

To: Oak Hills Homeowner

From: Oak Hills HOA Board of Directors, Building Committee

Date: June 3, 2015

Subject: The Oak Hills Building Committee recommendation for consideration by the Oak Hills Board of Directors

Survey Interpretation: Ranked in order of most obvious to least.

1. The Pool: Two bodies of water wins. Over 71% agree. 36% of respondents requested pool scenario B, while 35% requested pool scenario C with its larger kiddie pool and spa. This is the strongest observation.
2. Budget: The budget should land close to Budget B. 68.1% choose either B or C. Homeowners were not asked to tell us their budget, but when shown budget examples the community indicated a budget close to Budget B would be acceptable.
3. The Pool is the priority winner: The pool is clearly the most important factor under consideration at 62%.
4. No Second Story on Pool House: With only 21% approval and 53% choosing Pool House as least important option, this choice has no chance to survive.
5. High School Gym Half Court is slightly favored: There were 51% of responders in favor of this size. Interpreting this figure along with comments from gym users, we conclude that the majority of homeowners favor this size gym.
6. A slight majority of voters favor something on the top of the Pool House. 52% voted to have either a Terrace or a Second Story on top of the Pool House. Interpreting this figure, we conclude that the majority of homeowners would support a Terrace, but not solely based on this data.

Goals:

1. To present a proposal that will pass with over 66.7%.
2. To set the community up for the best long term successful Community Center design that includes amenities desired by the majority of the neighborhood, moderated by a reasonable and acceptable budget.
3. To open the pool and Community Center facilities in June of 2016. Delaying the project could result in a loss of this opportunity.

Recommendation:

The building committee has prepared a recommended scope and budget for the Community Center Renovation Proposal to homeowners. This recommendation is based on results from the latest survey, aggregate community input to date, the previous survey, and detailed project scope and cost analysis. The budget is based on the 67% threshold and the amenities are based on the preferences of the majority. All recommendations are data based.

Project Budget: Not to exceed \$4.225M and not to exceed \$54.00 monthly

Project Scope:

Zone 1 High School half-sized Gym/Multipurpose/Admin Building*
Zone 2 Pool Scenario B, with an expanded entry
Zone 3 Pool house with Rooftop Terrace**

*2nd item to be reduced in size in case of budget overruns

** 1st item to be eliminated in case of budget overruns

Recommended Budget:

The building committee has focused first on budget. We believe the biggest issue to homeowners is budget rather than individual amenities. It is clear what the community wants: 67% of respondents supported \$4.14M or higher. This was divided between 36% supporting \$4.15M and an additional 31% willing to invest up to \$4.47M. This data shows that a majority of the neighborhood supports something slightly better than the middle of the road.

Based on this data, building committee is recommending a project budget slightly over the \$4.14M example shown in the survey at a not to exceed \$4.225M. We recommend this with confidence as two surveys almost a year apart yielded very similar results. In September 2014, 40% of respondents voted for a “moderate to broad remodel” and almost 40% of respondents voted for a “pull out the stops”. However, they had no budget numbers to make informed decisions and requested that costs be included in order to be sure. With budget numbers, the results again reflect the same desire with 36% voting for the Medium Budget Scenario B cost, and 31% voting for the Maximum Budget Scenario. A total of 67% . We are confident \$4.225M will pass a community vote, and, more importantly, will give the neighbors what they have asked for by majority vote on multiple occasions.

Zone Recommendations:**Zone 1 - Half Count High School Sized Gymnasium/Multipurpose/Admin Building**

37% prefer the smaller gym/admin building, while 51% prefer the larger gym/admin building. Although the building committee originally supported the smaller gym/admin building, a majority of responders indicated a preference for the larger facility, and the building committee believes it is our job to reflect what the majority of homeowners ask for. This building cannot be phased or increased in size later. In addition, the building committee believes that the budget appetite of the majority will support inclusion of this amenity in at the community center plan. Therefore, the committee is recommending the larger half court high school sized gymnasium.

Zone 2 - Pool Scenario B, with an expanded scope

36% of respondents requested pool scenario B, while 35% requested pool scenario C with its larger kiddie pool and spa. Additionally, 62% of respondents indicated the pool is the most important amenity. This is compared to 21% who selected the gym/admin building, and 6% who indicated the pool house as the most important amenity, and 11% who marked “other”.

This is a strong indicator to the committee that the community has a preference for something slightly better than middle of the road. One solution would be to split the difference between the scope for the pools, in order to accommodate the tied vote. However, the committee wants to be respectful of those who prefer a smaller budget, scope and scale of project. Therefore, we are recommending a slightly expanded pool scope, and omitting the spa which received minimal support and much negative comment. The expanded entry area from Pool option C offers convenient access to the main pool with the ability for emerging swimmers and seniors alike to enjoy shallow waters and safe access to the main pool. The main pool cannot be expanded easily. It is possible to plumb in space for additional spray features and toys in the kiddie pool; however, expanding beyond the footprint will be impossible at a later date. Also, the building committee believes the slightly enhanced pool scenario B fits into the budget preference selected by a majority of the association. Therefore, the building committee recommends the Zone 2 pool scenario B, with a slightly increased entry to be respectful of the tied majority who requested Pool scenario C.

Zone 3 - Rooftop Terrace

The rooftop terrace is the least important amenity to the community. 39% indicated preference for the base plan, compared to 51% for the outdoor terrace and 21% for the second story. Based on these results, the building committee recommends eliminating the second story and is confident that the 21% of respondents will support a terrace in its place.

While the terrace is the least important option to owners, it is also the least expensive to build. The cost to build the terrace today is significantly less than it would be in a few years. The building committee is including this feature in the recommended proposal, but would like to make it known that this will be the first amenity removed if cost overruns occur and final budget does not meet expectation.

In Summary:

Statistics from both surveys indicate that the majority of the community prefers nothing less than the middle of the road, with almost an equal portion requesting the maximum amount of scope and investment. The building committee would like to honor the minority opinion, which is important and represents an estimated 20% of those who have chosen to participate in the neighborhood surveys to date. However, we feel obligated to reflect the desires of the majority. If statistics showed a trend towards the minimum-to-medium offering, then the recommended scope and budget would be different. In the building committee's recommendation, the statistics show a preference for the middle leaning towards a preference for the maximum.

Therefore, the building committee recommends an adjusted budget of \$4.225M total, which equals \$6500 per lot without interest, or \$50 - \$54 per month assuming 5% interest. This budget is consistent with the medium budget scenario selected by a majority of 36% of survey respondents, and also reflective of a combined 69% majority of those selecting B and C budgets.

This budget reflects the price and amenities from budget scenario B, plus an additional investment of \$110,000. This additional investment will provide enough capital for the larger gymnasium as preferred by respondents and minimal enhancements to pool scenario B, as preferred by a tied majority of respondents. We are confident that this approach meets an

acceptable budget threshold from the community, and includes as many of the amenities selected by the community as is possible for the moderate budget range.

For Decision:

The building committee seeks approval from the Oak Hills Board of Directors to proceed with legal and financial negotiations that include the proposed scope and budget.

In order to provide a final resolution for vote of the community, the building committee must negotiate financing terms with several banks, and secure a Commitment Letter from the selected bank with term options for consideration and approval of the Board of Directors. The building committee is requesting approval to use the not-to-exceed number of \$4.225M to negotiate terms with banks and favorable payment conditions for the homeowners.