

Dear Owners,

As you know, the Board of Directors have been operating under a long range plan, that included replacement of all the windows in Indian Creek in 2012 and 2013 (excluding those windows that have already been replaced). Over the summer the Board reviewed a number of types of windows and solicited bids from four contractors for seven types of windows.

We have selected the contractor Roy's New View Inc to install Anderson 400 Series windows as planned in Phases One and Two in 2012, and Phases Three, Four and Five in 2013. We believe the Anderson 400 is an excellent window and a significant upgrade on the existing windows. Anderson windows will also maintain the current look and feel of the development.

The total cost of this project will be about **\$321,337** or about **\$5,446** per owner. To cover this cost we are proposing the following assessment schedule for 2012 and 2013:

<b>Year</b>	<b>Monthly Association Fee</b>	<b>Annual Assessment</b>	<b>Large Capital Projects to be completed</b>
<b>2012</b>	\$300	\$1,400	Phase 4 painting Replacement of all Phase 1 and Phase 2 windows
<b>2013</b>	\$310	\$1,400	Replacement of all Phase 3,4 and 5 windows Phase 5 painting

We understand this is a higher assessment than projected in the 2010 long range plan and we know this a large expense for owners. However, it is important to note that about 48% of the cost of the windows is covered through IC reserves and monthly fees. In the following section of this letter we will explain how we came to this assessment. Also attached is an updated long range plan, through 2021.

The current Board is committed not just to maintaining Indian Creek but also to improving the buildings and landscape. We believe the replacement of the windows with Anderson 400 windows is a long overdue upgrade to all our homes.

Sincerely,

Indian Creek Board of Directors

## **Questions and Answers**

### **Why did the Board select Roy's New View Inc and Anderson 400 windows?**

Roy's New View Inc was the lowest bidder across all types of window. He provided bids for three types of window, Harvey, Anderson and Paradigm. Anderson was the second lowest price window with Harvey being the least expensive.

Property Management Associates have had good experience with Roy's New View Inc. Other condo developments that have used him have had very positive experiences.

### **Why did the Board select Anderson over Harvey if the latter was cheaper?**

The difference in price was only \$24,175 or \$410 per owner. We felt there was a significant difference in quality between Anderson and Harvey. This is a twenty year plus investment and we felt we should go with the higher quality window. In addition, over the last three years Indian Creek has replaced about twenty windows in the development with Anderson windows. Using Anderson will ensure owners have the same look at feel for all their windows.

### **Why are the annual assessments for 2012 and 2013 higher than was projected in the 2010 Indian Creek long range plan?**

A number of factors account for the difference including all of the following:

- We will start 2012 with lower than expected reserves. This was the result of a number of new or higher than expected expenditures in 2011 as follows:
  - Higher than expected storm water costs (carried over from 2010).
  - Legal costs associated with the new requirements for condos under 27A and regarding the Alder Hill development.
  - The cost of a survey of Alder Hill to protect our property line.
  - Clean up, repair and tree removal as a result of Irene and other weather events.
  - Some major repairs to the pool and a chimney for one unit.
- The 2010 plan delayed painting and wood rot repair of Phase Five to 2015. The Board determined that it was unwise to delay basic maintenance that long. As a result, the painting and wood rot repair for Phase Five was added to the spending plan for 2014. This means we needed more revenue to cover the cost.
- The Property Manager suggested we add \$10,000 to the Roy bid estimate, to cover wood rot repair that maybe discovered in the process of replacing the windows. This added to the projected cost.

### **Has Indian Creek updated the long range plan?**

Yes the plan is attached in a spreadsheet and in following summary table:

## Indian Creek Long Range Plan Summary

<b>Year</b>	<b>Monthly Association Fee</b>	<b>Annual Assessment</b>	<b>Large Capital Projects to be completed</b>
<b>2012</b>	\$300	\$1,400	Phase 4 painting Replacement of all Phase 1 and Phase 2 windows
<b>2013</b>	\$310	\$1,400	Replacement of all Phase 3,4 and 5 windows Phase 5 painting
<b>2014</b>	\$310	\$0	Tennis court repair and upgrade Pool repair and upgrade Replacement of sliders (2-3 per year)
<b>2015</b>	\$320	\$0	Phase 1 painting Garage and house lantern replacement Replacement of sliders (2-3 per year)
<b>2016</b>	\$320	\$800	Complete repaving of road
<b>2017</b>	\$320	\$0	Phase 2 Painting Replacement of sliders (2-3 per year) Replacement of road lighting
<b>2018</b>	\$330	\$0	Phase 3 painting Replacement of sliders (2-3 per year)
<b>2019</b>	\$330	\$0	Phase 4 painting Replacement of sliders (2-3 per year)
<b>2020</b>	\$330	\$0	Phase 5 Painting Replacement of sliders (2-3 per year)
<b>2021</b>	\$330	\$0	Painting Phase 1 Replacement of sliders (2-3 per year)

**INDIAN CREEK LONG RANGE PLAN WINDOWS 2012 and 2013 ROYS ANDERSON**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
MONTHLY FEE PER UNIT	\$300	\$310	\$310	\$320	\$320	\$320	\$330	\$330	\$330	\$330
ANNUAL PAYMENT	\$1,400	\$1,400	\$0	\$0	\$800	\$0	\$0	\$0	\$0	\$0
<b>OPENING BALANCE ESTIMATE (all accounts)</b>	<b>\$80,000</b>	<b>\$82,149</b>	<b>\$29,137</b>	<b>\$87,269</b>	<b>\$127,753</b>	<b>\$70,504</b>	<b>\$69,751</b>	<b>\$104,706</b>	<b>\$133,171</b>	<b>\$155,941</b>
Interest @ 0.2.% based on opening balance	\$160	\$164	\$58	\$175	\$256	\$141	\$140	\$209	\$266	\$312
Fee Income Outstanding (from previous year)	\$0									
Reimbursement from City										
Annual Fee Income	\$212,400	\$219,480	\$219,480	\$226,560	\$226,560	\$226,560	\$233,640	\$233,640	\$233,640	\$233,640
Annual Payment Income	\$82,600	\$82,600	\$0	\$0	\$47,200	\$0	\$0	\$0	\$0	\$0
<b>TOTAL AVAILABLE FUNDS</b>	<b>\$375,160</b>	<b>\$384,393</b>	<b>\$248,675</b>	<b>\$314,003</b>	<b>\$401,768</b>	<b>\$297,205</b>	<b>\$303,530</b>	<b>\$338,555</b>	<b>\$367,078</b>	<b>\$389,893</b>
<b>OPERATING EXPENSES</b>										
Electric	\$8,640									
Water/Sewer	\$500									
Insurance	\$15,000									
Trash Removal	\$7,000									
Administration	\$500									
Management	\$9,564									
Accounting Oversight	\$1,800									
Grounds/Snow	\$45,000									
Winter Salt	\$8,000									
Pool Maintenance	\$7,000									
Contingencies Insurance claims	\$2,000									
Income Tax/ Annual Review	\$400									
Legal	\$1,500									
Building Maintenance	\$15,000									
Gutter Cleaning	\$4,000									
Chimney Inspection	\$300									
Pest Control	\$2,500									
Miscellaneous	\$500									
<b>TOTAL OPERATING EXPENSES</b>	<b>\$129,204</b>	<b>\$133,726</b>	<b>\$138,407</b>	<b>\$143,251</b>	<b>\$148,265</b>	<b>\$153,454</b>	<b>\$158,825</b>	<b>\$164,384</b>	<b>\$170,137</b>	<b>\$176,092</b>
<b>CAPITAL EXPENSES:</b>										
Painting & Wood Repairs*	\$24,000	\$24,000		\$25,000		\$26,000	\$26,000	\$27,000	\$27,000	\$27,000
Repaving and road repair					\$175,000					
Pool Repairs/Upgrades*			\$5,000							
Tennis Court Repairs/Upgrades			\$5,000							
Walkway/Drainage Repairs*										
Signage										
Lighting replacments (garage, house, lantern)				\$5,000						
Street Lighting replacement/upgrade						\$35,000				
Greenhouse Repair	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$5,000	\$5,000	\$5,000	\$5,000
Slider Replacement			\$5,000	\$5,000		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Window Replacementnt*	\$126,807	\$184,530								
Wood Rot Repair with Window Replacement	\$5,000	\$5,000								
Tree Removal + Maintenance*	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
<b>TOTAL CAPITAL EXPENSES</b>	<b>\$163,807</b>	<b>\$221,530</b>	<b>\$23,000</b>	<b>\$43,000</b>	<b>\$183,000</b>	<b>\$74,000</b>	<b>\$40,000</b>	<b>\$41,000</b>	<b>\$41,000</b>	<b>\$41,000</b>

<b>TOTAL OPERATING &amp; CAPITAL EXPENSES</b>	<b>\$293,011</b>	<b>\$355,256</b>	<b>\$161,407</b>	<b>\$186,251</b>	<b>\$331,265</b>	<b>\$227,454</b>	<b>\$198,825</b>	<b>\$205,384</b>	<b>\$211,137</b>	<b>\$217,092</b>
<b>ENDING BALANCE</b>	<b>\$82,149</b>	<b>\$29,137</b>	<b>\$87,269</b>	<b>\$127,753</b>	<b>\$70,504</b>	<b>\$69,751</b>	<b>\$104,706</b>	<b>\$133,171</b>	<b>\$155,941</b>	<b>\$172,801</b>

Notes and Assumptions:

Operating Expenses Increase 3.5% Per Year (this is perhaps high).

Painting a phase per year then two years off

Paving to be completed in 2016 assumes cost \$175,000

Assumes some greenhouse repair on an ongoing basis

Assumes Tennis Court Fence replacement in 2014

Assumes Pool Fence replacement in 2014

Assumes Street Light Replacement 2018

Assumes 2 to 3 Sliders replaced per year starting 2014