

# Long-Term Financial Plan

## Cyclical Infrastructure Needs

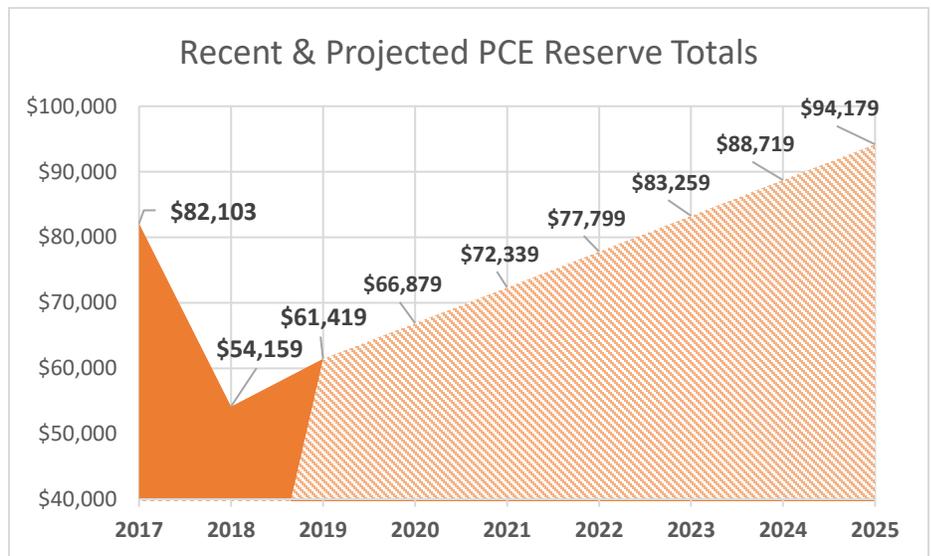
Poplar Creek Estates has matured into a maintenance phase that will require large, cyclical investments in infrastructure as well as greater regular upkeep than in years past. In 2017 the Board contracted for maintenance work on our community’s entrance walls and replaced its failing lighting systems. Together these projects cost homeowners just under \$30,000 and should extend the usefulness of the walls for 5 – 10 years while also updating the entrances visually. However, estimates for the eventual replacement of the walls have ranged from \$100,000 to \$150,000.

After more than a decade of negligible dues increases, it is necessary that our Association begin to plan beyond the scope of a balanced *annual* budget in favor of financial cycles that balance over periods of five years or more. We need to realign our culture around dues and budgeting to confront the investments that we know are coming.

- **To begin this process, the Board will increase annual dues for 2019 by \$45 (\$3.75 per month) to \$215. At least \$20 from each home will go immediately toward our reserves.**
- **Further, the Board will provide a plan for reoccurring dues increases that will help our HOA dedicate \$5,000 or more to savings each year and achieve reserves above \$94,000 by 2025.**

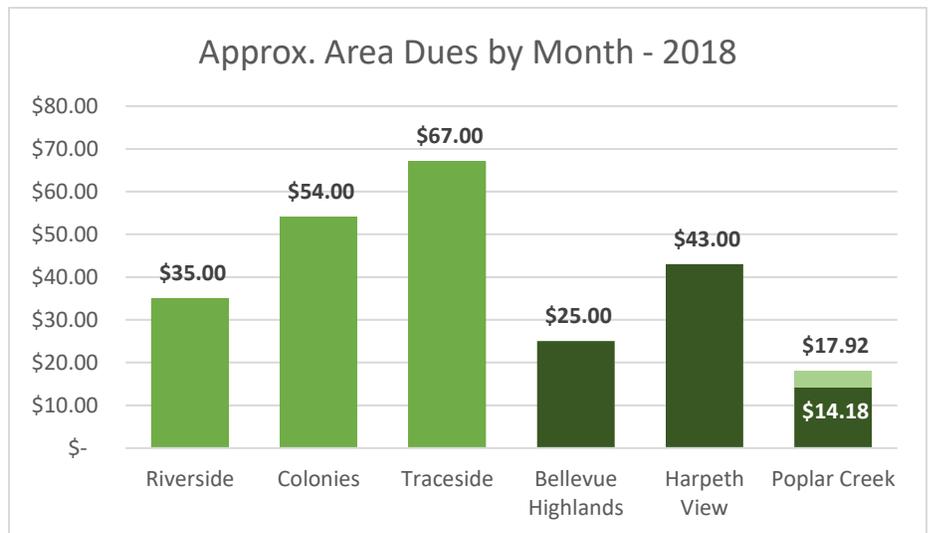
This approach will allow our HOA to:

- Save for large cyclical spending
- Normalize consistent, but modest dues increases over the long-term
- Maintain a robust rainy-day fund
- Avoid or minimize special assessments and loan payments
- Pursue more effective day-to-day operations



## The Lowest Dues in Town

Available information indicates that annual PCE dues have increased just \$30 (about 20%) since 2002. Even after the planned increase of \$45 (26%), Poplar Creek Estates will have some of the lowest dues among its neighbors, including those without pools and playgrounds, like Harpeth View and Bellevue Highlands.



## The Cost of Doing Business

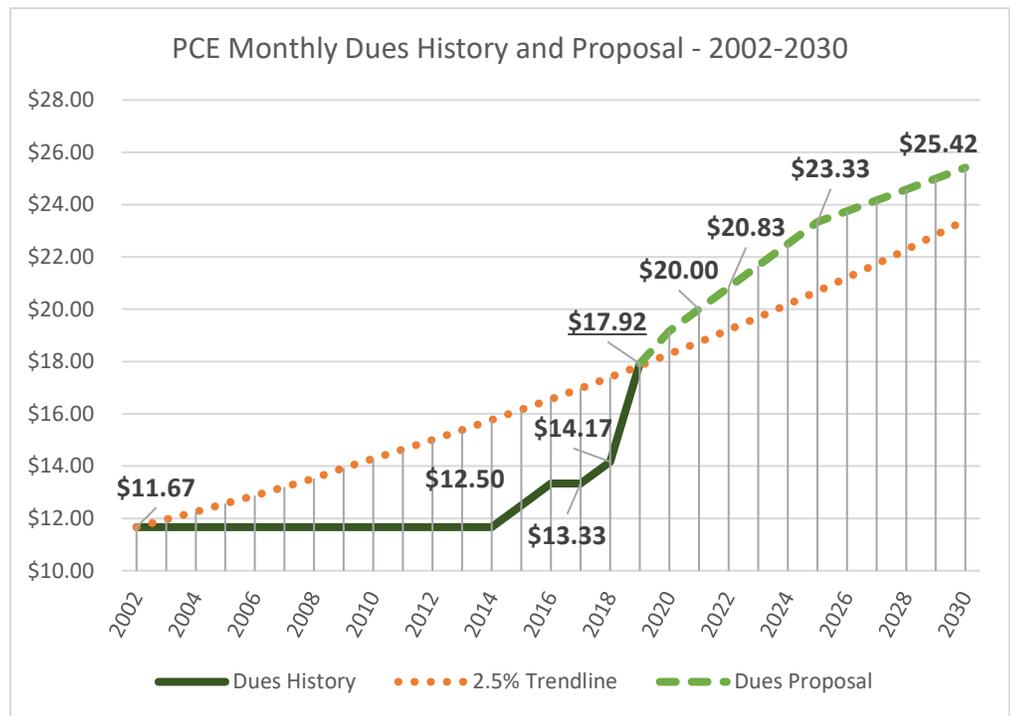
Regular increases in services, including a steep rise in labor and an aging population of trees, are driving up yearly operating costs. Additionally, efforts to collect dues, enforce regulations, and otherwise operate the HOA would benefit from modest financial flexibility.

### **Landscaping**

The 2019 budget will include approximately \$35,000 in landscaping services; up from just \$27,000 in 2017. This amount is consistent with, or lower than multiple bids we received in 2018, and the vendor, LSI, is currently finishing out a 2018 contract that our previous vendor surrendered due to labor costs.

### **Trees**

Maintaining and removing trees in our neighborhood is another fast-growing cost. The 2019 budget will earmark approximately \$7,000 for this task, up from \$4,000 spent in 2017.



### **Security**

Recent developments in and around our neighborhood have brought security concerns to the fore. While organization and communication will help mitigate risk, it may be necessary to make related investments in infrastructure or services. Increased financial flexibility will enable us to more seriously discuss a broad spectrum of responses to crime.

### **Communication**

Digital and physical communications are relatively less expensive than other costs, but with a narrow operating budget, each communication effort or website enhancement must be heavily scrutinized. Future Boards must feel able to communicate more freely with homeowners and the 2019 increase in dues will help set the stage.

### **Board Operations**

The Poplar Creek Estates HOA relies on its Board to make and enforce decisions that promote the value and welfare of our neighborhood and, while its Board members are volunteers, its homeowners understandably expect professional results. It is vital that we empower our Board to make high-quality decisions by utilizing affordable alternatives to certain inconvenient or time-consuming Board tasks. The 2019 increase, if followed by consistent and reasonable increases, will provide the flexibility needed for quality-of-service improvements that can conserve Board members' time and energy for issues that really matter to our membership.

Recent examples include small changes like the decision to hire a company to hang and remove holiday decorations each year (instead of Board members) and the installation of two storage chests to house holiday decorations and announcement signs (instead of a Board member's home). More substantial examples might include the installation of permanent message boards with easily configurable letters, or the purchase of an electronic record management system that will persist from Board to Board. Someday it may also be the Association's wish to make use of a property manager to handle unpopular tasks like enforcement or day-to-day vendor oversight.