

STAY TUNED FOR  
THE SCHH  
FINANCE  
COMMITTEE  
MEETING AT  
8:30 AM

# FINANCIAL PLAN UPDATE

October 21, 2004

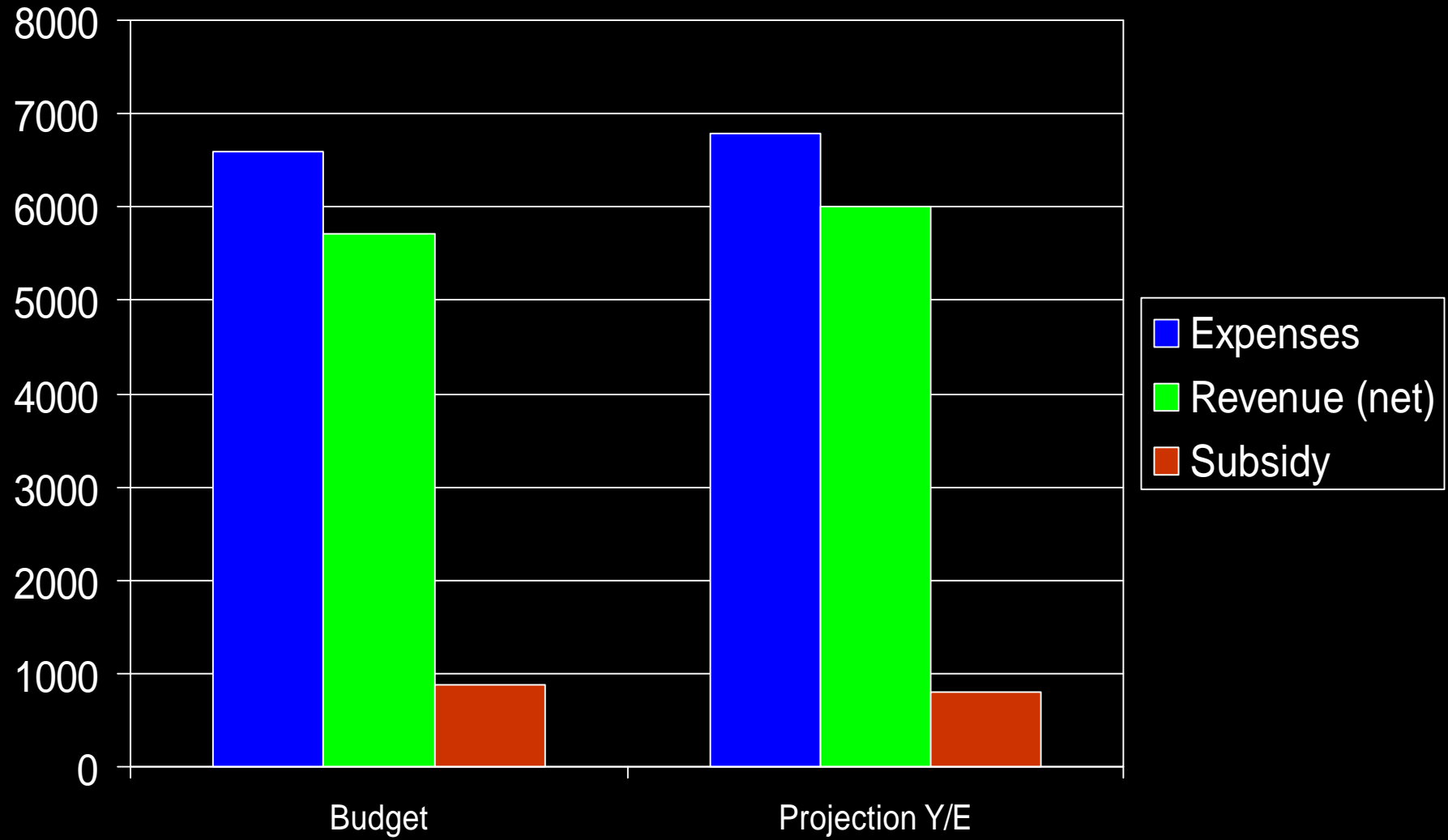
# AGENDA

- Introduction
  - 04 Projection vs. Budget
  - Budget process
  - Assumptions
  - 05 Operating Budget
  - Q&A
- 
- Five-year plan process
  - Capital Plan
  - 04 Five-year plan
  - Q&A

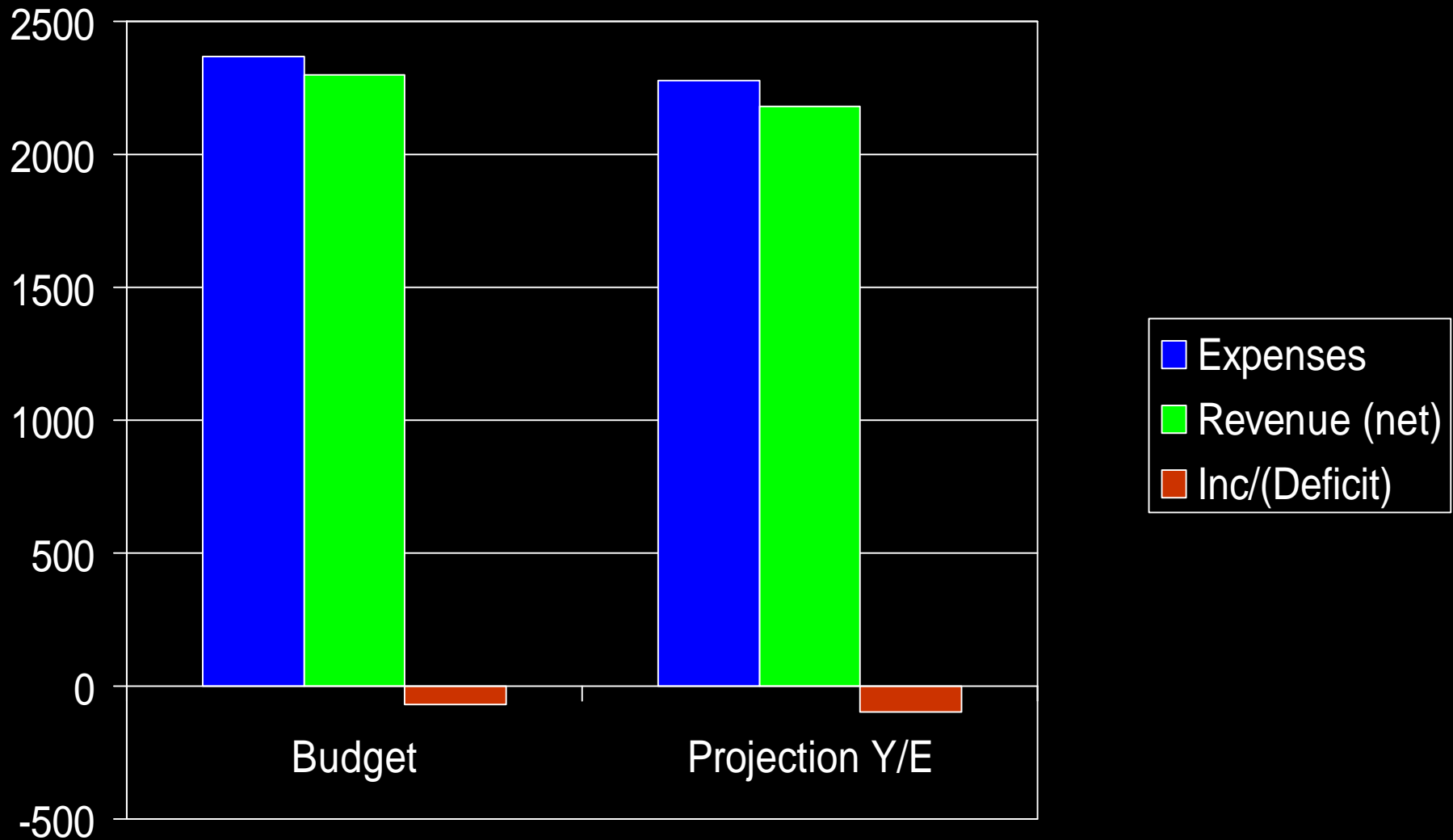
# INTRODUCTION

- Finance Committee Responsibilities
- Introduction of Finance Committee Members

# HOA 2004 (\$000) (excl Golf)



# GOLF 2004 (\$000)



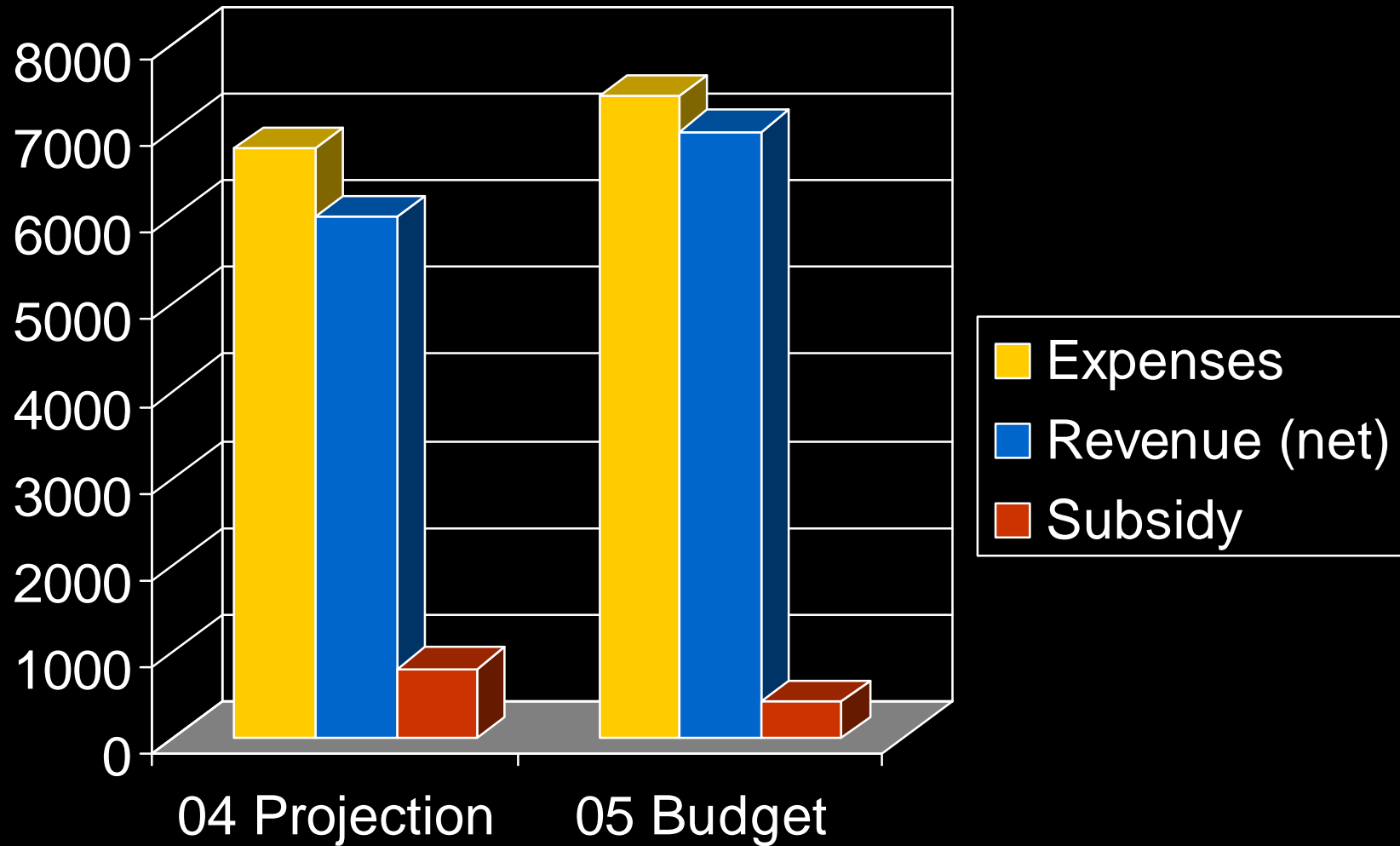
# BUDGET PROCESS

- Expense focus
- Each department manager develops plan
- Review by Bob Mahnke
- Review by Finance Committee
- Q&A – Finance Committee & Managers
- Reviews and changes

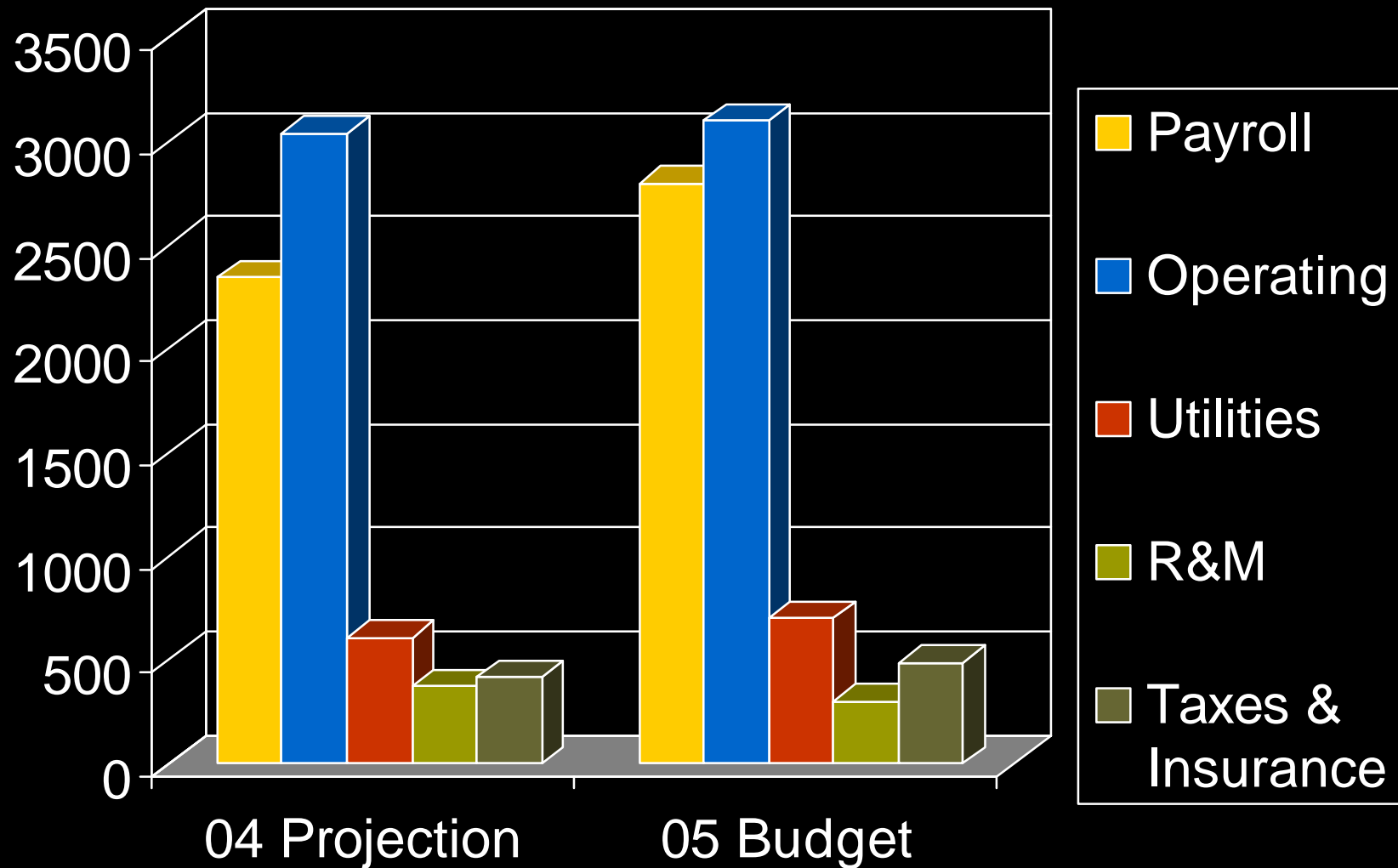
# ASSUMPTIONS

- 450 Closings
- 4% payroll increase
  - 13% Medical
- 3% expense increase
  - 15% Insurance
  - 6% Utilities
- Reviewed staffing requirements
- Reviewed operating expenses

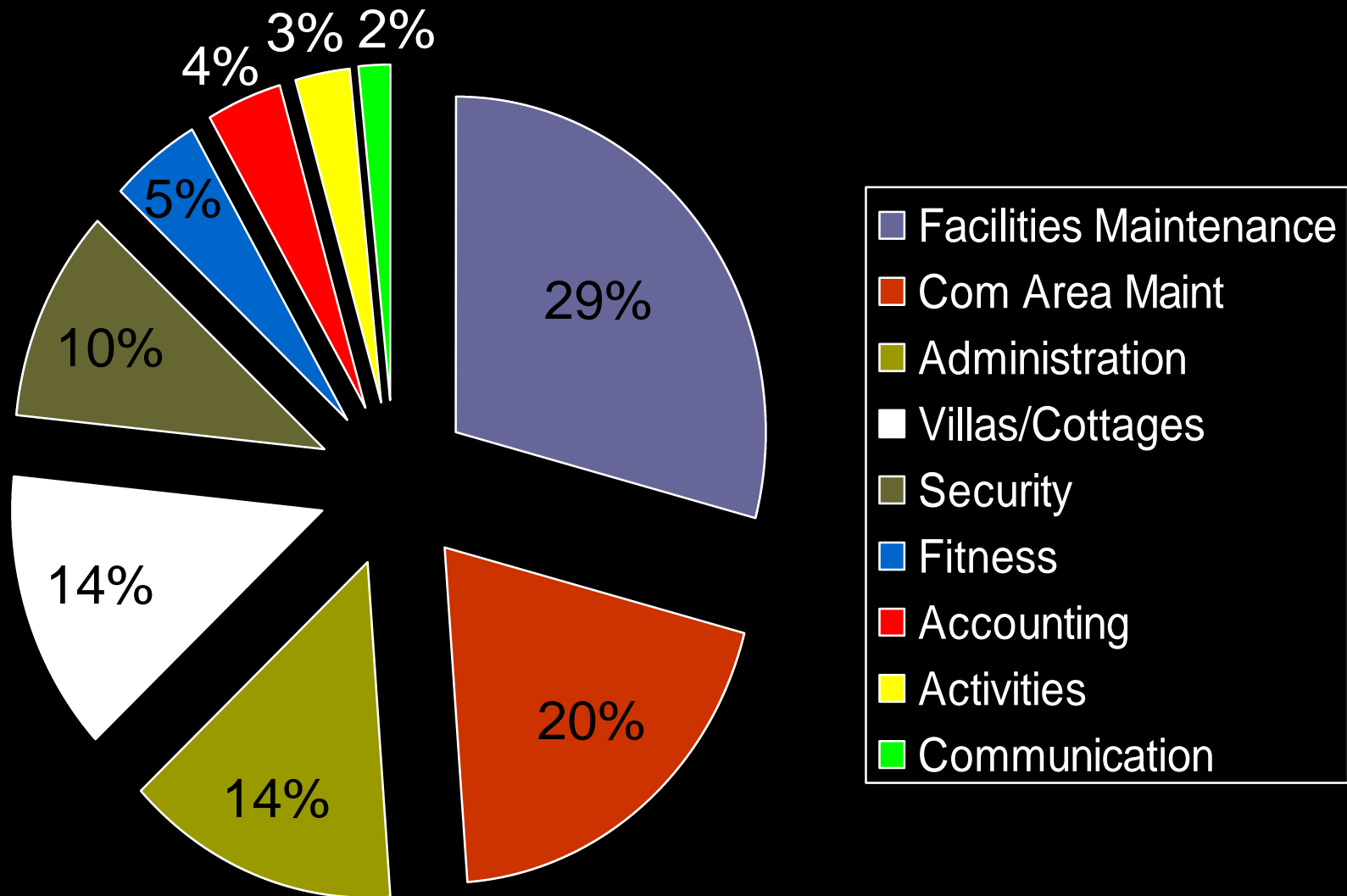
# HOA (\$000)



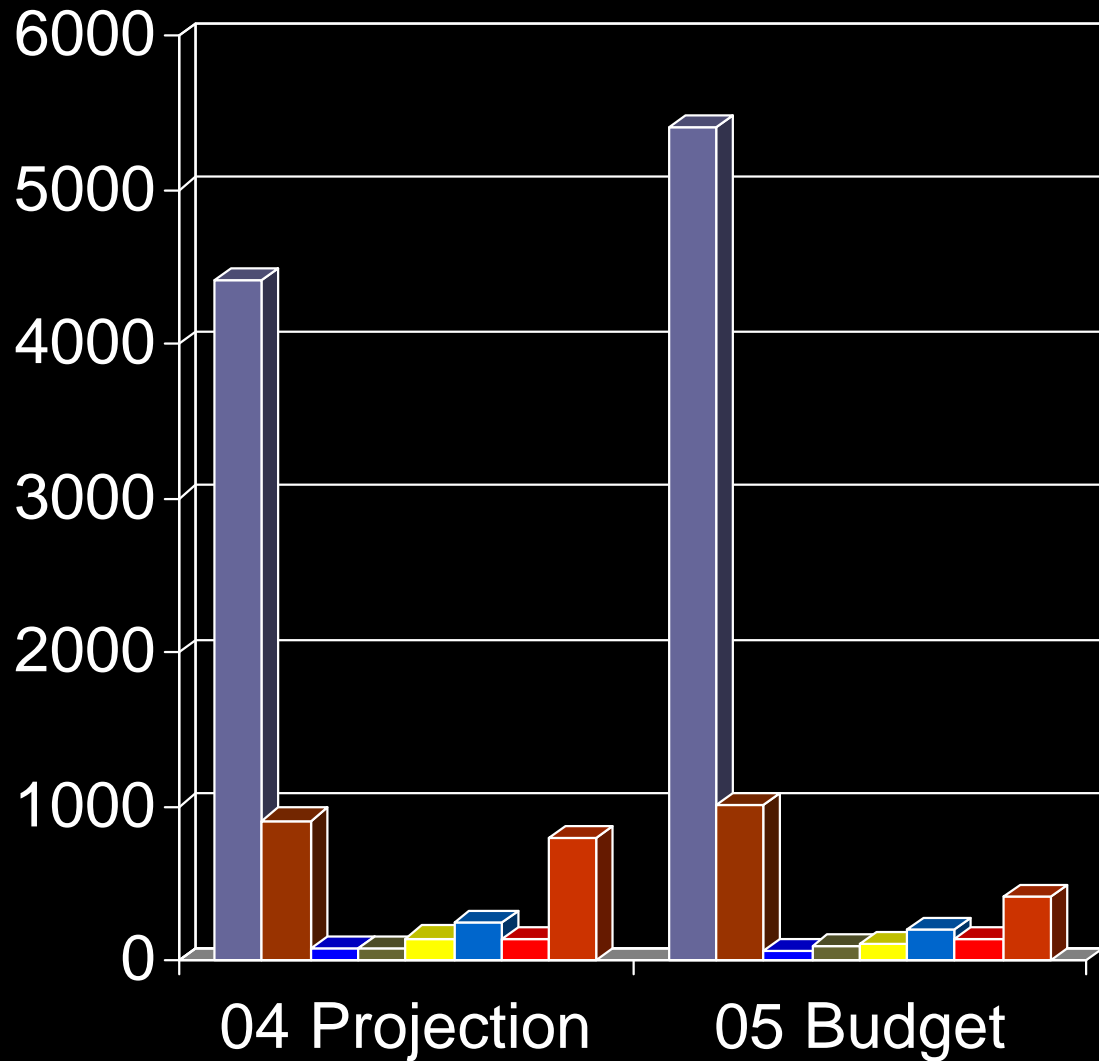
# HOA EXPENSES (\$000)



# HOA 05 EXPENSES (\$000)

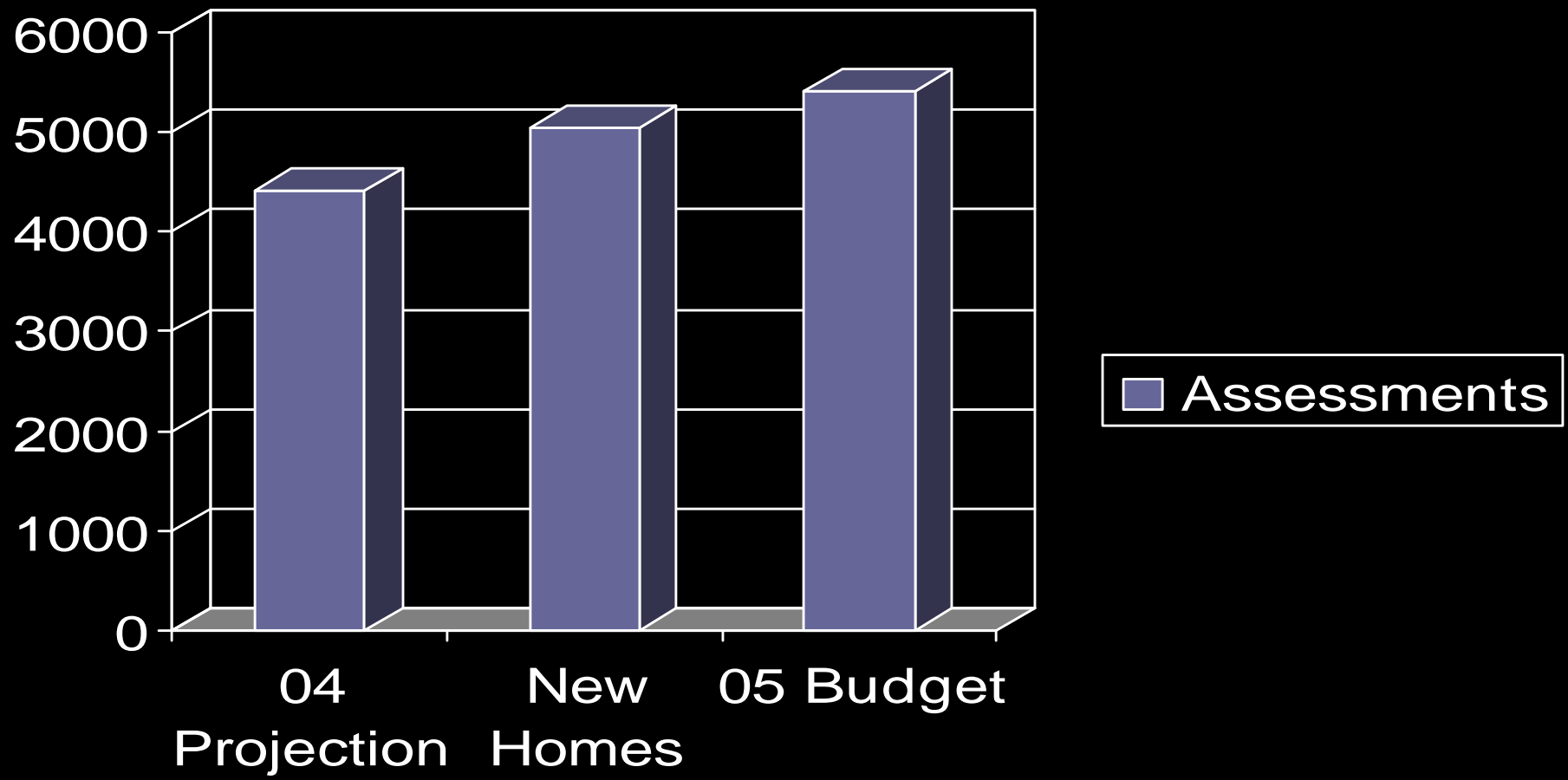


# HOA REVENUE (\$000)



- Assessments
- Neighborhood Assessments
- Fitness
- Activities
- Communications
- Security
- Other
- Subsidy

# ASSESSMENT REVENUE (\$000)



# BASE ASSESSMENTS

Budget

2004 Assessment

\$1,337

2005 Assessment

\$1,445

Increase

8.1%

2005 Assessment – 02 FYP

\$1,390

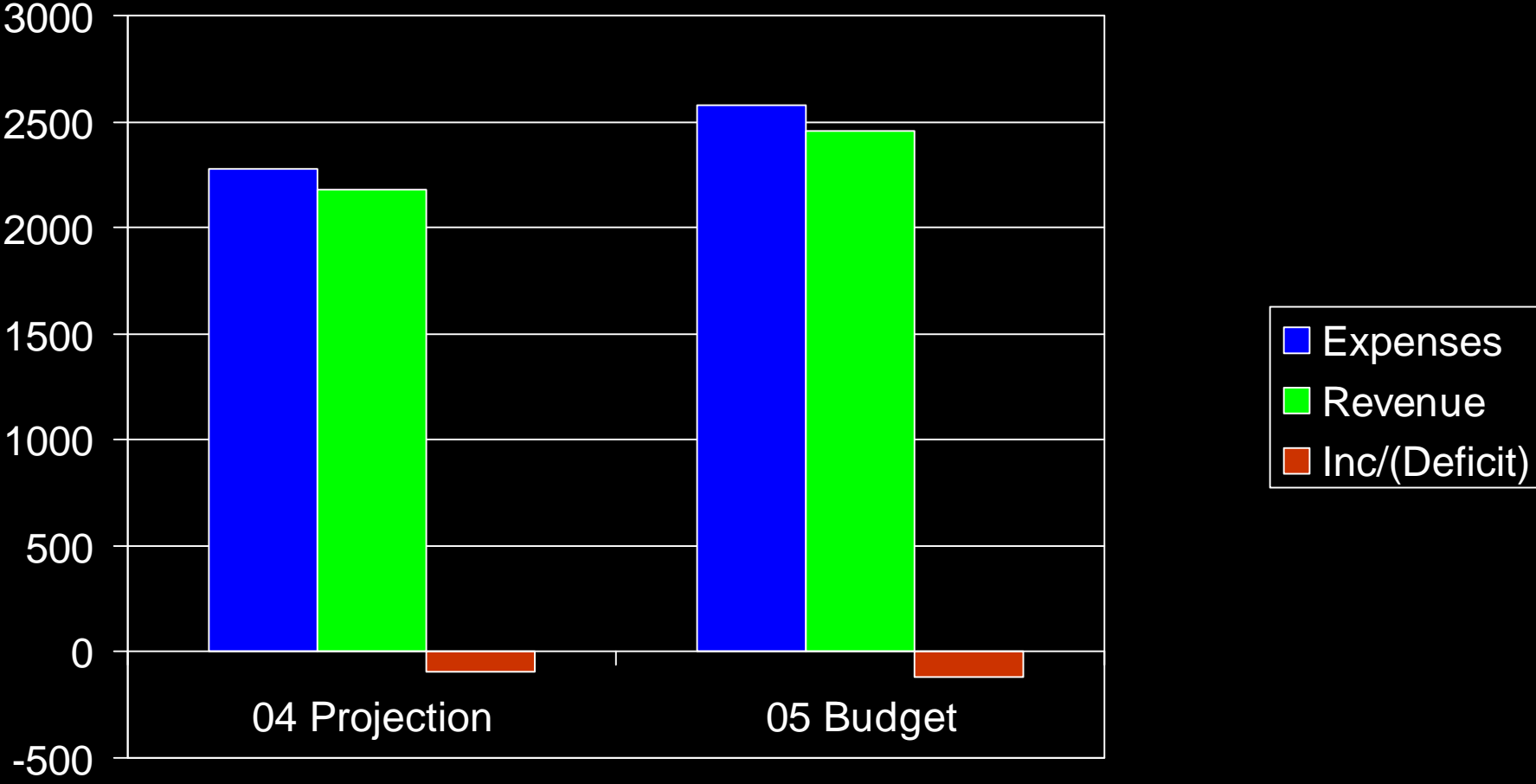
Insurance Adjustment

71

Adjusted 02 FYP

\$1,461

# GOLF (\$000)



# RESIDENT INPUT

- Q & A – Neighborhood Representatives
- Q & A – Other Residents

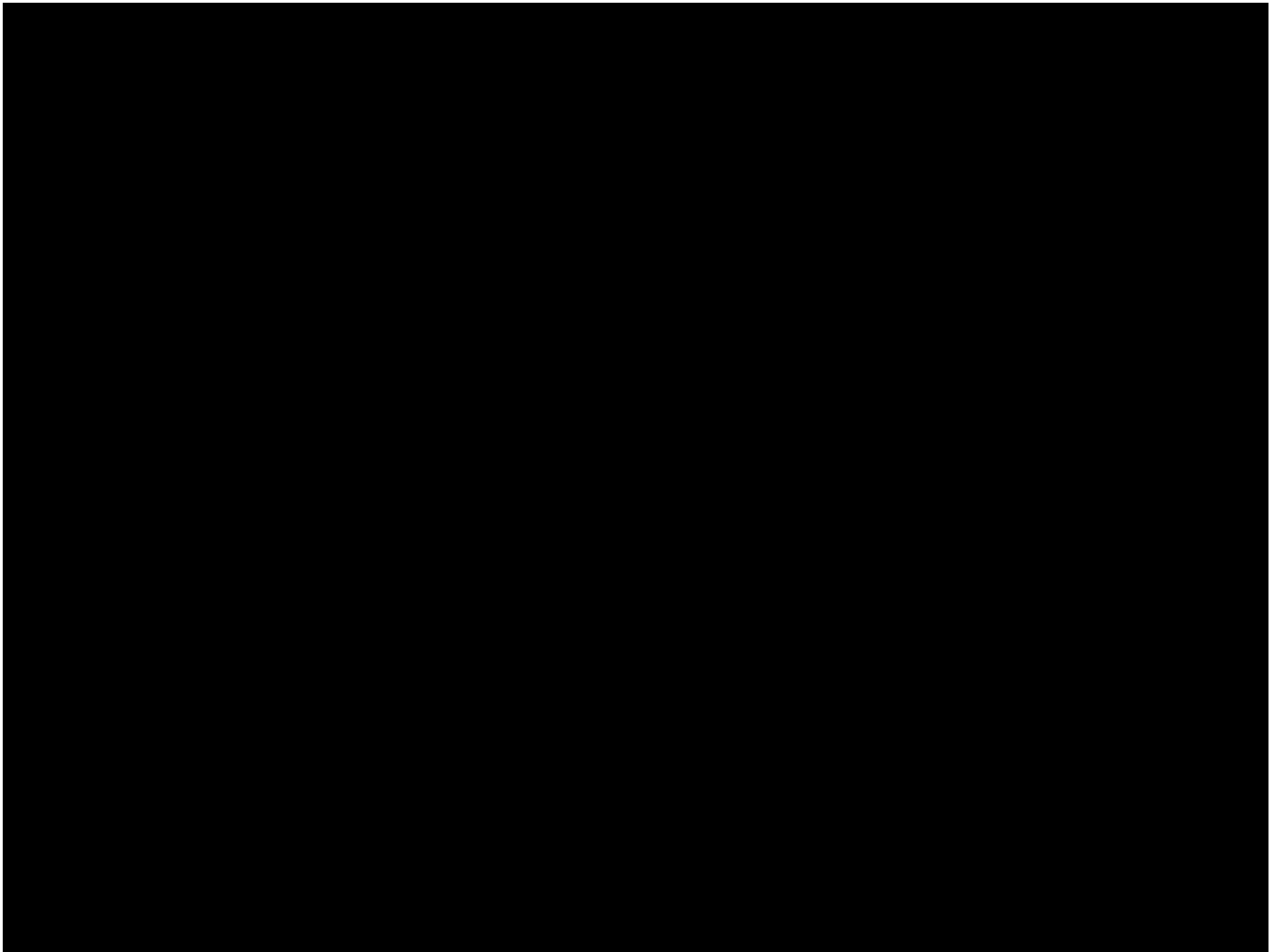
2004  
FIVE YEAR PLAN

# FIVE-YEAR PLAN

- CC&Rs require Reserves Plan update every 2 years
- Five year plan is a living document
  - Update every 2 years in conjunction with reserves plan

# COMPARISONS TO PREVIOUS

	02 Plan	04 Plan
Lot closings	412	450
Lot closings future	375 (6650)	450 (6650)
Insurance	6%	15%
Subsidy end	12/09	12/07
Unsold platted lots	1/11 to buildout	9/09 to buildout
Golf	Operating surplus retained in golf operations	Developer cash advance
Amenities		Schedule changed



# RESERVES

- Reserves pay for expected large repair or replacement expenses
  - Over \$2 K
  - 3 years life minimum
- Year to year variation may be large
- Smooths funding and intends to eliminate need for special assessments
- Professional analysis - covers 30 years
- Finance Committee - includes items yet to be built

# AMENITY CHANGES

	02 Plan	Interim	04 Plan
Argent III Rec Ctr	(08)	05	
Hidden Cypress Clubhouse	(08)	07	
Nature Trail		05	
Craft Expansion	04	05	
Pinckney Addition	06	04	
Activity Center	07	08	
Fitness Expansion	05	04	
9 Holes	(08)	07	

# AMENITY CHANGES

	02 Plan	Interim	04 Plan
Argent III Rec Ctr	(08)	05	05
Hidden Cypress Clubhouse	(08)	07	05
Nature Trail		05	05
Craft Expansion	04	05	07
Pinckney Addition	06	04	Activity Center
Activity Center	07	08	07
Fitness Expansion	05	04	08
9 Holes	(08)	07	08

# CAPITAL EXPENDITURES

## HOA - 2005

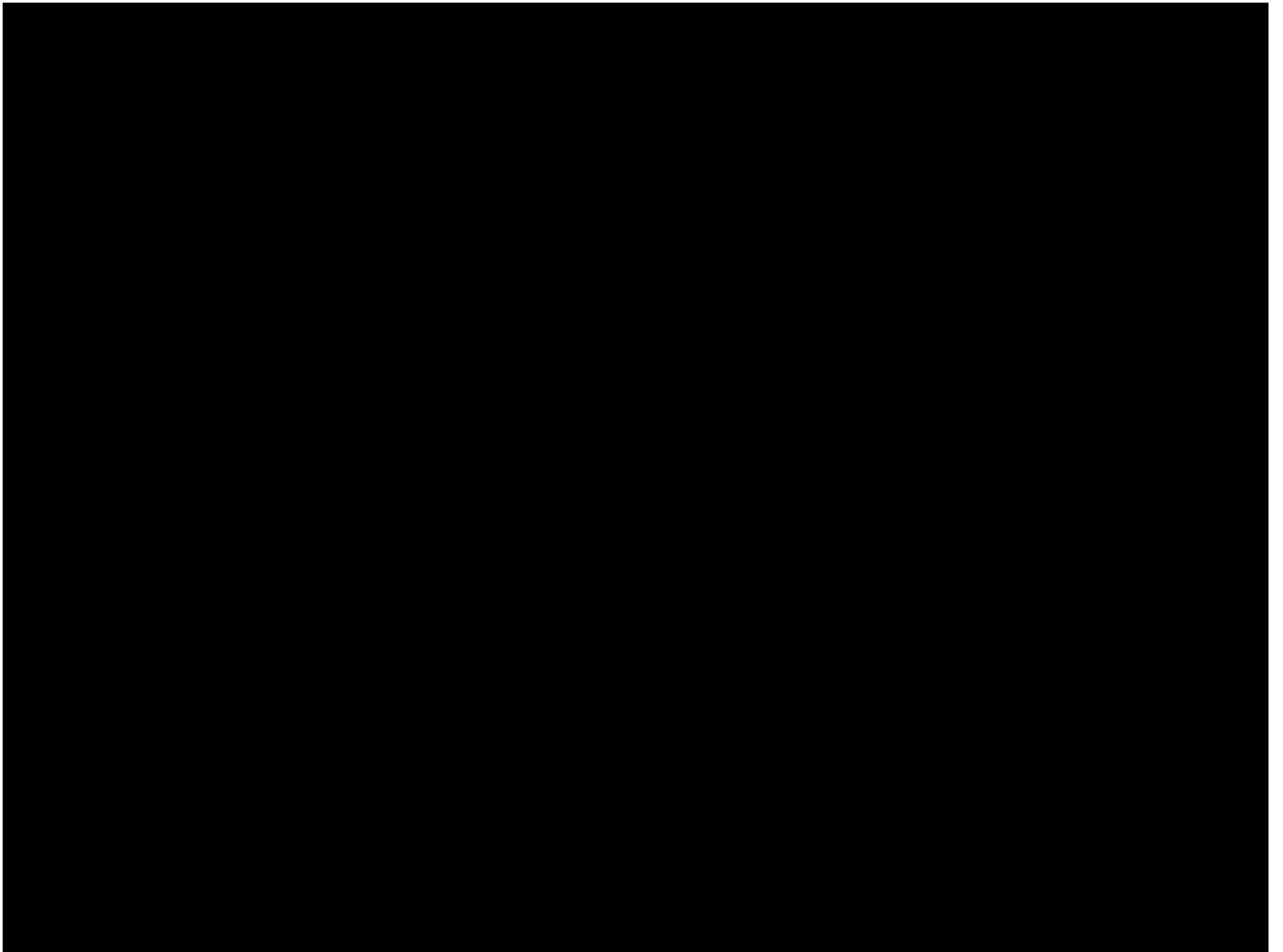
- From Reserves - \$326,830
  - Fitness Building - \$140,500
  - Fitness Equipment - \$36,405
  - Pinckney Hall - \$48,825
  - Maintenance Areas - \$52,500
- From Operating Budget - \$87,160
  - Fitness - \$37,000
  - Facilities - \$24,000
  - Communications - \$17,100

# CAPITAL EXPENDITURES GOLF - 2005

- From Reserves - \$86,000
  - Okatie Pump Station - \$86,000
- From Operating Budget - \$80,084
  - Drainage – \$50,000

# RESERVE CONTRIBUTIONS (Per Lot)

	02 Plan	04 Plan
05	115	115
06	125	130
07	135	145
08	145	160
09	155	175



# FIVE-YEAR PLAN PROCESS

- 2005 budget is base year
- 2006 – 2009 reflect assumptions
- Extend to 2011 (buildout)

# BASE ASSESSMENTS

	02 Plan	02 Plan + Insurance
2005	\$1,390	\$1,461
2006	\$1,390	\$1,468
2007	\$1,400	\$1,483
2008	\$1,411	\$1,503
2009	\$1,422	\$1,524

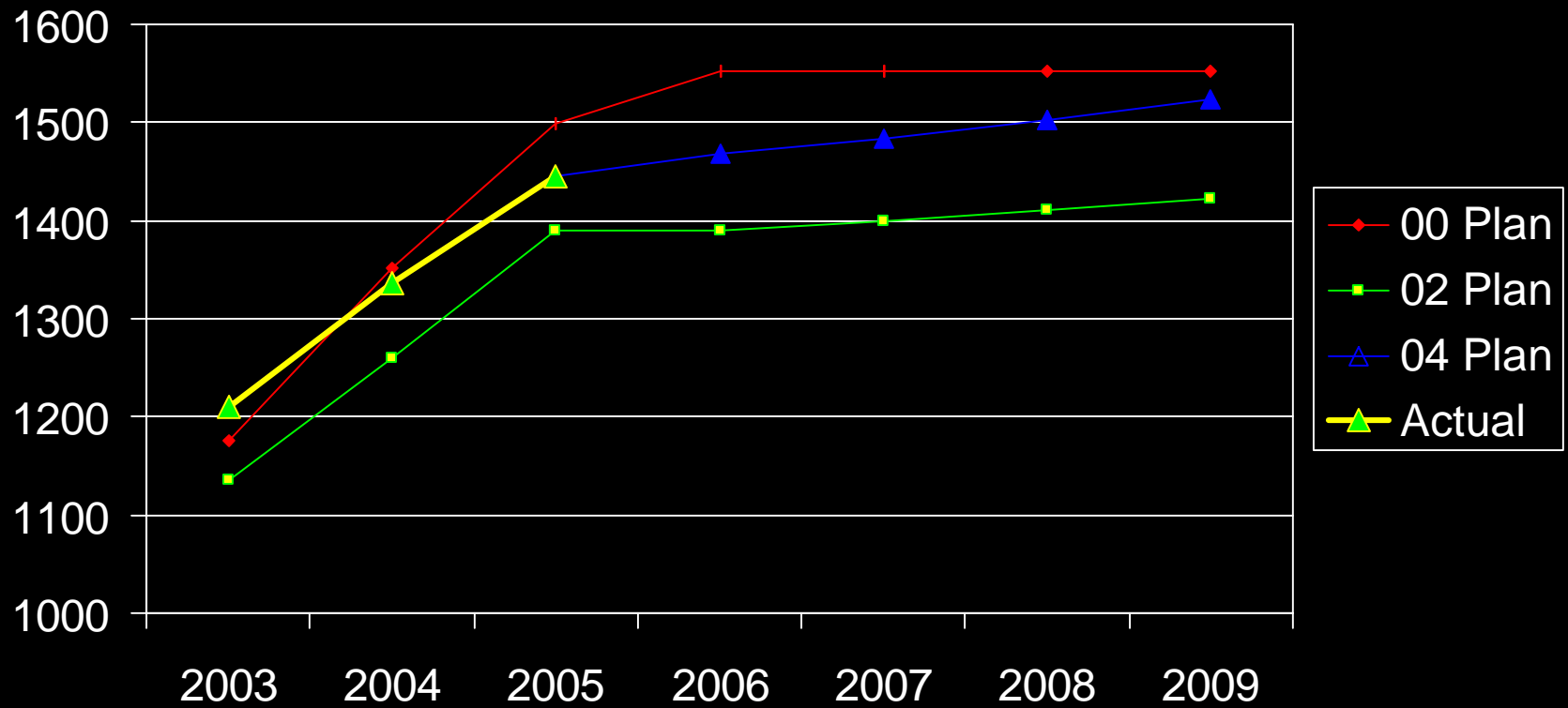
# BASE ASSESSMENTS

	02 Plan + Insurance	04 Plan
2005	\$1,461	\$1,445
2006	\$1,468	\$1,468
2007	\$1,483	\$1,483
2008	\$1,503	\$1,503
2009	\$1,524	\$1,524

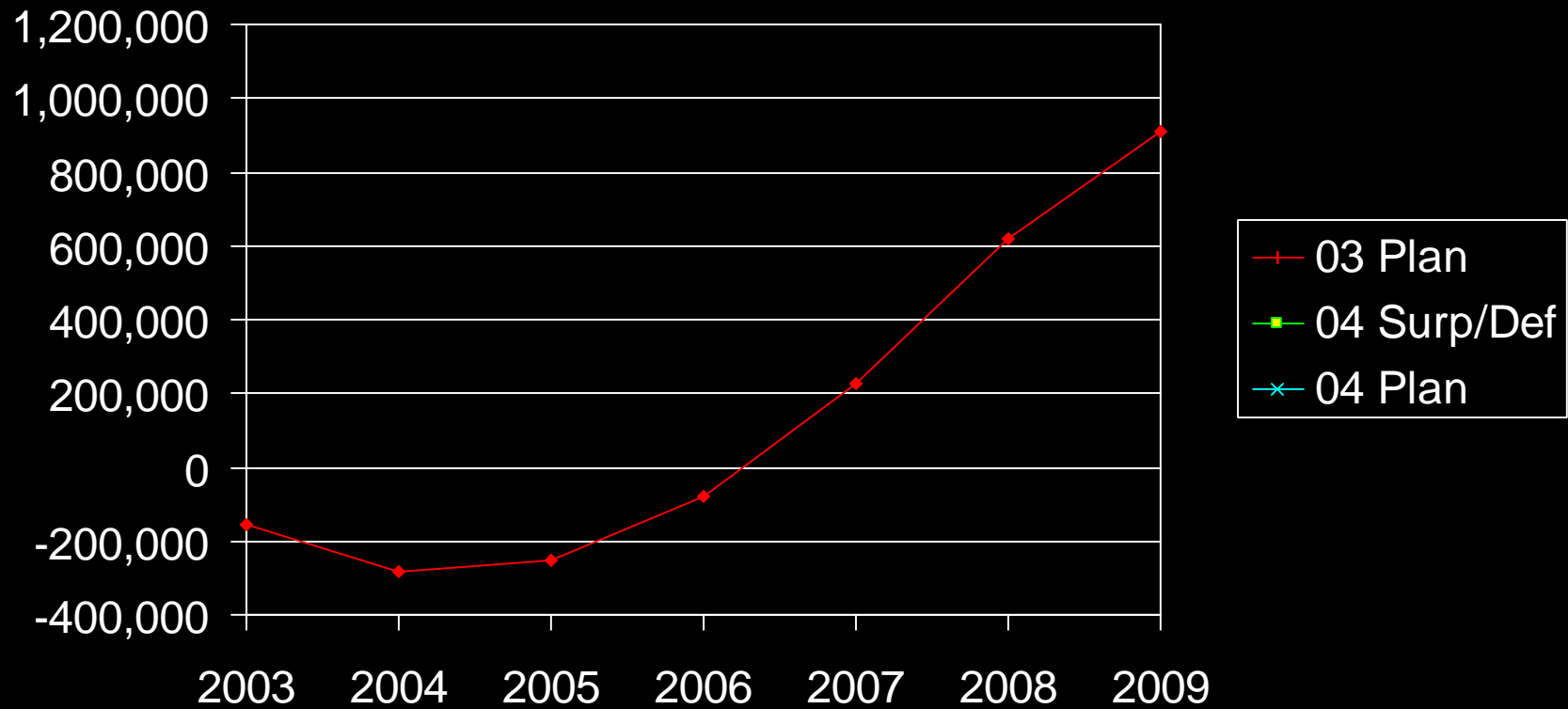
# BASE ASSESSMENTS

	02 Plan + Insurance	04 Plan	Increase over PY
2005	\$1,461	\$1,445	8.1%
2006	\$1,468	\$1,468	1.6%
2007	\$1,483	\$1,483	1.0%
2008	\$1,503	\$1,503	1.3%
2009	\$1,524	\$1,524	1.4%

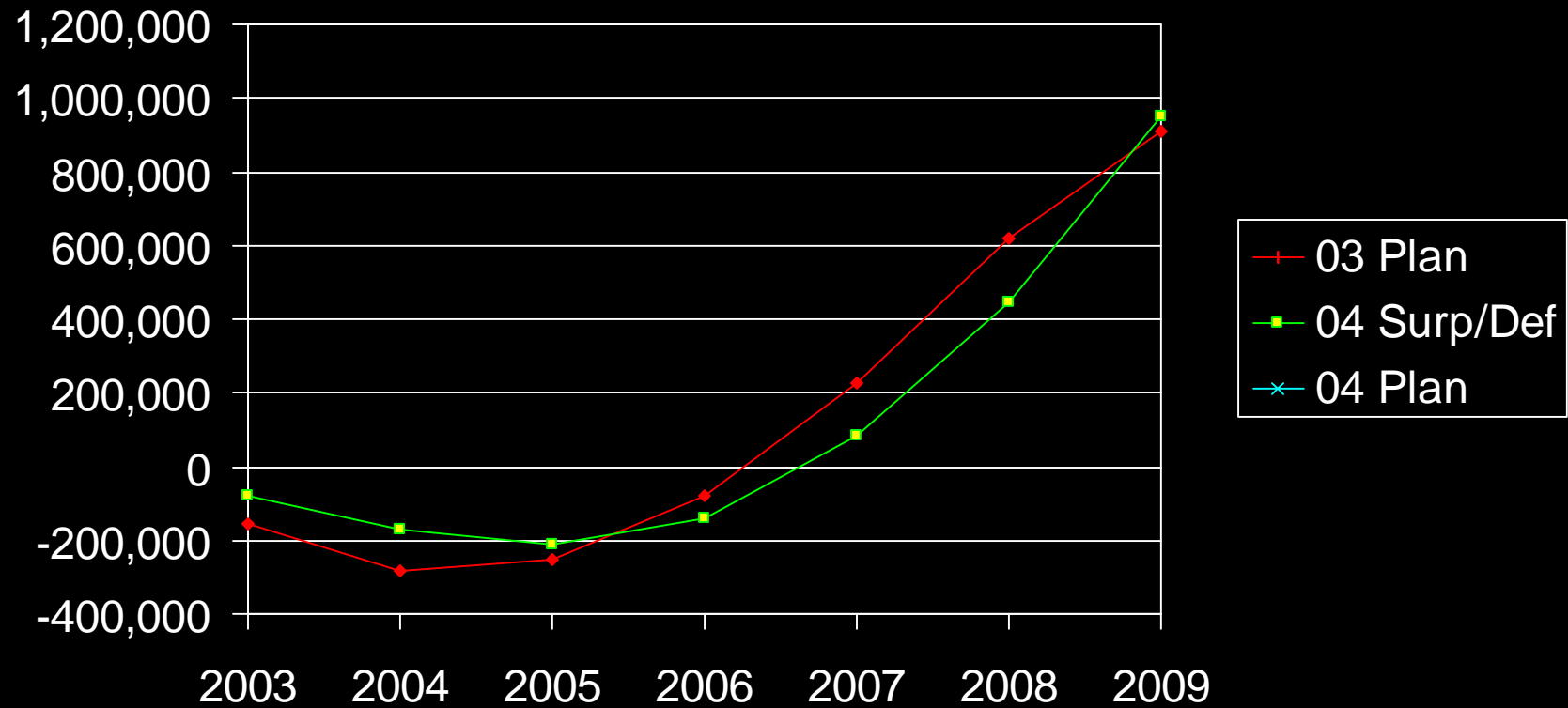
# BASE ASSESSMENTS



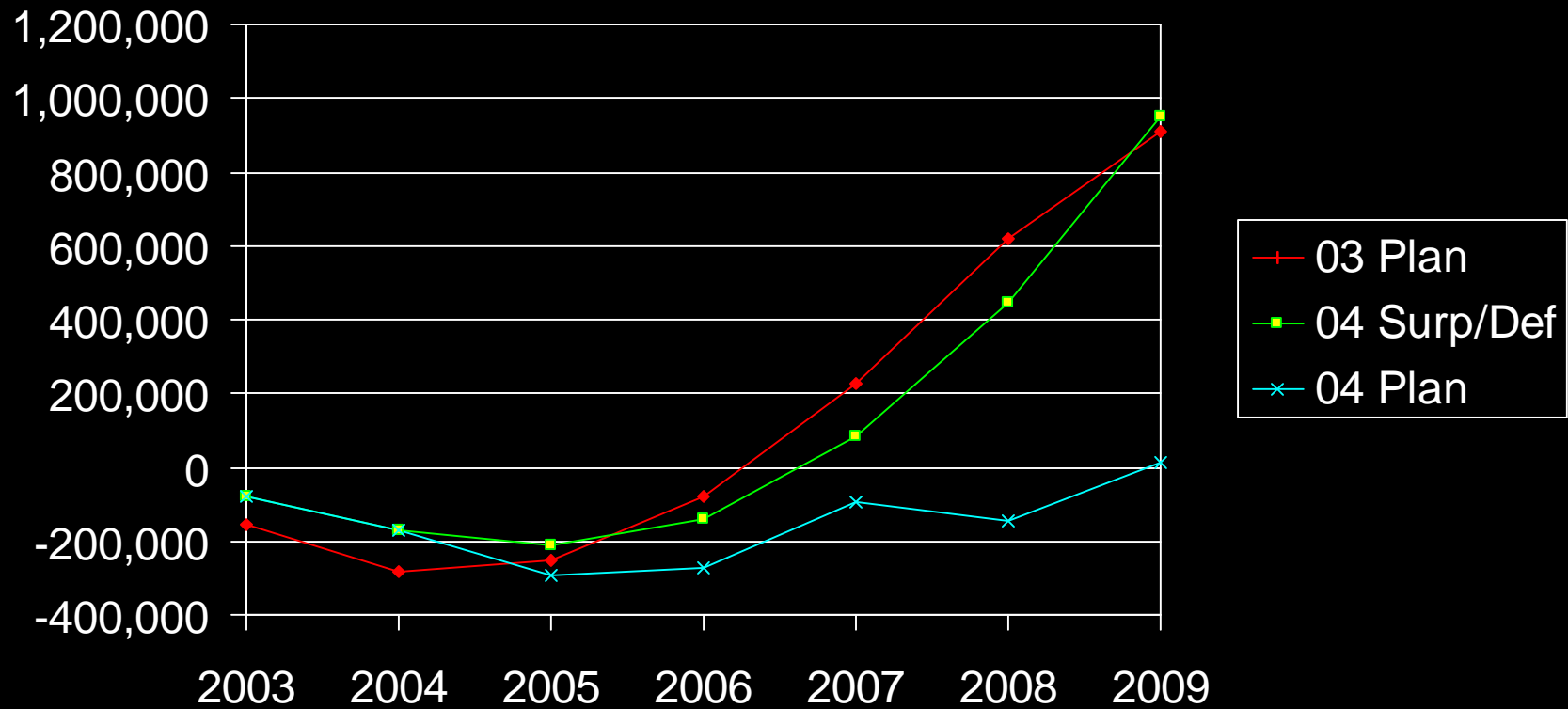
# GOLF OPERATIONS CUMULATIVE CASH FLOW



# GOLF OPERATIONS CUMULATIVE CASH FLOW



# GOLF OPERATIONS CUMULATIVE CASH FLOW



# FIVE-YEAR PLAN SUMMARY

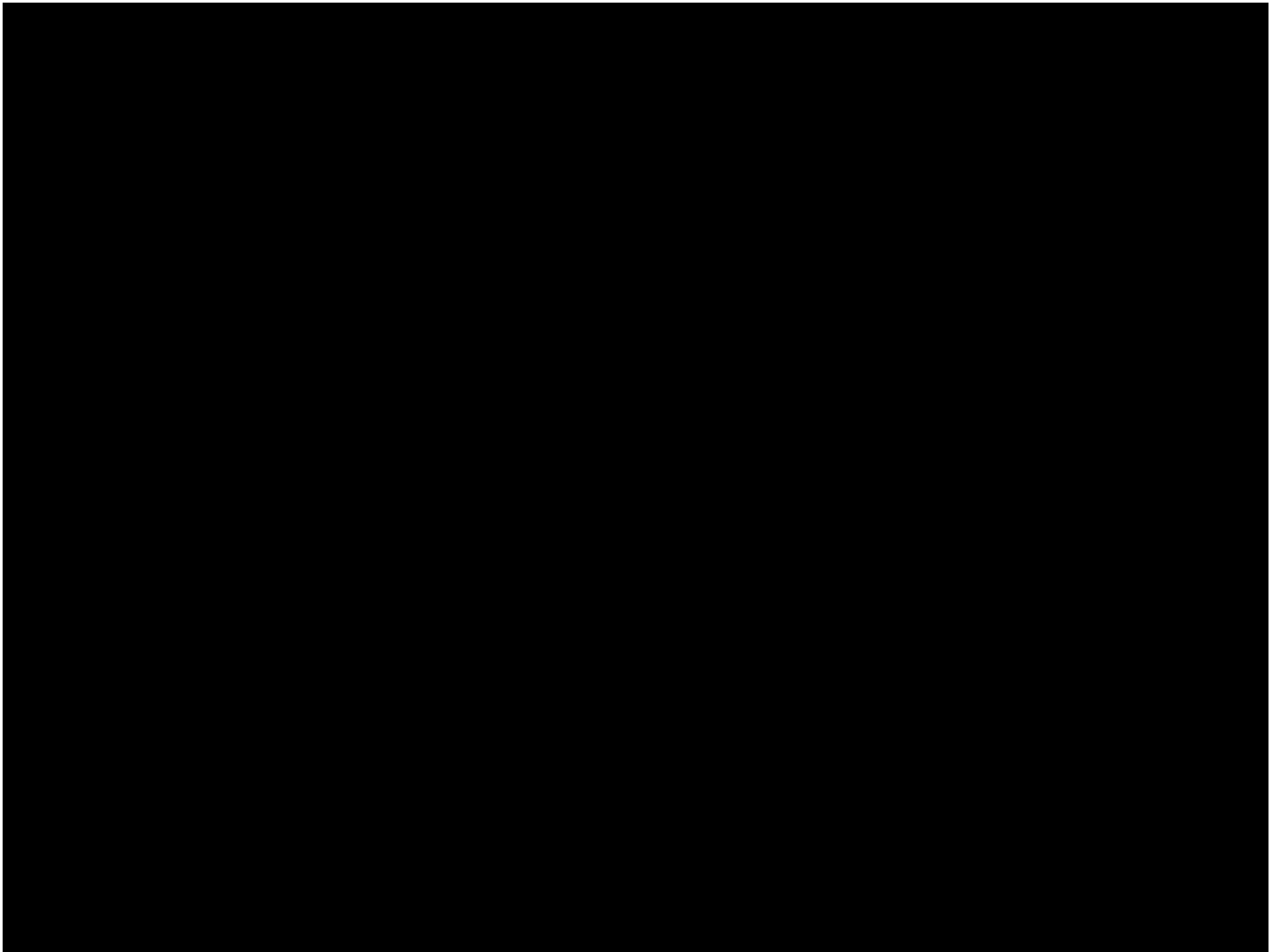
- The annual homeowner assessments in this plan do not exceed the projected assessment at build-out
- The 04 FYP assessments are no higher than those in the 02 FYP (adjusted for insurance)
- The payback period for the golf cash advance remains on target (before new capital and amenities expenditures)
- We start to build an operating cash reserve in 2008
  - 90% of lots closed in September 2009
  - Buildout estimated in 2011

# RESIDENT INPUT

- Q & A – Neighborhood Representatives
- Q & A – Other Residents

# LOGISTICS

- Formal Motion
  - Move the Finance Committee recommend to the Board of Directors that they adopt the 2005 budget, and that they accept the five year plan, as presented.
- Board Agenda for October 28



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