

# Lake Forest Property Owners Association

## Capital Improvement Plan

The summary 5 year budget including Reserves and Capital is attached. Calculations have been based off of 2009 actual information that is on the far right of the attached 5 year financial plan.

You will note that Dues start in 2011 at \$43.50 and Escalate on an annual basis to \$50.75

Income and Expenses are pretty straight forward. Income has some significant growth in the golf operation, other departments are conservative. Expenses are pretty much in line based on percentages of income and historical data.

It is important to note that a Capital Reserve line has been added. In 2011 this starts at \$2.25 per unit per month to \$6.75 per unit per month in 2016. This Capital Reserve totals \$1,146,000.00 over 5 years.

In addition to the current Transfer Fee of \$400.00 per unit a Re-Sale Capital Contribution Fee of \$1000.00 per unit should be considered. This will raise approximately \$100,000.00 per year that could fast track Capital Improvements listed below.

With the income, expenses and reserves set aside and funded this leaves the net operating profit/loss of the association in a positive. Our recommendation is to take that positive and pay off the credit lines and notes as well as provide funding for annual capital improvements.

**Following is the suggested Capital Improvement Plan by year:**

**2011 \$200,000.00**

- Access System for pools and tennis. \$42,500.00
- Resurface existing courts \$7,500.00
- Rebuild Bridge #1 Lake Course \$20,000.00
- Pool Furniture \$20,000.00
- Tennis Landscape improvements \$10,000.00
- Yacht Club back deck, stain and repair \$7,500.00
- Yacht Club Landscape \$10,000.00
- Yacht Club Kitchen \$32,500.00
- 19<sup>th</sup> Hole back patio, exterior siding and landscape \$50,000.00

**2012 \$147,697.00**

- 19<sup>th</sup> Hole interior redesign \$95,000.00
- Pool Furniture \$20,000.00
- Yacht Club, Deck Furniture \$20,000.00
- Driving Range Drainage and Target Greens \$20,000.00

**2013 \$107,159.00**

- 19<sup>th</sup> Hole \$45,000.00
- Yacht Club Kitchen/Dining \$20,000.00
- Landscape Pools and Entrances \$42,500.00

**2014 \$179,392.00**

- 19<sup>th</sup> hole \$45,000.00
- Resurface Cart Paths Forest Course \$40,000.00
- Pool Fencing \$45,000.00
- Professional Fees \$20,000.00 (Architect/Engineers etc)

**2015 \$158,265.00**

- Lake Course Cart Paths \$20,000.00
- 19<sup>th</sup> Hole \$138,000.00

**2016 Build Centralized Amenity Package. Fitness Room, 6 Tennis Courts and Swimming Pool next to 19<sup>th</sup> Hole. Investigate selling off the current swim and tennis area**