

**TO: OUR NEIGHBORS IN WOODLAND SPRINGS
FROM: YOUR NEIGHBORHOOD ASSOCIATION BOARD**

This mailing will help you prepare for the 2015 Annual Members Meeting of the association, which will be held at 9:00 a.m. on Saturday, February 21, at the Woodland Springs Clubhouse (3535 E. 116th Street, Carmel, Indiana 46033).

Agenda for the meeting:

- Call to Order
- Determine a Quorum
- Approve Minutes from 2014 Annual Meeting
- Discuss Budget and Proposed Annual Assessment Increase/Vote on Proposal
- Management Report
- Crime Watch Update
- Elect Board Members
- New Business
- Adjournment

(There will be an organizational meeting of the board for the purpose of electing officers immediately following the annual meeting.)

This mailing includes:

- Proxy and return envelope. If you are unable to attend the meeting, please complete and return your Proxy (in the envelope provided) before the meeting so that your voice will be heard and your vote counted. **The Proxy must be completed in full and signed by an owner of the property in order to be valid. If the property is owned by a Corporation, the Proxy must be signed by the Designated Voter of the property.**
- A Board Member Volunteer Form. If you wish to volunteer to serve on the Woodland Springs Board, please complete this form and return it to the address indicated on the form by February 18.
- A summary of the association's recent Reserve Study.
- A copy of the association's budget for the current fiscal year (May 2014-April 2015) and the proposed budget for the fiscal year that begins May 1, 2015 (incorporating the proposed dues increase).
- FAQs concerning the Reserve Study and the proposed dues increase.

Please plan to either: (1) attend the meeting in person, or (2) execute and return your Proxy to ensure that the necessary quorum of members is established. If you have any questions about the meeting or the enclosed materials, please email Sarah Cross at Sentry Management, Inc.: scross@sentrymgt.com.

Thank you for your ongoing support! Like you, the members of your all-volunteer board care about Woodland Springs. We all want to see it preserved as a great place to live. And that can only happen with your continued participation and feedback. We look forward to seeing you on February 21.

Jim Rosensteele
President
Woodland Springs Neighborhood Association

**WOODLAND SPRINGS, INC.
PROXY
ANNUAL MEMBERS MEETING
FEBRUARY 21, 2015
DESIGNATED VOTER REQUIRED**

KNOW ALL MEN BY THESE PRESENTS, that the undersigned hereby appoints the Secretary of the Association or _____, with the power of substitution for an in the name, place and stead of the undersigned, to appear and represent the undersigned at the Meeting of the Association to be held on Saturday, February 21, 2015, at 9:00 a.m., at the Woodland Springs Clubhouse, 3535 E. 116th Street, Carmel, Indiana 46033, and any lawful adjournment thereof.

DATED: this _____ day of _____, 2015.

PROPERTY ADDRESS: _____

PRINT OWNER/DESIGNATED VOTER'S NAME

OWNER/DESIGNATED VOTER'S SIGNATURE

SUBSTITUTION OF PROXY

The undersigned, appointed as proxy above, does hereby designate _____
PRINT NAME OF SUBSTITUTE
PROXYHOLDER

To substitute for me in the proxy set forth above.

DATED: _____, 2015.

PROXY SIGNATURE

This proxy is revocable by the property owner and is valid only for the meeting for which it is given and any lawful adjournment. In no event is the proxy valid for more than ninety (90) days from the date of the original meeting for which it is given.

PROXY INSTRUCTIONS

DESIGNATED VOTER REQUIRED

1. A Proxy is for the purpose of appointing another person to attend the meeting for you in the event that you might not be able to attend. It must be signed by an owner of the property. If the property is owned by a corporation, it must be signed by the Designated Voter.
2. The Proxy should be submitted to the Association Secretary prior to the scheduled time of the meeting. It may be mailed in the enclosed self-addressed Proxy envelope to Sentry Management, or hand-delivered by you or your Proxy holder. We encourage you to submit the Proxy well in advance of the meeting to avoid delay in registration.
3. If you appoint someone as your Proxy and later decide you will be able to attend the meeting in person, you may withdraw your Proxy when you register at the meeting.

BOARD MEMBER VOLUNTEER FORM

The Woodland Springs board has nine members. Each board member serves a three-year term, but the terms are staggered, with one-third of the board (three board members) standing for election each year. At the association's Annual Meeting on February 21, homeowners will be electing:

- Three directors to serve terms that will begin at the annual meeting and end at the annual meeting in 2018; plus
- One director to serve until the annual meeting in 2017, filling the remainder of a term previously held by a former director who resigned.

Candidates

- Current board members Debbie Bubenzer and Dave Wenrick have agreed to stand for election to new three-year terms on the board.
- Residents Andy Sutton and Carl Sampson have volunteered to run for three-year board terms as new board members.
- Other residents who volunteer for board service also will be considered.

From the above candidate pool, the three candidates who receive the highest number of votes at the February 21 meeting will be elected to three-year terms expiring in 2018. The candidate who receives the fourth-most votes will be elected to fill the remainder of the term that expires in 2017.

As a member of the board, your thoughts and opinions can be considered while taking care of the business of running and maintaining a homeowners association. Board members must be able to attend the monthly board meetings (usually held in the evening on the second Monday of each month) and be available to take care of association business between meetings via email.

If you would like to volunteer to stand for election to the board, please complete and return this form to Sarah Cross at Sentry Management by Wednesday, February 18:

SENTRY MANAGEMENT
8425 KEYSTONE CROSSING, #108
INDIANAPOLIS, IN 46240

HOMEOWNER NAME(S) _____

ADDRESS _____

PHONE _____

EMAIL _____

CANDIDATE STATEMENT _____

FAQS

A proposed dues increase will be up for a vote at the Woodland Springs Neighborhood Association's 2015 annual meeting on February 21. Here are some of the frequently asked questions we've received from homeowners.

What is a Reserve Study? How much did it cost? Why was it done?

In 2013, the board retained an independent consultant, RSI Consultants (a subsidiary of Comer, Nowling & Associates), to:

- Analyze the association's finances.
- Inventory and inspect our major assets.
- Develop a capital plan to predict future repair/replacement schedules and estimate the cash flows that will be needed and available to the association during each of the next 20 years.

The Reserve Study cost \$2,400 in total, spread over a period of about 18 months. The board ordered the study because: (1) one of its most important responsibilities is to make sure that funds are available when the association's major assets (lake, pool, clubhouse, tennis courts, common properties, etc.) need to be maintained, repaired or replaced; and (2) many years had passed since the last comprehensive look at the association's financial situation.

What were the results of the Reserve Study?

Key findings:

- Our neighborhood infrastructure is aging. Major assets are at/nearing the end of their expected useful lives.
- To preserve the character and desirability of the neighborhood, we'll need to make \$841,000 in non-pool capital investments over the next 20 years, including \$205,000 in the next five years (please refer to the enclosed Reserve Study Summary). These amounts are "over and above" the cost of routine maintenance.
- At the current annual assessment level (\$415 per household per year), the association: (1) can no longer keep up with rising current operating expenses; and (2) will not be able to set aside the reserves needed to cover future capital expenses and contingencies.

What items are included in the Reserve Study?

Please refer to the enclosed Reserve Study Summary. Near-term projects include parking lot resurfacing, pathway sealing, tennis court resurfacing and interior/exterior painting of the clubhouse. Longer-term projects include tree removal and replacement, lake dredging, clubhouse bathroom and kitchen remodels, common area sidewalk repairs, fence replacement, clubhouse furniture replacement, clubhouse window and door replacement and lake erosion control. To request a copy of the Reserve Study, please email Sarah Cross at Sentry: scross@sentrymgt.com.

How were the figures in the Reserve Study determined?

The study inventoried all of the association's major assets and their components, then estimated their cost and remaining lives. The study then divided the cost of each item by the number of years left in its lifespan to determine the amount of money that needs to be put aside each year to replace each item at the end of its life.

How will the association's financial situation improve if the dues increase is approved?

As you will see on the enclosed budgets, the association's normal operating expenses are expected to increase by about \$8,000 next year. With the proposed dues increase:

- The association will receive \$35,000 per year of new revenue; we'll be able to cover the increase in operating expenses while also funding approximately \$27,000 of reserves and contingencies.
- This means that the annual contribution to the association's reserves will more than double (from \$21,000 this year to \$48,000 next year), and reserves will begin to grow to meaningful amounts.
- We will be able to make non-pool capital improvements and perform major infrastructure maintenance as needed.
- We will establish a new, more sustainable financial direction.

What happens to our financial situation if the dues increase is not approved?

- Our reserves will shrink over time.
- No major community improvements will occur.
- Only those emergency repairs needed to insure safety will be made; major infrastructure maintenance may be deferred.
- Over time, the appearance and usefulness of neighborhood amenities will diminish, threatening property values.

Woodland Springs dues have not changed since 2007. Some residents would have preferred smaller, gradual dues increases over time, rather than one (larger) increase now. Did prior boards consider that approach?

For most of its history, the association tightly controlled expenditures to match dues income. Especially during the last seven years (and the financial hard times that affected all of us), the volunteers serving on your board worked hard to keep dues level. The board did this by: (1) deferring repairs and maintenance for as long as possible; and (2) making only limited contributions to our "rainy day" fund. Unfortunately, our "rainy day" has now arrived. Thanks to the Reserve Study (perhaps the first in Woodland Springs history), however, we now have the hard data we need to make thoughtful decisions about the future of our neighborhood. Your board is recommending a dues increase because we believe it is time to put Woodland Springs on a more sustainable financial footing. With an increase, we can continue to make the investments that will ensure the type of neighborhood we all want. Without an increase, those investments are in doubt. The good news is that, even if the proposed increase is approved, Woodland Springs association dues would continue to be lower than many nearby associations that provide comparable amenities.

Why must today's proposed increase be so large?

Today's board carefully considered the size of the proposed dues increase. After much discussion, we decided that an \$85 annual increase would address the need for tangible growth in the association's financial reserves, while being manageable for many residents. In accordance with our covenants, any dues increase must be approved by a vote of the association, so residents will be asked to give formal approval at the annual meeting on February 21.

What will happen to the level of annual dues in the future? Other associations have small increases scheduled every year - is that approach being considered for Woodland Springs?

If approved, the increase would go into effect with the annual dues that are payable by May 1, 2015; therefore, the bill you receive for your next annual assessment would be for \$500. Beyond that, there are no current plans to increase annual dues. Residents, so far, have indicated little support for scheduling routine minor increases each year.

What about the pool situation? I've heard that more major repairs may be required, or we may need to replace the pool entirely. How will the association pay for that?

All residents should understand that the long-term future of our pool is a major financial uncertainty that lies outside of our current financial discussion. **The proposed dues increase is not intended to cover any major pool investments that may be required.** That's because: (1) the range of potential pool costs is extremely wide; and (2) we won't know until the end of this summer where the costs will fall within that range.

Here's some background. As our swimming pool has aged, it has become prone to moving, settling, cracking and leaking. The board has invested more than \$22,000 since 2013 to make unbudgeted emergency repairs to the pool and its pump house. Those repairs (the last of which will be completed this Spring) are designed to keep the pool operational while we investigate the best long-term solution. The board will keep a close eye on the pool's performance during the 2015 season. Based on how things go, we see three possible outcomes:

- The repairs already undertaken have fixed the pool's problems for the foreseeable future
- Additional major repairs are needed
- The pool needs to be replaced

If we determine in the Fall that the pool needs more major repairs, or if we determine that the pool needs to be replaced, the board would then recommend a special assessment to cover those costs. Any special assessment would, of course, be subject to the approval of association members, and a special association meeting probably would be called.

I never use the pool/clubhouse/tennis courts/lake. Why should I pay the same dues as people who do? Why is it necessary to have a pool/clubhouse/tennis courts/lake? Why not charge user fees to cover the upkeep costs of these facilities?

Ever since the neighborhood was established in 1968, “maintaining and administering the common properties and facilities” has been a key objective of the association “for the efficient preservation of the values and amenities” in the community. Under our covenants, each lot owner has one vote on association matters, and each lot owner pays the same annual assessment and shares equally in the costs of maintaining the association’s common properties and facilities, including the pool, tennis courts, clubhouse, lake, and island areas.

In a larger sense, all residents benefit from having the common properties and keeping them maintained, whether we use them or not. They help make our neighborhood a great place to live, which makes our homes more attractive to potential buyers, and, consequently, more valuable. We may not be planning to sell our homes any time soon, but eventually we (or our heirs) will benefit from the value we are able to build here by making sure that Woodland Springs continues to be a “neighborhood of choice” for years to come.

We do charge fees when people rent the Clubhouse and Pool for private use. These fees cover part of the operating costs of those facilities. Historically, we have not charged fees for residents to use the tennis courts or pool during open public hours; implementing these charges now would have a negligible impact on our overall financial situation.

How much is the management company (Sentry) costing us? What do we get for that money? Why can’t the board do all the day-to-day work of running the association so we can save that expense?

Until 2011, the board did all the day-to-day work of running the association, such as managing service vendors, collecting and processing your dues, maintaining records and accounts, and making regular runs through the neighborhood to spot maintenance issues and covenant infractions. Because these vital but time-consuming tasks were being performed by non-compensated volunteers, however, they weren’t always getting the attention they needed, so they weren’t being done consistently at a high level.

In 2011, the board decided that the association could benefit from professional help. We interviewed three recommended managers, then hired Sentry, a respected nationwide firm with many clients in greater Indianapolis. Under its current contract, Sentry’s annual fee is \$16,185; also, Sentry is reimbursed for expenses incurred on the association’s behalf, such as postage, printing, etc. Here’s what the board and association receive for Sentry’s fee:

- Supervision of our maintenance program, including all contracted services.
- Collection and processing of dues
- Assistance in the enforcement of the newly amended covenants for the benefit of all homeowners.
- Centralized and professionally managed financial management, including accounts payable, accounts receivable, general ledger, collections, closings and client services.
- For each board member, 24/7 online access to a wealth of real-time accounting and association reports.
- An Indianapolis-based Association Manager from Sentry to provide hands-on support and prompt response as questions and issues arise; the manager also serves as the liaison between the association and its attorney, and attends the association’s monthly board meetings and provides a monthly financial report and summary, collection and closing reports, and a manager’s report.

Since 2011, Sentry has:

- Introduced 24-hour access to community information and convenient online dues payment options. Users can make payments, access the association documents and forms that have been posted, and view the directory to update their profile information.
- Reduced, through active monitoring and follow-up, the number of outstanding unresolved covenant violations and improved overall covenant compliance.
- Reduced, through active collection effort, the number of residents who are behind on their dues payments and penalties.
- Saved money by negotiating reduced rates for major repairs.
- Saved money by negotiating reduced rates on the association’s insurance coverage, while broadening that coverage to include the Swim Team.
- Provided valuable advice to the board on ways to maintain property values across the neighborhood.

Remember that your elected board is still responsible for the overall operation of the neighborhood. The board oversees the property manager and continues to decide all major issues. With Sentry running day-to-day matters, the board has had more time to focus on overall policy and a long-term strategy aimed at protecting the investment we've all made in Woodland Springs.

How do I register a comment or complaint about Sentry?

Send an email to the board at: president@woodlandspringsneighborhood.com.

If the dues increase passes, I don't know if I'll be able to pay 100% of the amount by May 1. Can I do a payment plan?

Yes. If you need special arrangements for paying your dues (such as installments), we are ready to provide options. For details, contact Sarah Cross at Sentry: scross@sentrymgt.com.