

MEMORIAL NORTHWEST HOA

2008 BUDGET Presentation

Website and General Meeting
June 2008

2008 Final Budget Presentation

- **Objectives**
- **Key Assumptions**
- **Budget Overview / Expense Analysis (accompanying line item detail on website mnwcenter.com)**
- **What is not in the Budget**
- **Future Assessments / Comparisons to other subdivisions**

2008 Budget Objectives

- ✓ **Balanced budget**
- ✓ **Maintain at least six months (rainy day fund) HOA expenses**
- ✓ **Provide funds to evaluate Community Center options**

2008 Budget Key Assumptions

Revenues

- HOA dues increase 7.8 % ($\$371 + \$29 = \$400$) (first increase in 12 years / to cover cumulative other than community center cost increases)
- Historical collections ratio (~95%) ; interest income ~ flat
- Community Center rentals flat / misc revenues lower (no insurance refund)

Spending increases for security / insurance / contingencies / evaluate LT Facility Plan ...

- Security contract up 5% each year (same number of deputies)
- Insurance costs up 10% +
- Run and Maintain for Community Center ~ flat (most major repairs in 2005 / 2006) but contingencies for club house HVAC and some structural issues / tennis court refurbishing
 - ✓ Tennis - any major court rebuild part of LT facilities Plan
 - ✓ Fitness reduced spend (purchased new equipment in 2006 / 2007)
 - ✓ Pool contract increase from last year (poor performance of 2007 vendor)
 - ✓ Assumes no major repairs for club house
 - ✓ Electricity rates slightly down (re-bid TXU LT contract for Community Center)
- Long Term Facility plan process WIP

2008 HOA Final Budget

Revenues*	\$867,000
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Expenses	\$867,000
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Community Center (48%)

Security (26%)

Common area maintenance / pest control (11%)

Management Company (6%)

Other - Insurance, Legal, Collections, Other (9%)

Excess Rev / expenses	\$-0-
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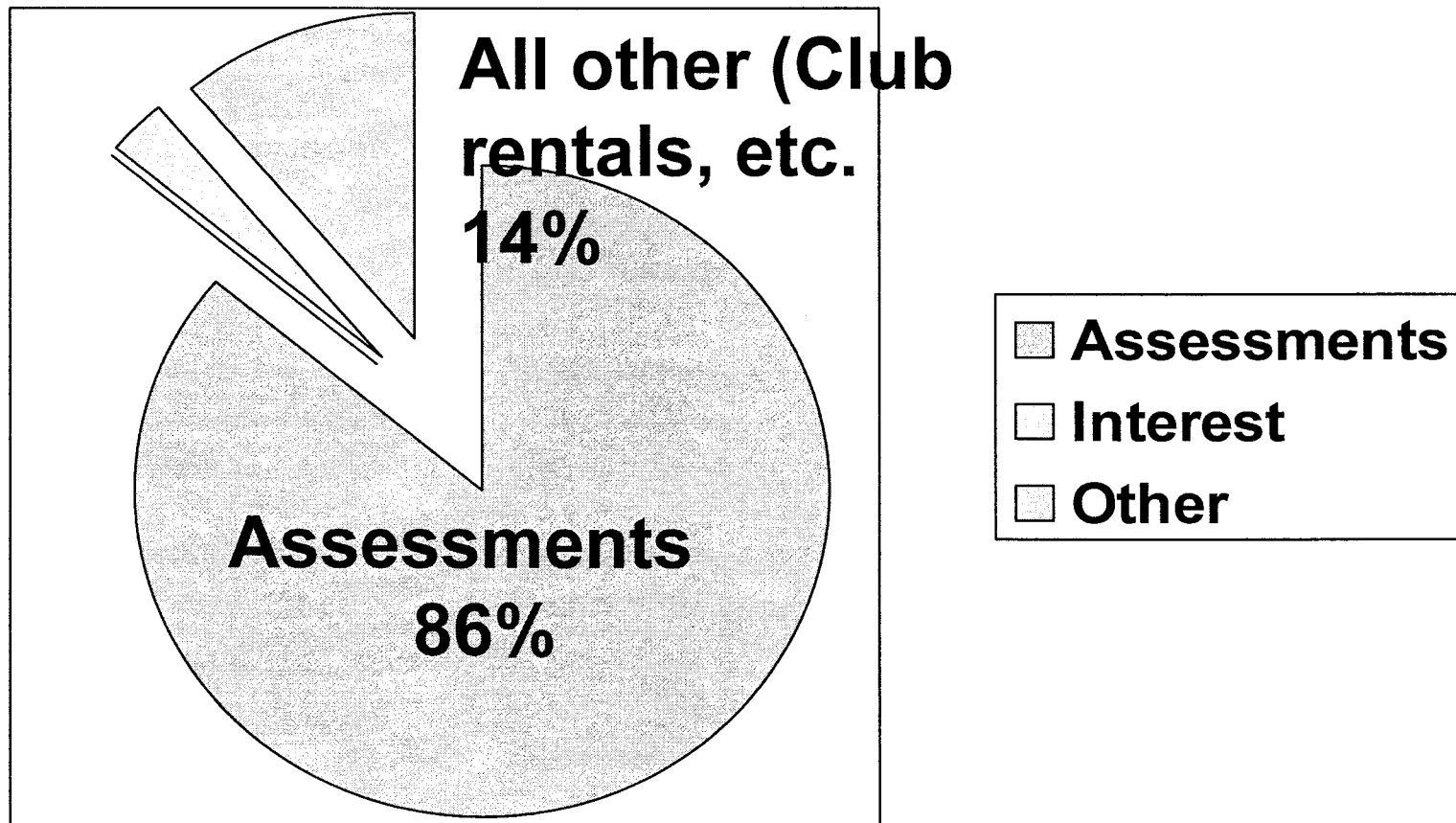
For theoretical comparison only...

Community center surplus +\$7,000

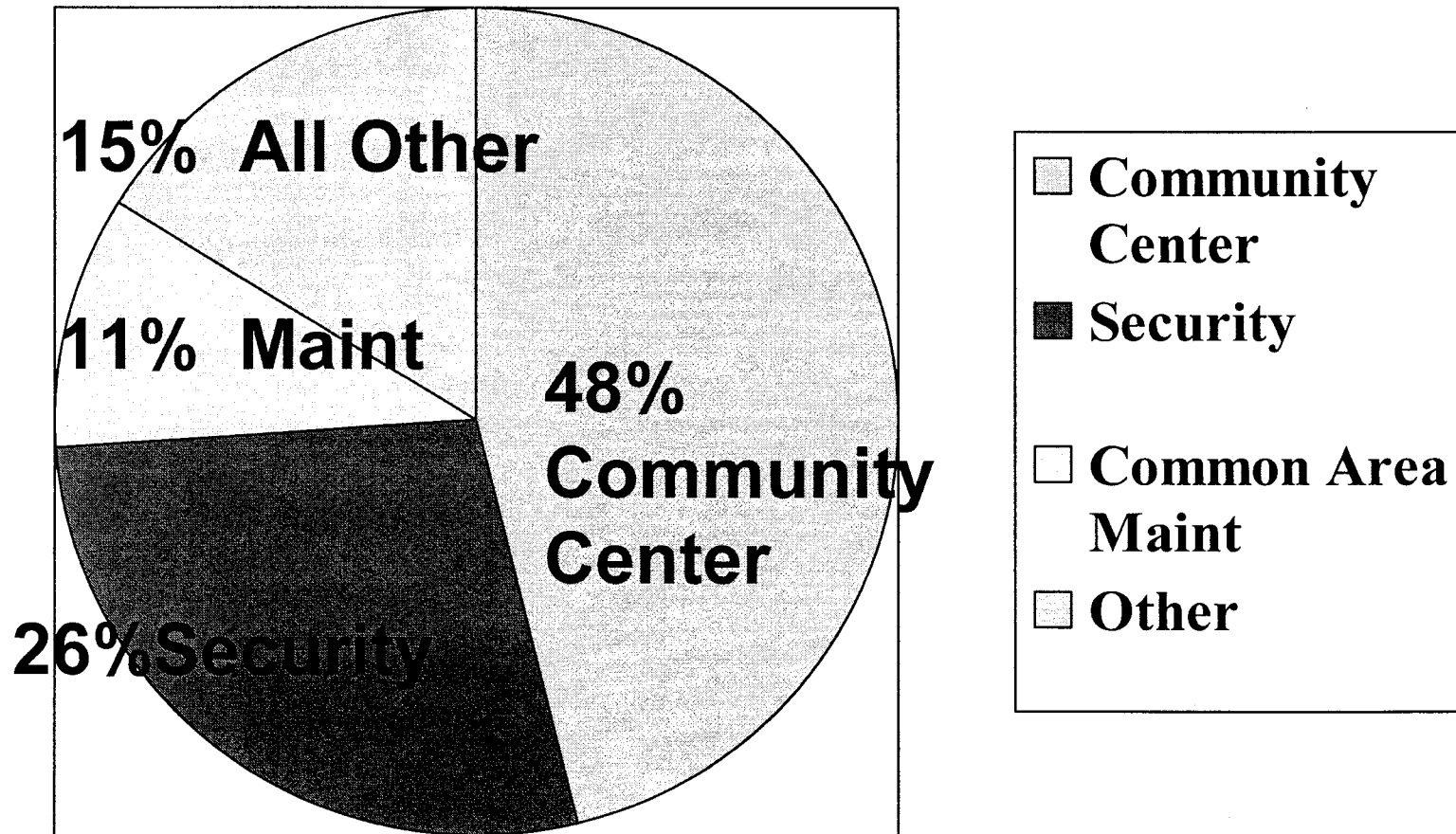
All other deficit (\$61,000)

Dues increase +54,000

2008 HOA Revenues



2008 HOA Expenses

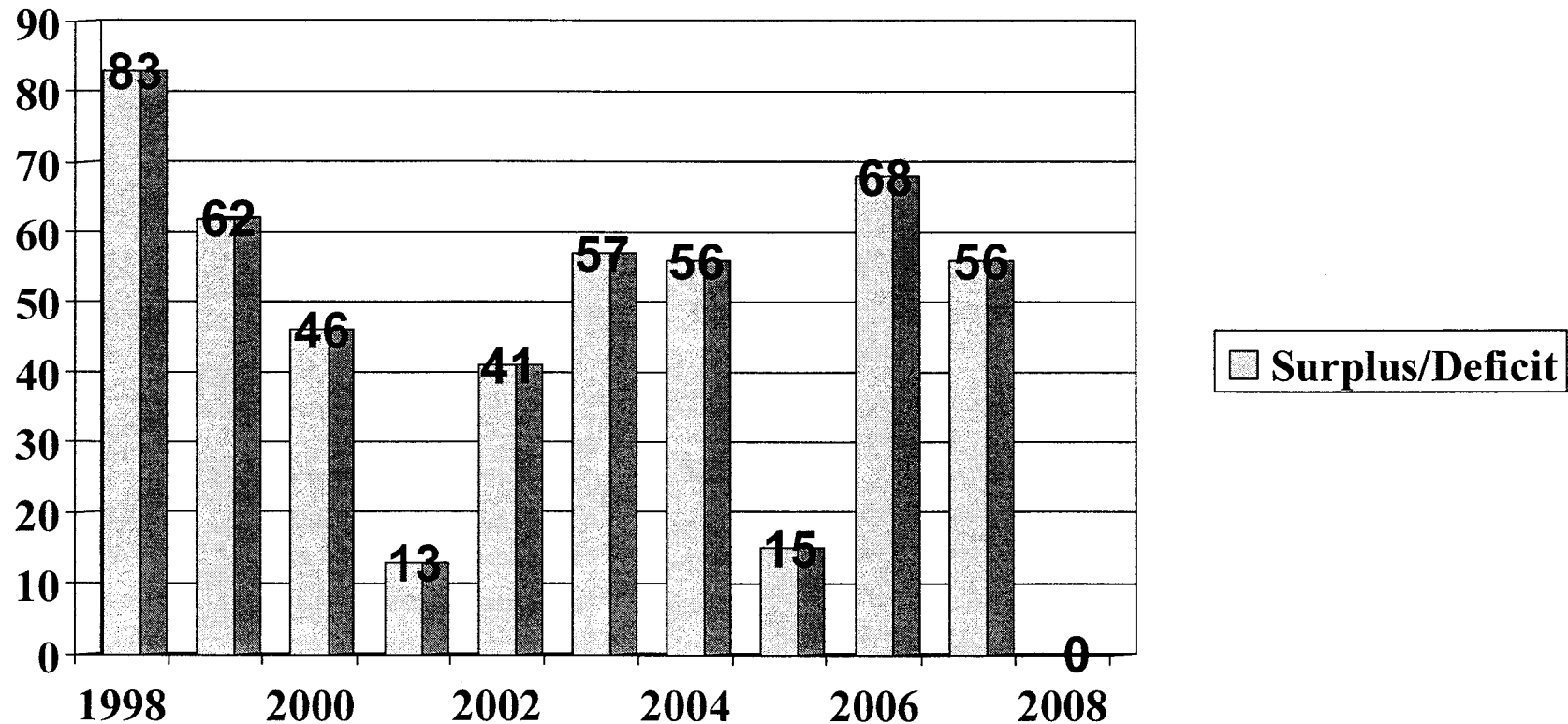


What is *not* in the 2008 Budget

- **No “major” Community Center renovations / additions / repairs
(no new tennis courts or major repairs to courts # 1-4 / no re-plastering of pool or new pool (s) / no major fitness or clubhouse refurbishments or new facilities**
- **No significant exterior entrance monument repairs or renovations
such as Cul de Sacs / Sprinklers, etc.**
- **No repairs to pillars or perimeter homeowner fences**
- **No major legal spend /adverse settlement on any HOA / Homeowner lawsuit(s)**

Surplus / Deficit

Before Capital Spending*** ~ \$497 \$ 000s



2003 primarily due to Section 18,25 revenues

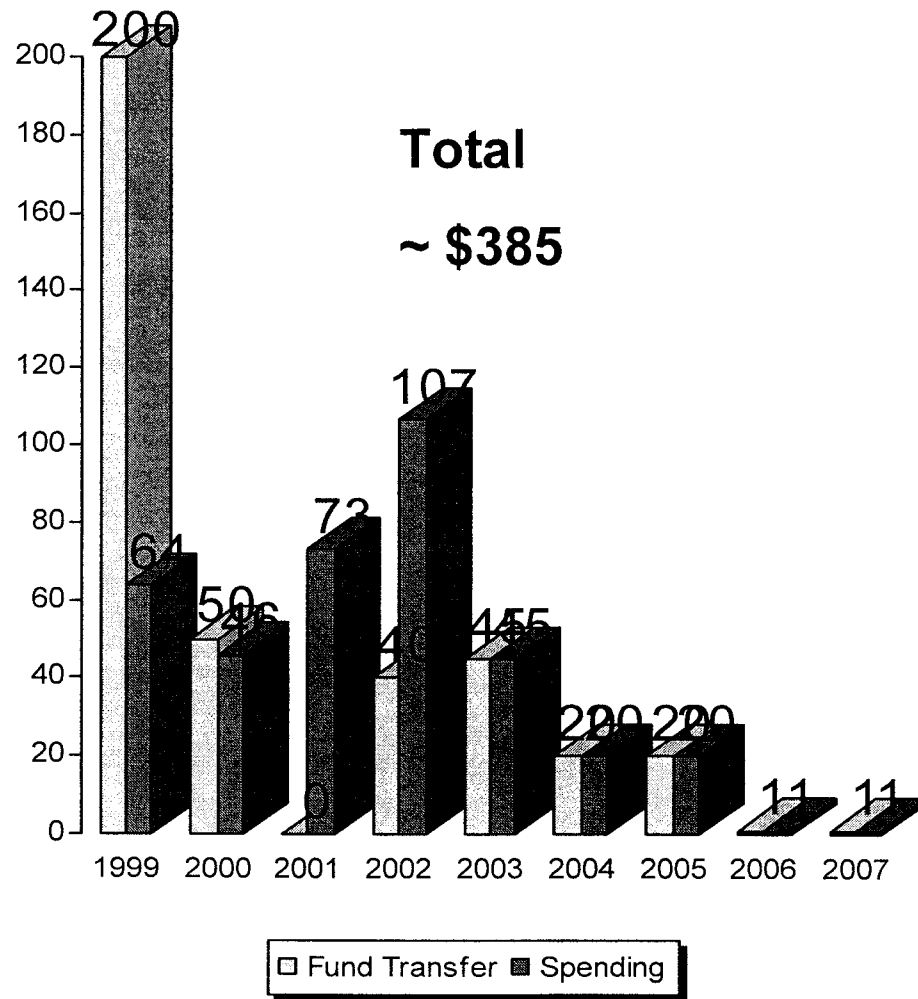
2004 primarily due to security contract reduction

2005 primarily due to Community Center

2006 / 2007 lower / delayed Community Center spend & increased rental revenues partially offset by maint overspend / 2007 helped by \$28,000 insurance settlement for roof damage

Capital Fund Activity

\$ 000s



- Originally funded \$200 in 1999 / Transfer surplus funds in succeeding years
- 1999 Stuebner Airline Entrance
- 2000 Champion Forest South
- 2001 Champion Forest North / Sprinkler project
- 2002 Deep Pines / Sprinkler project / Started Narmore Entrance
- 2003 Complete Narmore Entrance / Sec #18,25 Entrance, (no pocket park although was originally in budget)
- 2004 Limited spend for minor interior entrance monuments
- 2006 /2007 No substantive capital spend

HOA Assessments Overview

- 2008 was the first increase in 12 years except 2005 homeowners vote to take over the Community Center
 - The CPI has moved up over 35%...
 - The 2008 increase reflects the continued inflation for security, maintenance, energy costs and administration
- Community Center assessment of \$175 (2005) was designed to be sustainable for a facility with significant “catch-up” refurbishments and minor phased renovations but not a major tear-down / renovation. We have delivered that assumption / the cash surplus we have run each year approximates the debt service for the original ~ \$750,000 loan assumption
- Depending on the vote of the homeowners who may authorize a major rebuild of the community center and to provide funding we would then raise assessments to repay debt required to fund major renovations per that vote...
- Memorial Northwest continues to have lower (lowest) assessments in the area