's 30<sup>th</sup> anniversary—this year's Lockwood Lines issues will be dedicated to people & events over our long history

# Boat Storage, Docks & Trash

## Boat Storage:

- New cleaning station added
- There are open spots available

## Trash:

- The trash bins are for household items only
- Be reminded to close doors on bins
- *Please do not feed the cats!* They are causing problems in the boat storage area

## Boat Ramp:

- New floats and expanded dock area to improve stability
- Evaluating costs to deepen & lengthen boat launch ramp

## Fishing Docks:

- We have rebuilt the floating dock across from the pool
- Water has been restored to the fish cleaning station

# New Policy for Combined Lots

# Combined Lot Policy

- Our covenants require permission from the POA board to combine properties
  - The POA board must be notified *before* a property owner applies for a deed change
  - The POA board has authority to deny permission for a lot combination, but has never done so
  - This board is not contemplating denials, but from now on it will insist on following the covenants and reviewing all proposed lot combinations
  - If proper notification is not provided to the POA board in advance of a lot combination, the POA may elect to continue lot assessments
- When a vacant lot is combined with a developed lot, it becomes subject to the same architectural standards as the developed lot
- The POA board is issuing a policy to ensure that proper appearance of combined lots is guaranteed



# Combined Lot Policy

## Section 16. DIVISION OF SINGLE-FAMILY LOTS:

No Single-Family Detached Dwelling Lot shall be subdivided, or its boundary lines changed by its Owner, except with the written consent of the Property Owners Association Board of Directors. The restrictions and covenants herein apply to each Lot so created.

As a supplement to this current policy, if the POA Board is to approve a property owner request to combine a lot adjacent to his current residence, the Owner will be required to submit for approval to the ASC a landscape plan that complies with guidelines as required by the ASC, which may include additional plantings and/or irrigation. The restrictions and covenants herein apply to the combined Lot so created.

New Policy for LFCC Licensees to Use  
POA Amenities

# LFCC Member Rights to Common POA Areas

- The LFCC membership committee requested that the POA board consider allowing it (LFCC) to offer access to POA Common Areas for its golfing members who are not POA members
- With some trepidation, the POA board agreed to study the request:
  - Can the POA board legally allow non-POA members access to Common Areas?
  - What are the possible consequences if it does?
- The POA board's investigations included answers from:
  - Our attorneys
  - Our insurance carrier
  - Our accounting firm

# Legal Findings

## Article Three of our MDC defines the scope of member easements to POA Common Areas:

- The term “easement” means “access to”
- Article 3, Section 5 states “Any Recreational Amenity shall be deemed a member of the Association with all the rights and obligations of membership as herein contained.”
- Article 3, Section 1 states “..every member, his agent, licensees, invitees, and members of his household shall have a permanent and perpetual easement for the use and enjoyment of the Common Areas..”
- Article 3, Section 3F provides “The right of the Association to adopt and enforce, at any time, rules and regulations governing the use of the Common Areas and all facilities situated thereon.”

# Insurance & Accounting

- Our insurance agent confirmed that licensees of LFCC are covered under the existing language & liability clauses of our policy, and there is no rate impact for granting legally required access to licensees or guests
- Our accounting firm confirmed that unless the POA intends to charge a per person access fee for profit (which we don't), there are no tax or accounting consequences

# Findings

Therefore, our investigations into LFCC's request yield the following conclusions:

1. LFCC is a POA member
2. As a POA member, LFCC already has easement rights to invite guests or designate licensees to use POA Common Areas
3. However, the POA board has the authority to administer a *policy* conveying these access rights which may set limits on use, or impose certain restrictions

# The Policy Governing LFCC Non-POA Member Access to Common Areas

1. LFPOA will grant 10 licenses conveying easement rights to LFCC designees providing access to:
  1. The Pool & Pool House;
  2. The Clubhouse at Lockwood Folly (when completed)
  3. Tennis Courts;
  4. Fitness Center;
  5. Gordon Ackley Park & Grounds;
  6. Boat Launch (not boat storage, which is reserved for homeowners)
2. LFPOA will provide 10 licensee packages that will include an ID badge/access card for the restricted common areas, and forms to sign releasing the POA from various liabilities
3. Licensees must observe all covenants, rules & policies in force
4. LFPOA may revoke a license at any time for cause
5. LFCC may not convey any common area/amenity rights or benefits to licensees beyond the scope of this policy
6. This policy does not represent a contract or constitute an agreement between LFPOA and LFCCI, nor does it create any legal, financial or liability obligations by either party to the other beyond those specified.
7. LFCC will pay LFPOA one additional homeowner annual assessment to cover administrative costs

# Mutual Benefits

- 1) Access to POA amenities may help LFCC attract new members, strengthening their financial standing and helping keep the golf course viable
- 2) LFCC's membership drive programs can increase traffic and introduce Lockwood to prospective property buyers
- 3) The POA collects an additional annual homeowner assessment
- 4) By limiting the number of licenses granted, the POA ensures that no amenity will become overcrowded



# The Clubhouse at Lockwood Folly

Update

# The Clubhouse at Lockwood Folly

## Construction Progress

### Completed:

- Site elevated by 2' & compacted
- Footings poured
- Structural steel erected
- Foundation block laid
- Below-floor plumbing & electrical installed
- Elevator foundation completed
- Floor graded & prepared for concrete
- First floor will be poured next week or when nighttime temperatures allow

# Spending to Date (Since Contract Signing)

## Graka Draws:

Jun	\$ 96,587
Jul	\$118,659
Aug	\$ 98,858
Sep	\$ 77,487
Oct	\$127,766
Nov	\$ 50,828
Dec	\$ 82,787

## Non-Contract Costs:

Engineering/Architectural	\$ 23,015
Legal & Permits	\$ 24,577
Misc. Construction	\$ 6,802
Temp. Facilities Reimbursement (Net)	<u>\$ -5,847</u>
Total	\$701,519

From Community Center Fund	\$605,003
From General Reserves	96,516

# Projected Clubhouse Costs

Original Graka bid	\$3,200,000
Cost Reductions Offered	(\$ - <u>244,794</u> )
Graka Contract May 2015	\$2,955,206
Change Order Increases	\$ 118,966
Change Order Cost Reductions	(\$ - <u>39,399</u> )
<b>Total Graka Contract Costs</b>	<b>\$3,034,773</b>
Kitchen Equipment	\$ 162,291 (firm quote)
Furnishings	\$ 160,872 (est,)
Testing, Permits, Utilities, Misc.	\$ 31,000 (est.)
Ongoing Architectural & Eng. Svcs.	\$ 15,000 (est.)
Loan Closing & Legal Expenses	\$ 25,410 (completed)
Security for New Clubhouse	\$ 5,000 (per quote)
Net Expenses Shared With LFCC n/I in Graka Contract	\$ 14,000 (est)
Landscaping & Irrigation	<u>\$ 20,000</u> (est.)
<b>Projected Costs N/I in Graka Contract</b>	<b>\$ 433,573</b>
<b>Grand Total Construction &amp; Furnishing Costs</b>	<b>\$3,468,346</b>
Architectural, Eng. & Permit Expenses Budgeted in Prior Years	\$ 144,616

# Upcoming Projects

# Upcoming Project Initiatives

## Security Changes & Upgrades

- Replace security cameras at front gate
- Convert key locks on pool house entrance & pool gates to card reader locks with accompanying software
- Install interior security cameras in pool house
- Install exterior security cameras at pool
- Install monitoring cameras at construction site
  - When const. is complete, move cameras to trash area
- Timing: First Quarter 2016

# Upcoming Project Initiatives

## Boat Launch Dock

- Rebuild & enlarge the left hand and right hand side outer docks
  - The docks go from 4' wide to 8' wide
- Repair pilings
- New retainer rings
- The new docks are constructed
- The old docks must be removed and the new docks installed

# Upcoming Project Initiatives

## Charcoal Grills

- The POA board plans to install 2-3 park style charcoal grills, one in Gordon Ackley Park and 1-2 more, locations TBD



# Upcoming Project Initiatives

## Pool House Renovations

- Remove stucco & reface North & East pool house walls with shingles, same as west wall
- Replace windows with broken seals
- There is a committee led by Paul Boileau formed to offer suggestions on future uses for pool house—other renovations may be undertaken to facilitate them
- Timing: After completion of new clubhouse

# Upcoming Project Initiatives

## Roads

- We'll continue to do local patching
- Clubhouse Drive and adjoining courts will be resurfaced upon completion of the new clubhouse
- Lockwood Lane, Genoes Pt., North Point and Windward Village roads and adjoining courts will follow, timing TBD
- Original plan was all roads completed over a 5 year period

# New Residents

Please Welcome:

- Walter Chrobocinski
- Bill & Elizabeth Smith
- Richard & Kathleen Rhoderick
- Bennie & Janice Kissam
- Darrell & Belinda Law
- Mark & Michelle Millinor
- John Geitz
- John & Beth Muter
- Grant & April Allen
- Lewis Perry & Vickie Spicker
- Joe & Robin Rousher
- Barry & Kathy Butler
- Charles Jeffrey & Suzanne Horkey
- Robert & Diane Atkins
- Karen Robbins

# POA 2016 Election

Reminder—Every 3 years on June 30th, the terms of three directors on the POA Board expire. Lockwood is one of only a few self-governing Brunswick communities. We need to stay that way, but can only do it with the continuing support of community volunteers willing to serve on the BOD.

We'll be asking for candidates sometime in April. Please consider placing your name in nomination.

# Questions & Comments