

HOMESTEAD IN THE WILLOWS HOA

Perimeter Fence Information Meeting

Tuesday, June 6, 2023 – unofficial minutes

Called to Order: President James Keating called the meeting to order at 6:30 pm and introduced the Board members present; Treasurer, Kelly McCormick and Member at Large, Michael Garnsey.

Kelly McCormick introduced herself as board treasurer and Chair of the 2022 Fence Committee. The purpose of the meeting that evening was to bring a new finance proposal to the community. The choice of fencing and fencing contractor remained the same: Trex fencing in Winchester Gray to be installed by Split Rail Fence Company.

Kelly reminded those present that the Board of Directors are five homeowners and fellow neighbors. Board members pay the same dues as everyone else in the community and each was willing to answer homeowner questions regarding the information presented that evening. Kelly offered to meet personally with any homeowner who had questions and asked that homeowners meet with her rather than post inaccurate information on social media.

President James Keating presented a power point presentation, noting it would be posted on the HOA website as well as minutes from the meeting and the answers to the questions the Board had received from homeowners.

James led the homeowners through the presentation showing photos of the fence decline, giving a history of the current fence and the total spent on repairs over the last eight years. He noted that to bring the current fence up to good condition by replacing the failed posts and rails, sanding and painting would total \$450,000 to \$500,000. Painting alone would cost \$300,000.

The fence committee had investigated replacing the fence with a brick wall at a cost of \$11,135 per owner, an Alan Block wall at a cost of \$6,681 per owner, or a Trex composite fence costing \$3,100 per homeowner. The committee chose Trex as the best product for the Association. The committee selected Split Rail Fence Company as the contractor because of their high quality, ability to install the fence in a timely fashion and for their years in the fencing industry.

James explained that Homestead is comprised of original homeowners on a fixed budget and new homeowners who have paid over \$1,000,000 for their home, homeowners for whom their house is their “forever” home and others who will move in and out of the neighborhood as jobs change and kids move out of the house. Although everyone in Homestead thinks about the fence differently, the Board believes the value of each property is affected by the common elements of the community and the overall aesthetic. The Board had a duty to maintain the perimeter fence and the current Board has decided against repairing the existing cedar fence. Any new fencing will be Trex. The section of fence on Easter Avenue damaged by a car will be replaced immediately with the Trex fencing and if the special assessment fails to pass again the Board will begin replacing the worst sections of fencing with Trex and continuing as funds become available.

The results of the previous vote were 50% in favor of the assessment. Some homeowners suggested a loan with annual payments would be more easily affordable. The Board investigated loan terms. A loan to cover the cost of the fence would cost a total of \$2,700,000 in interest (\$3000 per homeowner in addition to the monthly payments. James explained the present dues, increased by 10% for 2024 and with a loan payment included would total almost \$2,000 for the 2024 assessment and increases could be as much a 10% annually going forward.

The Board explained that a GID to cover the cost of a brick or Alan block wall would take one to five years. A general election would have to be held to vote for the GID, the HOA Governing Documents would have to be amended to allow the formation of a separate GID board to negotiate with the City of Centennial, a TABOR amendment would be added to homeowner property taxes and legal costs to the City of Centennial would be approximately \$75,000. The entire process would take 3 to 5 years. James reminded homeowners that Willow Creek voted in favor of their GID in 2019. The construction on the wall began in 2023, three years later. Homestead doesn't have 3 to 5 years to wait for a fence or anyone available to spend the time overseeing the process.

Instead, the Board gathered the feedback submitted from the recently failed special assessment ballot and made some adjustments: they re-bid the fence and got a lower price, and have obtained approval for a line of credit which allows the Board to pay for the fence as it is constructed over eight to ten months and still extend the payment of the special assessment to six payments of \$516 spread over three years.

Another question many homeowners had last time was the amount of the “cushion” the board had added to the fence bid for unknown costs. James showed the members the budget and the estimated amounts for unknown landscape, irrigation and traffic expenses that the Board used to arrive at the \$75,840 included in the bid. If the costs ran higher than expected and the Board hadn’t collected enough money, then work on the fence would have to halt while the board held another information meeting, mailed another assessment ballot and waited for responses. If the full amount of the \$75,000 is not needed the Board will refund the unused portion to all homeowners.

The Board has \$301,000 in a separate fence reserve fund and \$175,000 in the reserve fund used for capital expenses. The Board has reinstated the Perimeter Fence Maintenance Reserve Fund provided for in the Governing Documents so that savings can accumulate over the next 30 years and a special assessment will not be needed to fund the next fence replacement. The Board calculates that replacing the fence in 30 years will cost approximately \$8,000,000. They would like to keep the existing fence reserve fund invested instead of using it to pay for the fence replacement. If the \$300,000 remains invested and the Board assesses a separate annual Perimeter Fence Maintenance fee of \$125 per house, there should be \$8,000,000 in 30 years.

James reviewed the many questions that homeowners asked after the fence information meeting last December. He explained why googling the cost of trex fencing wasn’t comparable to the cost of replacing Homesteads fence, why getting a loan and then trying to refinance it later if rates drop wasn’t practical because of timing and the Board turnover, the color of the proposed fence and what to expect in the next ballot mailing.

The Board then answered questions from the members present:

1. One owner thanked the Board for their voluntary service, acknowledging that having to handle the perimeter fence replacement was much more complicated than the work that usually comes before the Board.
2. Does the Board have to hold two votes? Won’t owners get confused and vote for one or the other option? **Yes, the Governing Documents require a different number of votes for assessments vs loans. Owners will need to vote yes for the special assessment and yes for the line of credit which is considered a loan. If ballots are returned with a split the Board will have to follow up with those owners.**
3. Does the Board need to receive 60% of the votes cast of 60% of the neighborhood for the special assessment to pass? **60% of the votes cast.**
4. An owner stated he moved into Homestead a year ago and appreciated the Boards time and work on the fence. He would be happy to volunteer to canvass the neighborhood to explain to neighbors why the fence needs replacing and answer questions about the project or ballots. **The Board thanked the owner remarking that canvassing would be helpful to explain to owners who couldn’t attend the meeting. Please volunteer to help if you can.**
5. Why not just give owners the choice of also voting for a loan spread over 20 years? That would be financially easier for a lot of families. **The Board can’t offer different funding to different owners. From the responses to the last ballot the neighborhood was literally split 50-50 over the special assessment or a loan. The Board had to choose one option to present and preferred the special assessment.**
6. Why will it be an 8-foot fence? Won’t that cost more? Won’t a deeper foundation be needed for posts for an 8-foot fence? **Centennial now allows 8-foot fencing, and the Board will install that height on the busy streets such as Arapahoe and Quebec because it provides a better sound barrier. Interior fences will be 6 feet but can be cut to shorter lengths. Kelly will try to find out how much the 8-foot sections cost in the bid.**
7. Fox Ridge installed Trex that faded and while Trex replaced the material, the owners had to cover the new installation costs. **Kelly will ask Split Rail about that and post it in the FAQ’s on the website.**
8. \$300,000 is in the Fence Fund and \$175,000 in the general reserve fund. Why not apply the \$300,000 to reduce the cost of the special assessment? **The board wants to keep the \$300,000 invested to grow over the next 30 years and add to the annual fence savings. However, if that money is needed to cover costs during the building of the fence it will be used.**
9. What percentage is the \$75,000 cushion of the total cost? The industry standard is that a 5% cushion is low, 10% medium and 15% is high. **The Board thanked the owner for that information.**
10. When would construction start? **Hopefully September 1, 2023. It will take eight to ten months.**
11. What is happening with the \$301,000 – how is it invested? **The Board has placed it in multiple banks in accounts that earn more than a savings account but still comply with the Reserve Investment Policy.**
12. Can owners choose the height of their fence if they live in the interior of the neighborhood? **Within reason and if its uniform along the section. Plans are to replace interior fencing at the height is now unless neighbors notify the HOA they want a change.**
13. The 2023 dues went up and now an additional \$132 is being assessed at the end of the month, why? **The Board did not increase the 2023 dues from the 2022 amount of \$1320 because they hoped the special assessment would pass. However, they did institute the Perimeter Fence Maintenance Reserve savings at \$91 which was 10% higher than the last fence assessment charged to homeowner in 2010. When the special assessment ballot failed**

the Board voted to assess an additional \$132 from each owner which is the 10% raise allowed in the Governing Documents. That invoice will be mailed shortly and will be due on August 1st. The \$91 collected will go into the Perimeter Fence Maintenance Reserve account with the \$301,000. The \$132 assessment will go to pay for fence replacement. If the next ballot passes, the special assessment of \$3,100 will be assessed and due next year on April 1st after the regular 2024 assessment due on March 1st.

14. Is the fence fund a separate account? **Yes the Association operating funds are at BOK and the fence fund is at Vectra.**
15. If the Board has spent \$325,000 into the fence fund since 2015, so is spending \$53,000 in maintenance outrageous? What happens if the ballot measure doesn't pass? **The Board will replace failing sections with Trex. Why not maintain the existing fence? The Board believes it an unwise choice to maintain the cedar fence.**
16. Would we have to continue to spend \$125,000 annually on fence repair? What will the future repair costs be? **The Board can't know. The fence is rotting but the Board doesn't know how many posts and rails will fail each year.**
17. What will the maintenance be on a Trex fence? Wood can be painted to look new. **The Board has been advised by experts that maintaining a cedar fence is not a good idea.**
18. Is there collateral for the Line of Credit? **Yes, the \$3,100 assessment is pledged directly to the bank.**
19. Has the cost of Trex gone down? **New bids were obtained four weeks ago. The cost went down minimally.**
20. Will the future dues increases be 10% annually? **The Board cannot promise they won't, but their goal is to keep dues as low as possible. If the special assessment passes, then the Board wouldn't have to keep raising dues the full 10% in perpetuity just to keep maintaining the fence. Every fall the managers bring their budgets to the Board who look at how much is needed to cover expenses. The Board divides that number by 898. The Governing Documents prohibit the Board from raising the dues more than 10% without a vote from the Association. The Board has no intention of raising the dues more than necessary.**
21. If the current fence fund is invested earning 4%, what number do we need to reach \$8,000,000? **\$125 per home per year.**
22. Does the landscaping cost include replacing trees and shrubs that interfere with the fence? **The Board doesn't know if every removed plant or tree will be replaced. The Landscape Manager evaluates the property annually and tries to replace a few trees each year.**
23. If the assessment passes, can it be paid in full rather than in installments? **Yes! The Board hopes everyone will do so because it will help the HOA reduce the cost of the line of credit. And if you do pay the assessment in full and the HOA has funds leftover at the end of the project those funds will be refunded to homeowners.**
24. Is there a pre-payment penalty to pay off the line of credit? **No**

Kelly thanked everyone for attending the meeting and reminded them that she was willing to meet with anyone who had questions. She asked that everyone there spread the word and educate their neighbors. The FAQ's and Power Point presentation will be posted on the website. Please don't publish questions on social media. Please speak to a Board Member.

James thanked all the owners who had emailed questions. The Board used those questions to inform the power point presentation and the revised financing.

A final homeowner thanked the Board for all their hard work.

The meeting was adjourned at 7:50 p.m.