

# **Notice of Meeting and Agenda for Work Session**

**GHI Board of Directors & Finance Committee**

**Thursday, August 26, 2021**

**7:00 p.m.**

**GHI Board Room**

**Purpose: Preliminary Discussion re: the GHI 2022 Budget**

**Agenda Items:**

- 1. Consider Expenditures for the following major items:**
  - a) Staff Salaries and Benefits;**
  - b) Real Estate Taxes;**
  - c) Property and Business Owner's Insurance;**
  - d) Trash Collection;**
  - e) Contracted Services and Improvements.**
- 2. Review whether adjustments should be made to Service and Other Income Charges.**
- 3. Discuss other items that should be included in the 2022 budget.**
- 4. Adjournment**

Ed James  
Board Secretary

## MANAGER'S MEMORANDUM

TO: GHI Board of Directors, Finance Committee

CC: Audit Committee

FROM: Eldon Ralph, General Manager

DATE: August 19, 2021

SUBJECT: Items for the GHI Board of Directors/Finance Committee Work Session on August 26, 2021

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On May 20, 2021, GHI's Board of Directors decided that the Board and Finance Committee would meet on August 26, beginning at 7:00 p.m. to conduct preliminary discussions regarding the GHI 2022 budget. Attachment # 1 is the 2021 budget. Board President Brodd will chair the work session, and the items to be discussed are as follows:

### 1. Consider expenditures for the following major items

#### a) Staff Salaries and Benefits

##### i. Staff Organizational Structure

A current staff organizational chart is presented in Attachment #2.

The 2021 budget included salaries and benefits for 42.5 full-time employees plus 2.5 employees for the Homes Improvement Program (HIP) from January to the end of April as follows:

Maintenance	27
Homes Improvement	2.5 (for 4 months)
Technical Services	4.5
Member Services	3
Finance	4
Management Office	4

The 2021 budget also included funds for a temporary grounds employee for 4 months to assist with yard restoration activities during the underground utility repair project and two temporary painters for 4 months. It also included costs for temporary on-call administrative assistants for the receptionist area and maintenance department as necessary, and overtime costs of \$60,000 for maintenance employees. The 2022 budget should also include funds for these components.

The HIP was completed at the end of April 2021, and the organizational structure currently comprises 42.5 full-time employees (FTE). The Manager does not propose increasing the FTE level in 2022.

ii. Salaries and Benefit Costs

Budgeted 2021 salaries and benefits are listed in the table below:

	<b>Salaries</b>	<b>Benefits</b>
Administrative	\$ 906,000	\$ 243,990
Maintenance (Charged to GHI Operations)	\$ 1,932,100	\$ 738,300
Maintenance (Charged to Replacement Reserves, HIP, GDC Operations)	\$ 172,400	\$ 65,180
<b>Total</b>	<b>\$ 3,010,500</b>	<b>\$1,047,470</b>

The 2021 General Industry Salary Budget Survey found only 3% of companies are not planning to boost salaries next year, a drop from 8% that didn't give raises this year. Notably, raises are returning to pre-pandemic levels. According to the General Industry Salary Budget Survey conducted by Willis Towers Watson Data Services, companies project average salary increases of 3% for executives, management and professional employees, and support staff in 2022. This is up from the average 2.7% increases companies granted this year. The 2021 General Industry Salary Budget Survey was conducted by Willis Towers Watson Data Services between April and June 2021. A total of 1,220 companies representing a cross section of industries participated. The report provides data on actual salary budget increase percentages for the past and current years, along with projected increases for next year.

401-K Plan Benefits

GHI makes available an employee retirement savings plan to full-time, regular employees who have completed one year of service. GHI matches annual contributions dollar for dollar up to 4% of the employee's salary. The Board of Directors may voluntarily make an additional discretionary contribution of 1% to the accounts of all eligible participants annually. Providing this benefit allows GHI to attract and retain good employees. The 2021 annual budget for the 401-K benefit is \$129,290.

### Health Insurance Benefits

GHI provides Health Maintenance Organization (HMO) coverage to our employees. The current plan is a High Deductible Health Plan (HDHP) that is paired with a Health Savings Account (HSA). In 2019, we changed our medical insurance provider from CIGNA to CareFirst/Blue Cross Blue Shield.

At present, GHI funds 85% of the high deductible costs in the amount of approximately \$ 93,000 per year by contributing \$1,700 for single coverage and \$3,400 for family coverage per year to employees' Health Savings Accounts. Also, GHI pays 90% of the total premium cost or approximately \$437,000 per year for HMO coverage, and employees pay the remaining 10%.

In speaking with our broker, the projected increase for 2022 is around 6 to 11%, but our rates will not be known until sometime in October, since we have a renewal date of December 1st. Last year, our broker solicited bids from CareFirst/Blue Cross Blue Shield, United Healthcare and Kaiser Permanente. The insurance broker held a virtual meeting with employees in July 2020 to discuss the Kaiser Permanente health care program which was the lowest-cost option. Thirty-four employees attended the presentation; twenty-eight completed a survey form after the presentation that indicated their preferences as follows:

Yes – 7 employees  
No – 14 employees  
Maybe - 7 employees

Based on employees' preferences, the Board selected CareFirst/Blue Cross Blue Shield as the medical insurance provider in 2020 and 2021. Kaiser Permanente's premium was \$80,704 lower than Care First's in 2021. Human Resources Director Maesha McNeill will solicit bids from healthcare insurance providers for 2022, excluding Kaiser Permanente, unless the Board requests otherwise.

### Life and Disability Insurance

Lincoln Financial is currently under contract to provide Life and Accidental Death and Dismemberment insurance, Long-Term Disability (LTD) insurance and Short-Term Disability (STD) insurance coverage for GHI employees until November 30, 2022. GHI pays the monthly premiums of approximately \$2,513 in full.

### Dental Insurance

Lincoln Financial has been our dental insurance since 2018, and the current contract ends on November 30, 2022. Lincoln Financial offers the staff a broad range of dental providers within its network. The average monthly cost is \$1,808.

### Vision Insurance

Vision care is self-insured and costs GHI about \$2,100 per year.

b) Real Estate Taxes

The Department of Assessments and Taxation will provide new assessments for GHI units in January 2022. The new assessments cover the years 2022 through 2024. Assessments are calculated to be reflective of the market values of homes. For the 2022 budget calculation of real estate taxes, staff will utilize existing assessment values but will increase the tax rate to approximate 2022 real estate tax obligations.

c) Property and Business Owner's Insurance

Approximately every five years, staff sends a request for proposals to several insurance brokerage firms requesting them to submit bids for GHI's Property and Business Owner's Coverage. Last year, two firms submitted bids. The Board selected USI Inc. as the insurance broker and approved payment of the following premiums to insurance providers that USI Inc. recommended:

Carrier	Line of Coverage	2021 Premium
Philadelphia	Property/General Liability/Boiler & Machinery/Auto	\$508,783
Kevin Davis	Umbrella Liability	\$ 34,100
ICW Group	Workers' Compensation	\$ 146,690
Continental	Crime, Directors & Officers' Liability	\$ 21,472
Tokio Marine	Cybercrime	\$ 3,382
<b>TOTAL</b>		<b>\$714,427</b>

For 2022, USI Inc. expects an across the board 7 to 9 % premium increase, assuming there are no major insurance claims for the remainder of 2021 or increases in exposure. However, for the workers' compensation policy, the broker suggests budgeting for a 7% increase in the premium to compensate for a payroll increase and an increase in the experience modification (losses) based on a 2021 mid-year projection of 1.87.

d) Trash Collection

An amount of \$452,750 was budgeted for this line item in 2021. The proposed 2022 budget for the City of Greenbelt trash collection service indicates no change in service fee revenues meaning no change for GHI in 2022.

e) Contracted Services and Improvements

i. Major Reduction of Expenditures in 2022:

The Homes Improvement Program (HIP) and crawlspace improvement program were completed during 2021; hence, no costs for these programs will be budgeted for 2022.

The budgeted contract amounts for these programs in 2021 were as follows:

**Operations Budget**

Crawlspace Improvements	\$24,800
HIP Optional Improvements	<u>\$476,095</u>
	<u>\$500,895</u>

**Replacement Reserve Budgets**

HIP Improvements for Main Homes	\$376,385
HIP Improvements for Additions	<u>\$68,385</u>
	<u>\$444,770</u>

ii. Probable New Expenditures in 2022:

- The website task force will shortly recommend establishment of a new website for GHI; if their recommendation is approved by the Board, this project will be included in the 2022 budget.
- Staff is currently researching costs for installing lighting fixtures and a security camera system at 10 Court Southway during 2022, in response to concerns from members in that court about their security.
- Staff proposes to include two new projects in the 2022 budget that will be financed from the replacement reserves fund, i.e., the replacement of doors for larger homes and roof replacements for approximately 50 block homes.

**2. Review whether adjustments should be made to Service and Other Income Charges**

Attachment #3 is the current schedule of service and other income charges. The Finance Committee should review the schedule and make recommendations for changes before the 2022 budget is approved.

**3. Discuss other items that should be included in the 2022 Budget**

The Board and Finance Committee should consider any other items (not covered in the 2021 budget) or mentioned above that should probably be included in the 2022 budget. Two such items that could be discussed are as follows:

- Purchase of the solar pves installed at the Administration Building.
- A pilot project involving electrification of some rental garages.

# Greenbelt Homes, Inc.

## 2021 Budget



- **October 8, 2020 - First Presentation to Finance Committee & Board of Directors**
- **November 5, 2020 – First Reading**
- **November 19, 2020 – Second Reading and Approval**

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GREENBELT HOMES, INC.  
2021 BUDGET  
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# GREENBELT HOMES, INC.

HAMILTON PLACE, GREENBELT, MARYLAND 20770

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## BOARD PRESIDENT'S 2021 BUDGET LETTER

December 8, 2020

Dear Fellow GHI Members,

Greetings and best wishes. I am very pleased to report that GHI continues to be in a strong financial condition, and able to meet our financial commitments. By year's end we will have completed more than 95% of our Homes Improvement Program (H.I.P.). That's a tremendous accomplishment considering the challenges we face in the present pandemic. If all goes as planned, the H.I.P. will be 100% complete by April 2021. It has been a complex and expensive undertaking, however thanks to the fiscal success of previous Boards of Directors, and to the planning and design work during our Pilot Program, and to the continuing dedicated, hard work of our H.I.P. staff, we are getting the work done with our own money (zero bank loans!) and under our own control.

Notice of your 2021 monthly coop fee, which becomes effective January 1, 2021, is enclosed with this letter. GHI's Board of Directors, Finance Committee and Management Staff developed our 2021 budget, with input from members.

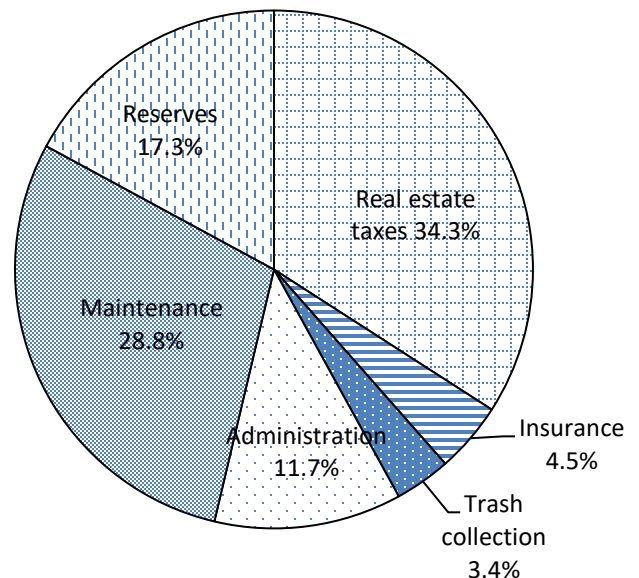
The overall budget for 2021 is \$13,892,651. Operating payments of \$12,281,536 will fund 88.4% of the budget. A portion of 3.8% will be funded by members who wish to install optional improvements during the 2021 phase of the Homes Improvement Program and 7.8% will be derived from other sources. The average operating payments for 2021 will be 2.6% greater than those for 2020. The complete budget can be reviewed on GHI's website at [www.ghi.coop](http://www.ghi.coop).

This chart shows the distribution of budget expenses in 2021. A summary of the major expense categories is as follows:

### Real Estate Taxes

Real estate taxes for 2021, including the Homestead Tax Credit (HTC) for those who are eligible, are expected to be \$4,522,928 (34.3% of the budget). Taxes for frame, masonry and larger homes will increase by an average of 3.6%, 3.4% and 2.3% respectively. This results in an overall average increase in real estate taxes of 3.5%.

**2021 BUDGET EXPENSES AND RESERVES**



The state of Maryland and Prince George's County calculate real estate taxes based on assessed values of each GHI home. Assessments for 2019, 2020 and 2021 were provided to GHI staff in January of 2019. These values are used in estimating the cooperative's real estate taxes.

GHI's Finance Department undertakes an annual reconciliation by comparing actual member payments for real estate taxes with actual invoices received from Prince George's County. If there is a difference, an adjustment is made to the member's account in December of the budget year.

#### Maintenance and Improvements

The budgeted cost for maintenance and improvements is \$3,784,650 (28.8% percent of the budget.) This includes structural repairs to units at 53 Ridge, 15 Laurel Hill and 17 Ridge.

Costs for other major items in this category include payroll and benefits for maintenance employees, materials for repair work, and other contracted services (e.g. tree maintenance, gutter cleaning, etc.). The Board approved an average 3.0% performance merit increase to salaries for maintenance employees during 2021; the General Manager determines how this increase is allocated to employees.

#### Reserves

GHI has a Replacement Reserves fund to address the replacement of major components of our homes and common property, e.g., roofs, windows, doors, water heaters, underground utility piping, sidewalks, etc., at the end of their service lives. The fund looks forward anticipating needs up to 30 years in the future. Members with additions also contribute to an Addition Maintenance Reserves fund. GHI hired a reserve advisor firm to update the analyses for both reserve funds in 2018; the 2021 budget reflects those updates.

During 2021, contributions of \$2,047,728 to the Replacement Reserves fund and \$200,970 to the Addition Maintenance Reserves fund (17.3% of the budget, taken together) will be made. The contribution to the Addition Maintenance Reserves fund will be increased by 1.8% over the 2020 budgeted amount, to ensure that there are sufficient funds for improvements to additions during the Homes Improvement Program.

Replacement Reserve and Addition Maintenance Reserve expenditures during the 2021 are estimated to be \$1,595,275 and \$97,685 respectively. Additionally, we also estimate that \$290,000 will be spent on underground utility repairs, \$226,285 on replacement of windows in the larger homes, \$165,360 on roof replacements for frame homes, and \$82,380 for planned replacement of siding on larger homes. Fund balances for Replacement Reserve and Addition Maintenance Reserves at the end of 2020 are projected to be \$5,918,973 and \$1,310,347 respectively.

GHI also has contingency reserves which are undesignated funds that are set aside for unanticipated expenses. The contingency reserve fund is projected to have \$529,505 at the end of 2020 consisting of \$470,991 for masonry homes and \$58,514 for larger homes. The contingency reserve for frame homes was fully utilized in 2018 to cover the asbestos abatement project in the crawlspaces of those units. Collections to cover the cost of crawlspace improvements and asbestos remediation in frame homes, \$160,000 and \$60,000 respectively, will continue until the contingency reserve fund for frame homes has been replenished, projected to be in 2026. The contingency fund for masonry homes is fully funded while the contingency fund for larger homes will be further evaluated after the close of 2020 to determine if additional collections will be necessary in the coming years.

#### Administration/Board/Membership Expense

The costs for this item are budgeted at \$1,544,220 (11.7% of the overall budget.) This figure is 3.3% greater than the 2020 amount. Some major components in this category include payroll and benefits for administrative staff, with an average 3.0% performance merit increase added to existing staff salaries in 2021, a new fully integrated property management and maintenance system with member portal, and additional funding to make GHI salary levels competitive in the marketplace.

### Insurance

Insurance costs for 2021 are estimated at \$595,690 (4.5% of the overall budget.) This represents an increase of 8.3% from 2020. GHI employs an insurance broker to obtain the most competitive insurance premiums available. To keep these premiums down, GHI maintains a deductible of \$10,000. The deductible is the amount GHI contributes towards settlement of each property insurance claim. This also means that GHI completely absorbs any loss that is less than or equal to \$10,000.

### Trash Collection

GHI has budgeted \$452,750 (3.4% of the overall budget) to pay the City of Greenbelt for collection of trash from members' homes and yards during 2021. There is no change from the 2020 amount.

### Conclusion

The 2021 budget is our cooperative's fiscal plan of action for the coming year. Your Board of Directors and Management Staff understand that keeping a community like ours well maintained and affordable requires that the Board, staff, committees, and all members work together to make decisions and address the many challenges that affect us. We are grateful for your involvement in, and contributions to, GHI.

Yours cooperatively,

A handwritten signature in cursive script that reads "Stefan Brodd".

Stefan Brodd  
President  
Greenbelt Homes, Incorporated  
president@ghi.coop

## **IMPORTANT CHANGES TO 2020 BUDGET**

Real estate taxes have been budgeted to reflect the impact of the loss of the Homestead Tax Credit for units which will not be eligible to receive it in 2020 (pages 13-14). Expenditures for the Homes Improvement Program (pages 23-25) have been broken out for crawlspace improvements, optional improvements, and replacement and addition maintenance reserves.

## **SIGNIFICANT INCREASES IN EXPENDITURES**

### Summary Budget (page 6)

- Real estate taxes
- Insurance

### Administrative – Schedule E (pages 17-20)

- Depreciation
- Information technology service

### Maintenance Expense – Schedule F (page 21-22)

- Materials
- Dumpsters
- Sub-meter court lighting

### Maintenance - Contract Work (page 22)

- Fee for service
- Structural repairs to 53 Ridge, 15 Laurel Hill, 17 Ridge

### Replacement Reserves (page 27)

#### Contracts

- Purchase one van
- Repair retaining wall
- Replace roofs on rental garages
- Replace roofs on attached garages
- Replace garage doors @ masonry homes
- Replace windows in larger homes
- Replace doors in larger single-family homes
- Replace siding on larger homes
- Parking lot construction

## **SIGNIFICANT REDUCTIONS IN EXPENDITURES**

### Summary Budget (page 6)

- Optional improvements

### Administrative – Schedule E (pages 17-20)

- Fringe
- Legal
- Board/Audit/Committees
- Member expenses
- Utilities

### Maintenance - Contract Work (page 22)

- Installation of security systems- administration building
- Asbestos removal in crawlspace of frame units

## **SUMMARY BUDGET OVERVIEW**

The summary budget is a consolidation of income, expenses and equity for all three budget groups. It provides the basis for the cooperative's operations during 2021. All of the other documentation included as part of the budget presentation consists of supporting schedules and backup material. The summary budget identifies total receipts (income), expenses and equity.

As a cooperative operating on a not-for-profit basis, GHI must determine which expenses are necessary, then collect sufficient income to meet those expenses.

In accordance with the bylaws, increases in membership operating payments cannot exceed 10% of the prior year's operating payments without membership approval. The increase in membership operating payments for 2021 falls well within this limit and provides for enhanced services and improvements.

**This budget reflects an increase in membership operating payments of 2.6%.**

**Operating payments consists of real estate taxes, trash collection, insurance, administration, maintenance and improvements, crawlspace improvements, asbestos remediation and replacement reserves, less service and other income.**

GREENBELT HOMES, INC.  
2021 BUDGET  
SUMMARY

	2020 Yr End Projection	2020 Budget	Proposed 2021 Budget	%	Schedule
<b>RECEIPTS:</b>					
<u>Members' charges:</u>					
Operating charges	\$ 5,364,715	\$ 5,364,715	\$ 5,490,880	2.4%	
Real estate taxes	4,319,086	4,371,073	4,522,928	3.5%	
Crawlspace improvements	160,000	160,000	160,000	0.0%	
Asbestos remediation	100,000	100,000	60,000	-40.0%	
Replacement reserves	1,972,057	1,972,057	2,047,728	3.8%	
Total members' charges	<u>11,915,858</u>	<u>11,967,845</u>	<u>12,281,536</u>	2.6%	A
<u>Other income sources:</u>					
Service income	535,325	542,610	559,710	3.2%	B
Other income	276,050	356,740	326,720	-8.4%	B
Total other income sources	<u>811,375</u>	<u>899,350</u>	<u>886,430</u>	-1.4%	
Members' charges and other income	<u>\$ 12,727,233</u>	<u>\$ 12,867,195</u>	<u>\$ 13,167,966</u>	2.3%	
<u>Miscellaneous receipts:</u>					
Addition maintenance reserves	197,421	197,421	200,970	1.8%	I
Optional improvements	1,861,220	1,618,460	523,710	-67.6%	H
Total receipts	<u>\$ 14,785,874</u>	<u>\$ 14,683,076</u>	<u>\$ 13,892,646</u>		
<b>EXPENSES:</b>					
Real estate taxes	4,319,086	4,371,073	4,522,928	3.5%	C
Trash collection	429,076	452,750	452,750	0.0%	A
Insurance	541,690	568,140	595,690	4.8%	D
Adm/Brd/Memb	1,399,458	1,495,325	1,544,220	3.3%	E
Maintenance & improvements	3,601,310	3,747,850	3,784,650	1.0%	F
Crawlspace improvements	224,670	17,020	26,390	55.1%	G
Total expenses prior to optional HIP	<u>10,515,290</u>	<u>10,652,158</u>	<u>10,926,628</u>	2.6%	
Optional improvements	1,861,220	1,618,460	523,710	-67.6%	H
Total expenses	<u>\$ 12,376,510</u>	<u>\$ 12,270,618</u>	<u>\$ 11,450,338</u>		
<b>EQUITY:</b>					
Replacement reserves	1,972,057	1,972,057	2,047,728	3.8%	I
Addition maintenance reserves	197,421	197,421	200,970	1.8%	I
Total reserves	<u>2,169,478</u>	<u>2,169,478</u>	<u>2,248,698</u>	3.7%	
Total expenses & reserves	<u>\$ 14,545,988</u>	<u>\$ 14,440,096</u>	<u>\$ 13,699,036</u>	-5.1%	
Unreserved operating fund	239,886	242,980	193,610	-20.3%	
Total expense & equity	<u>\$ 14,785,874</u>	<u>\$ 14,683,076</u>	<u>\$ 13,892,646</u>		
Depr - member units	<u>1,063,600</u>	<u>622,000</u>	<u>1,214,000</u>	95.2%	

## DISTRIBUTION OF 2021 MEMBERS' CHARGES

Schedule A illustrates how total members' charges are distributed among the three budget classes created by GHI's Mutual Ownership Contracts. Since real estate taxes are determined based on the actual real estate tax bill, not all members within the particular budget class (frame, masonry, & larger homes) will increase by the same percentage.

For 2021 the total members' charges are reduced \$886,430 by service and other income (see Schedule B).

### ABBREVIATIONS USED IN TEXT

- |            |   |
|------------|---|
| 1) GHI =   | Greenbelt Homes, Inc.                           |
| 2) GDC =   | Greenbelt Development Corporation               |
| 3) ADM =   | Administration expense                          |
| 4) BRD =   | Board expense                                   |
| 5) MEMB =  | Members expense                                 |
| 6) MAINT=  | Maintenance                                     |
| 7) FFS =   | Fee For Service                                 |
| 8) RR =    | Replacement reserves                            |
| 9) HIP =   | Homes Improvement Program                       |
| 10) HTC =  | Homestead tax credit                            |
| 11) s/s =  | Service side                                    |
| 12) g/s =  | Garden side                                     |
| 13) c/a =  | Common area                                     |
| 14) EPDM = | Ethylene Propylene Diene Monomer rubber roofing |



GREENBELT HOMES, INC.  
2021 BUDGET  
DISTRIBUTION OF 2021 MEMBERS' CHARGES

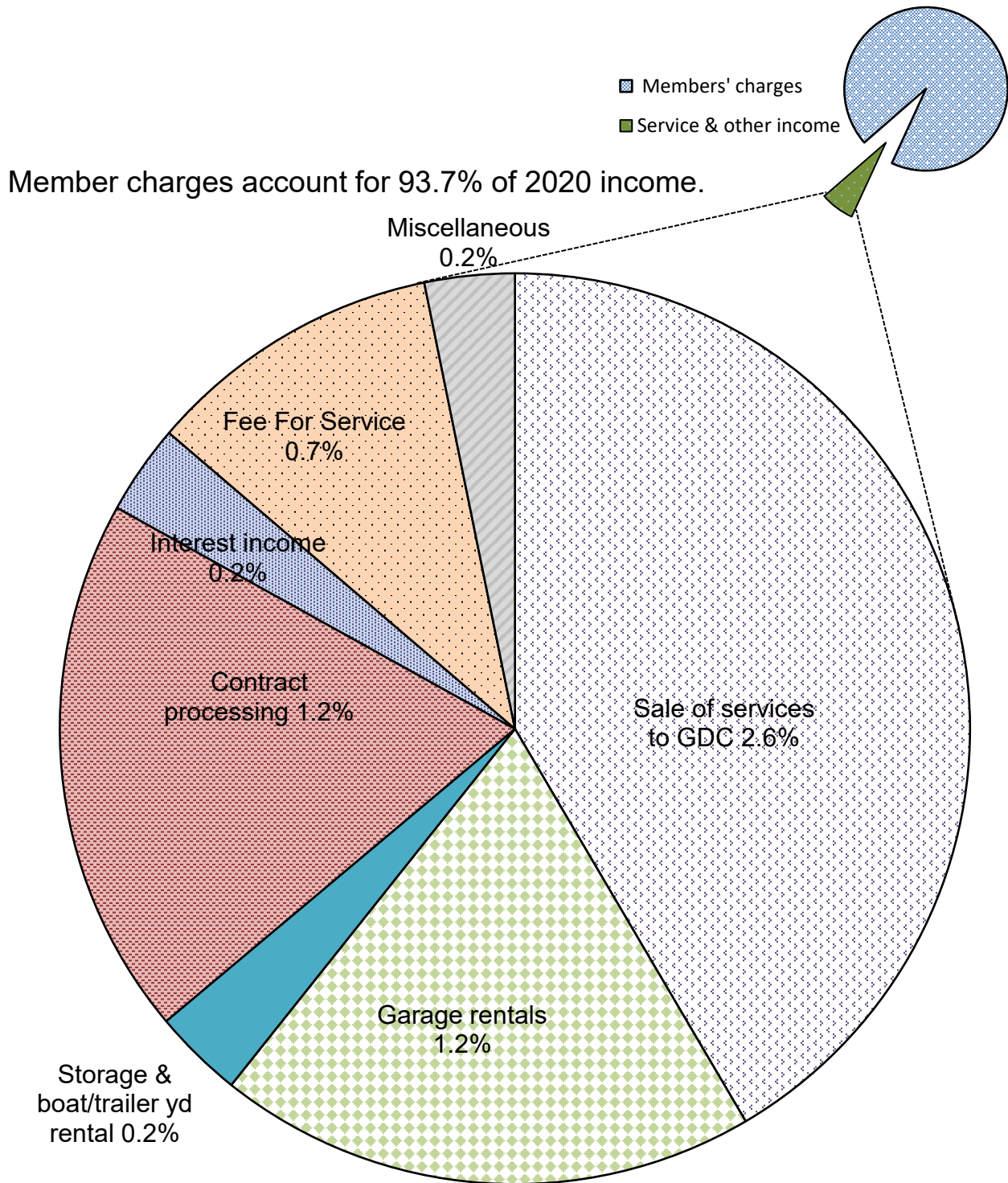
Schedule A

	FRAME HOMES		MASONRY HOMES		LARGER HOMES		TOTAL CHARGES		% Change
	2020	2021	2020	2021	2020	2021	2020	2021	
<u>Routine Operating Payments</u>									
Real estate taxes	\$ 2,381,260	\$ 2,467,781	\$ 1,849,732	\$ 1,911,876	\$ 140,081	\$ 143,271	\$ 4,371,073	\$ 4,522,928 <sup>2</sup>	3.5%
Trash collection	280,705	280,705	163,895	163,895	8,150	8,150	452,750	452,750	0.0%
Insurance	352,247	369,328	205,667	215,640	10,227	10,722	568,140	595,690	4.8%
Adm/Brd/Memb	927,102	957,416	541,308	559,008	26,916	27,796	1,495,325	1,544,220	3.3%
Maint and improvements	2,287,267	2,310,807	1,390,282	1,400,056	70,301	73,787	3,747,850	3,784,650	1.0%
Crawlspace improvements	160,000	160,000	-	-	-	-	160,000	160,000	0.0%
Asbestos remediation	60,000	60,000	40,000	-	-	-	100,000	60,000	-40.0%
Transfers to reserves (RR)	1,090,999	1,128,093	844,585	880,902	36,472	38,733	1,972,057	2,047,728	3.8%
<b>Total charges</b>	<b>7,539,580</b>	<b>7,734,130</b>	<b>5,035,469</b>	<b>5,131,377</b>	<b>292,147</b>	<b>302,459</b>	<b>12,867,195</b>	<b>13,167,966</b>	<b>2.3%</b>
Less service & other income	557,597	549,587	325,564	320,888	16,188	15,956	899,350	886,430	-1.4%
<b>Total operating payments</b>	<b>\$ 6,981,983</b>	<b>\$ 7,184,544</b>	<b>\$ 4,709,905</b>	<b>\$ 4,810,489</b>	<b>\$ 275,959</b>	<b>\$ 286,503</b>	<b>\$ 11,967,845</b>	<b>\$ 12,281,536</b>	<b>2.6%</b>
<u>Addition Maintenance Program</u>									
Transfers to reserves (AM)	113,719	115,763	83,123	84,617	579	589	197,421	200,970	1.8%
<u>Homes Improvement Program</u>									
Optional improvements	985,570	120,540	632,890	403,170	-	-	1,618,460	523,710	-67.6%
<b>Total members' charges</b>	<b>\$ 8,081,272</b>	<b>\$ 7,420,847</b>	<b>\$ 5,425,918</b>	<b>\$ 5,298,276</b>	<b>\$ 276,538</b>	<b>\$ 287,092</b>	<b>\$ 13,783,726</b>	<b>\$ 13,006,216</b>	<b>-5.6%</b>
<b>% avg. change in operating payments</b>		<b>2.9%</b>		<b>2.1%</b>		<b>3.8%</b>		<b>2.6%</b>	
% avg. change in members' charges		-8.2%		-2.4%		3.8%		-5.6%	
% average change in real estate taxes <sup>1</sup>		3.6%		3.4%		2.3%		3.5%	
% change in transfer to reserves		3.2%		4.1%		6.1%		3.7%	

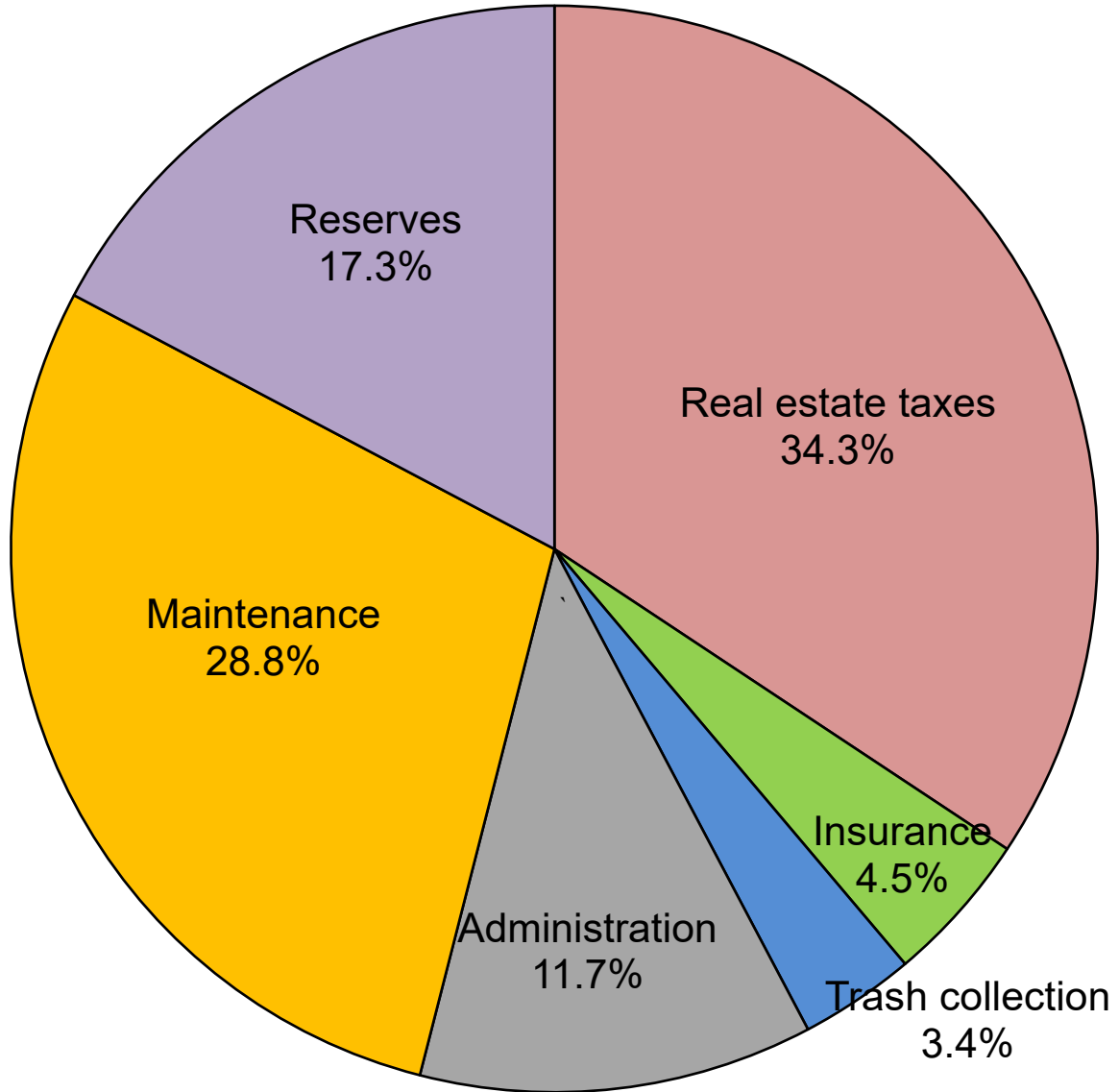
1 The variation in percent change between home groups reflects the impact of actual assessed values of homes and the HTC for members who are eligible. The 2021 budgeted real estate taxes by home group are a summation of individual unit real estate taxes for that particular home group and include the benefit of any HTC. Not all members within a home group are impacted equally.

2 In 2021 the cooperative will continue to receive the benefit of the Homestead Tax Credit (HTC) for members who are eligible. If the entire cooperative did not receive the benefit of the HTC, GHI's real estate taxes would have increased by 13.2% or \$453,988 for the 2021 budget (see page 10).

# 2021 BUDGET INCOME



# 2021 BUDGET EXPENSES AND RESERVES



GREENBELT HOMES, INC.  
2021 BUDGET  
SERVICE AND OTHER INCOME NARRATIVE

SERVICE INCOME

*Service income of Schedule B is derived from 3 sources: sale of services to Greenbelt Development Corporation, rental garages, rental of boiler room storage, and rented space in the boat/trailer yards.*

Sale of services to GDC - GDC will continue to pay its portion of the annual audit, insurance, legal and a management fee to GHI.

Garage rentals - The monthly rent for closed garages @\$55/month; open garages @\$32/month; and garages used for storage @\$108/month, all remain the same in 2021.

Boiler room storage - The rent for units at 8,9, and 10 Southway and 14 Ridge (4 each) remains unchanged @\$110/month in 2021.

Boat/trailer yard rental - The rent for boat/trailer slots @\$27/month and canoes slots @\$5/month also remain

OTHER INCOME

*Other income of Schedule B consists of contract processing, interest income, Fee For Service revenue and miscellaneous income from various activities.*

Contract processing - Consists of membership fees paid by new members and the processing fees on resales. The 2021 budget reflects administrative fees of \$1,060 (seller), \$685 (membership) \$85 (MOC change), and a \$510 transfer fee and is based on 90 resales.

Interest income - This item consists of interest earned on accounts and investments net of those held for specific reserves. Corporate bond interest \$87K less bond premium amortization of \$7K, the Vanguard Federal Money Market and bond mutual funds \$16K, and other interest \$3K less interest for specific reserves \$70K result in interest income available for operations of \$29K.

Fee For Service - This income consists of an hourly component charged when services are provided by in-house staff and an administration component when services are contracted to outside companies. Expense relating to FFS activities have been budgeted in general maintenance and contract work.

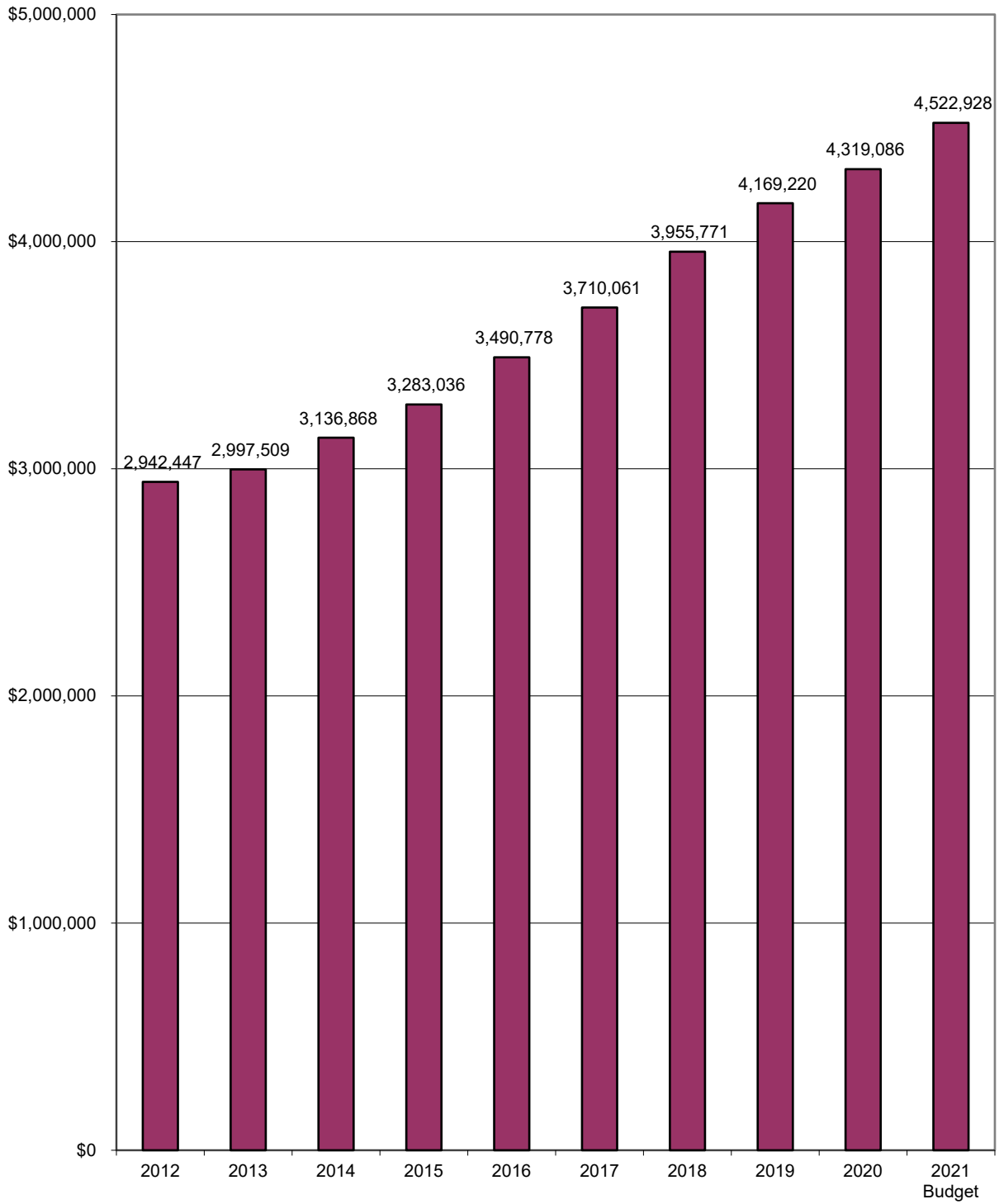
Miscellaneous - This item includes proceeds from recycling of scrap metal of \$3K, late fees paid by members of \$18K, and various other miscellaneous receipts of \$12.1K.

GREENBELT HOMES, INC.  
2021 BUDGET  
SERVICE AND OTHER INCOME

Schedule B

	<u>2020 Yr End Projection</u>	<u>2020 Budget</u>	<u>Proposed 2021 Budget</u>	<u>% Change</u>
<u>Service Income</u>				
Sale of services to GDC	\$ 341,930	\$ 341,930	\$ 359,030	5.0%
Garage rentals	171,455	173,480	173,480	0.0%
Storage & boat/trailer yd rental	21,940	27,200	27,200	0.0%
Total service income	<u>\$ 535,325</u>	<u>\$ 542,610</u>	<u>\$ 559,710</u>	3.2%
<u>Other Income</u>				
Contract processing	\$ 160,520	\$ 151,640	\$ 160,520	5.9%
Interest income	54,920	80,000	29,000	-63.8%
Fee For Service	28,350	78,650	104,100	32.4%
Miscellaneous	32,260	46,450	33,100	-28.7%
Total other income	<u>\$ 276,050</u>	<u>\$ 356,740</u>	<u>\$ 326,720</u>	-8.4%

# REAL ESTATE TAXES



GREENBELT HOMES, INC.  
2021 BUDGET  
REAL ESTATE TAXES

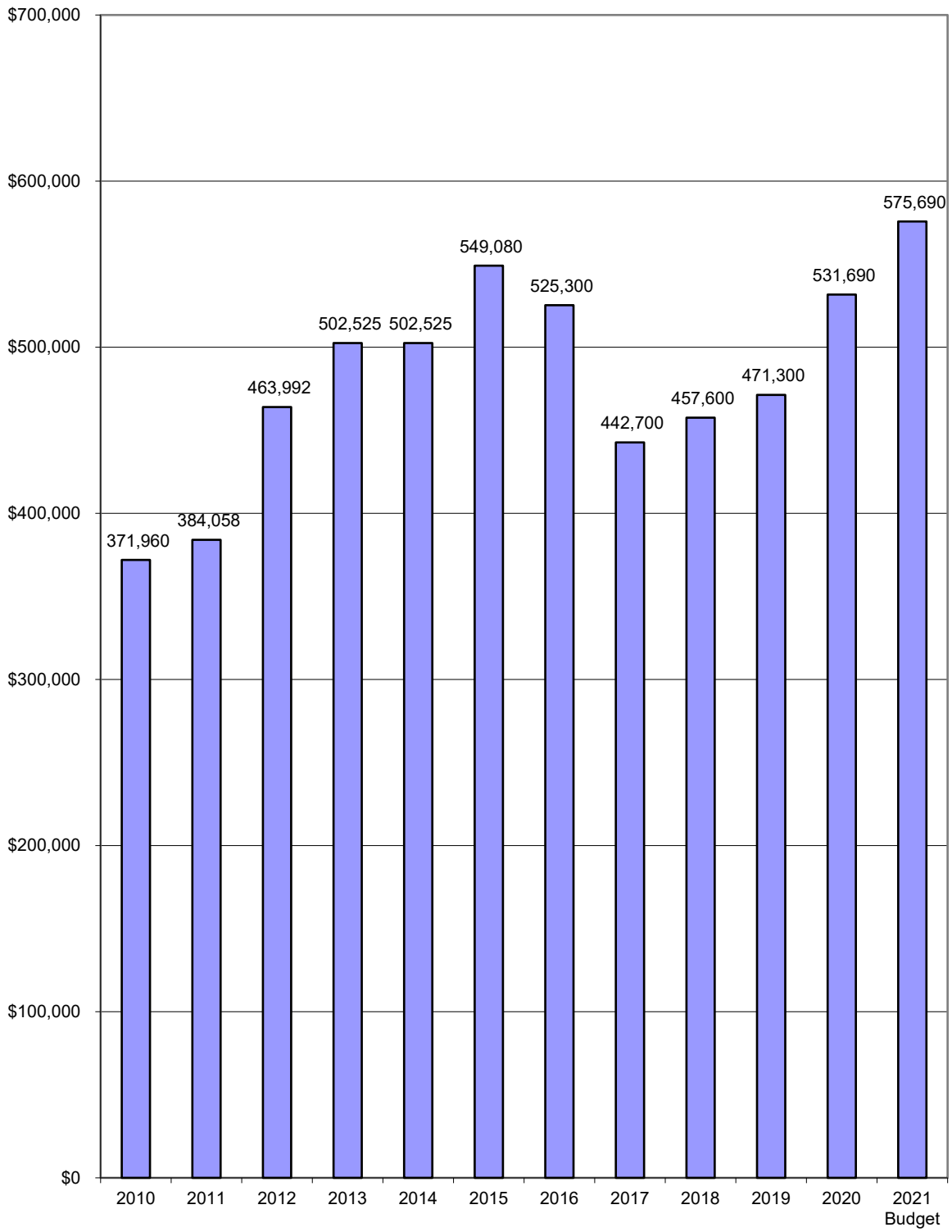
Schedule C

	<u>2020 Actual</u>	<u>2020 Budget</u>	<u>Proposed 2021 Budget</u>	<u>% Change</u>
Real estate assessment	\$ 242,755,683	\$ 235,406,981	\$ 249,895,300	6.2%
Tax rate (per \$100 assessed)	1.9901	1.9986	1.9916	-0.4%
Total real estate tax	<u>\$ 4,319,086</u>	<u>\$ 4,371,073</u>	<u>\$ 4,522,928</u>	3.5%
<b>Taxes excluding HTC</b>	<b>\$ 4,831,082</b>	<b>\$ 4,704,861</b>	<b>\$ 4,976,916</b>	
<b>Savings from HTC</b>	<b>\$ 511,996</b>	<b>\$ 333,788</b>	<b>\$ 453,988</b>	

If the cooperative were not eligible to receive the HTC, GHI's real estate taxes would have been \$4,831,082 for 2020. The HTC assisted in reducing GHI's total real estate taxes by \$511,996. Individual member real estate tax responsibility will vary due to several factors including timing of eligibility of the HTC and assessed home value. Not all members within a home group are impacted equally.

<u>Historic Data</u>	<u>Tax Rates per \$100</u>	<u>Assessment</u>
2012 Actual	1.8996	227,193,562
2013 Actual	1.9306	181,553,126
2014 Actual	1.9481	182,462,318
2015 Actual	2.0001	183,318,500
2016 Actual	1.9981	198,919,264
2017 Actual	1.9931	214,528,737
2018 Actual	1.9881	223,047,200
2019 Actual	1.9971	235,803,125
2020 Actual	1.9901	242,755,683
2021 Budget	1.9916	249,895,300

# TOTAL INSURANCE





GREENBELT HOMES, INC.  
2021 BUDGET  
INSURANCE

Schedule D

	2020 Yr End Projection	2020 Budget	Proposed 2021 Budget	% Change
<u>INSURANCE</u>				
Hazard & extended coverage (General liability, umbrella, D&O liability, and property damage)	\$ 531,690	\$ 531,690	\$ 575,690	8.3%
Uninsured losses	10,000	36,450	20,000	-45.1%
Total to insurance (Does not include vehicle & workers' compensation)	541,690	568,140	595,690	4.8%
* Vehicle (included in vehicle expense)	49,460	51,930	54,530	5.0%
* Workers' compensation (included in fringe benefits)	100,230	133,640	154,230	15.4%
TOTAL	\$ 691,380	\$ 753,710	\$ 804,450	6.7%

\* These items are included in maintenance schedules.

GREENBELT HOMES, INC.  
2021 BUDGET  
ADMINISTRATION/BOARD/MEMBER EXPENSE NARRATIVE

Schedule E – Provides a list of expenses of the administrative staff, Board of Directors, elected and appointed committees, and membership activities and services.

Payroll - Administration – (Increased from 2020 budget of \$839,970 to \$906,000). This item reflects a 3% salary increase at existing staff levels as well as \$40,000 to assist in bringing salary levels towards the 75<sup>th</sup> percentile.

Fringe Benefits – (Decreased from 2020 budget of \$267,710 to \$243,990). This item is based on employers' portion of 2021 health insurance premiums for CareFirst which are down by 3.4%. Also includes premiums for dental, life, and short and long-term disability. GHI employees contribute 10% of the cost of their medical/dental insurance premiums.

Office Equipment, Supplies & Postage – (Decreased from 2020 of \$37,700 to \$35,500). Items included in this category: member communications, computer supplies, technical service supplies, postage, and in-house printing on GHI equipment. We are anticipating reduced postage after the implementation of a fully integrated property management and maintenance system in 2021.

Copier Expense – (Increased from 2020 budget of \$14,900 to \$15,250). This item reflects our current copier contracts and usage levels.

Telephone & Email – (No change from 2020 budget of \$23,800). This item reflects the costs associated with current communication services provided by the following: Mitel (\$11.5K), Answer MTI (\$8K), Verizon (\$1.5K), ATT (\$2K).

Hiring and Training – (Decreased from 2020 budget of \$28,000 to \$25,500). This item includes advertising costs to fill vacant positions of \$12,000, classes, seminars and workshops for maintenance and administrative personnel of \$7,000. Also included are pre-employment and random drug screening totaling \$1,000 as well as staff incentive awards of \$5,500.

Temporary and Professional Help – (Decreased from the 2020 budget of \$33,500 to \$31,900). This amount consists of \$9,900 for payroll services, \$2,000 for temporary help, \$5,000 for industrial hygienist services, \$5,000 for drainage & swale engineering services and \$10,000 for indexing and scanning of construction drawings.

Legal – (Decreased from 2020 budget of \$40,000 to \$35,000). This item includes \$10,000 for legal fees associated with Maglev and road widening and \$25,000 for various legal issues encountered by the cooperative.

Audit – (Decreased from 2020 budget of \$19,425 to \$19,000). This reflects the anticipated cost of accounting and tax services.

Association Dues and Conferences – (No change from 2020 budget of \$2,500). This item includes the following memberships: Community Association Managers International Certification Board \$350, the Community Association Institute (CAI) \$850, and the National Association of Housing Cooperatives (NAHC) \$1,300.

Staff Events – (No change from 2020 budget of \$6,500). Even though staff may not conduct events in the same manner as in previous years, it is critically important to find creative ways to engage staff and keep morale high during these unprecedented times.

GREENBELT HOMES, INC.  
2021 BUDGET  
ADMINISTRATION/BOARD/MEMBER EXPENSE NARRATIVE (cont.)

Board/Audit/Committees – (Decreased from 2020 budget of \$53,120 to \$40,580). Architectural Review Committee decreased from \$1,050 to \$700; Audit Committee \$7,500; Bicycle Committee \$1,375; Communications Committee decreased from \$600 to \$250; Companion Animal increased from \$470 to \$710; Member Outreach remains \$4,000; Nominations and Elections increased from \$1,650 to \$1,705; Woodlands \$2,100; stipends for Board and Audit Committee \$19,340; Board strategic planning and training decreased from \$5,000 to \$1,500; stipend for staff meals when attending evening meetings \$1,400.

Member Expenses – (Decreased from 2020 budget of \$12,000 to \$7,500). This line items consists of the annual meeting \$6,000; News Review ads \$1,500.

Utilities – (Decreased from 2020 budget of \$32,000 to \$26,000). This item includes heat, electricity and water for the office buildings and assumes the full year benefit from the power purchase agreement.

Personal Property Taxes – (No change from 2020 budget of \$4,500).

Depreciation – (Increased from 2020 budget of \$12,050 to \$20,800). This item reflects additional depreciation for computer upgrades, capitalized costs associated with fully integrated property management and maintenance system.

Other – (No change from 2020 budget of \$7,850). This item includes fees to professional organizations to maintain staff designations and professional relationships, bank service charges and a corporate membership to the Greenbelt Aquatic Center to be shared by GHI staff.

Information Technology Services – (Increased from 2020 budget of \$59,800 to \$92,050). This item includes outsourced support, maintenance and remote backup services for computer software including MicroMain and Jenark (final year for both), nine months of a new fully integrated property management and maintenance system, a human resources information system and web hosting.

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GREENBELT HOMES, INC.  
2021 BUDGET  
ADMINISTRATION/BOARD/MEMBERSHIP EXPENSE SUMMARY

	<u>Schedule E</u>			
	<u>2020 Yr End</u>	<u>2020 Budget</u>	<u>Proposed</u>	<u>%</u>
	<u>Projection</u>		<u>2021 Budget</u>	<u>Change</u>
<b>EXPENSES</b>				
Payroll-Administration	\$ 838,700	\$ 839,970	\$ 906,000	7.9%
Fringe benefits	227,288	267,710	243,990	-8.9%
Office equipment/supplies/postage	39,000	37,700	35,500	-5.8%
Copier expense	16,000	14,900	15,250	2.3%
Telephone & email	24,600	23,800	23,800	0.0%
Hiring and training	21,000	28,000	25,500	-8.9%
Temp & professional help	34,500	33,500	31,900	-4.8%
Legal	36,000	40,000	35,000	-12.5%
Audit	18,500	19,425	19,000	-2.2%
Association dues & conferences	2,500	2,500	2,500	0.0%
Staff events	6,500	6,500	6,500	0.0%
Board/Audit/Committees	10,000	53,120	40,580	-23.6%
Member expenses	11,000	12,000	7,500	-37.5%
Utilities	25,300	32,000	26,000	-18.8%
Personal property taxes	4,420	4,500	4,500	0.0%
Depreciation	15,400	12,050	20,800	72.6%
Other	6,750	7,850	7,850	0.0%
Information technology services	62,000	59,800	92,050	53.9%
<b>Total Administration</b>	<u><u>\$ 1,399,458</u></u>	<u><u>\$ 1,495,325</u></u>	<u><u>\$ 1,544,220</u></u>	3.3%

GREENBELT HOMES, INC.  
2021 BUDGET  
ROUTINE MAINTENANCE & IMPROVEMENTS EXPENSE SUMMARY

	<u>Schedule F</u>			
	<u>2020 Yr End Projection</u>	<u>2020 Budget</u>	<u>Proposed 2021 Budget</u>	<u>% Change</u>
Payroll - maintenance	\$ 1,829,250	\$ 1,896,600	\$ 1,932,100	1.9%
Fringe benefits	691,460	718,100	738,300	2.8%
Materials	245,000	255,000	264,300	3.6%
Subtotal	<u>2,765,710</u>	<u>2,869,700</u>	<u>2,934,700</u>	2.3%
Contract work	<u>645,000</u>	<u>687,450</u>	<u>647,350</u>	-5.8%
Vehicle expense	103,500	110,000	110,000	0.0%
Dumpsters	40,000	39,000	45,000	15.4%
Uniforms	17,000	17,000	17,000	0.0%
Sub-meter court lighting	14,200	8,800	14,700	67.0%
Depreciation	<u>15,900</u>	<u>15,900</u>	<u>15,900</u>	0.0%
Total Maintenance	<u><u>\$ 3,601,310</u></u>	<u><u>\$ 3,747,850</u></u>	<u><u>\$ 3,784,650</u></u>	1.0%

	<u>Schedule F-1</u>			
	<u>2020 Yr End Projection</u>	<u>2020 Budget</u>	<u>Proposed 2021 Budget</u>	<u>% Change</u>
<u>FRAME HOMES</u>				
Total frame expenses	<u>\$ 2,232,812</u>	<u>\$ 2,287,267</u>	<u>\$ 2,310,807</u>	1.0%
<u>MASONRY HOMES</u>				
Total masonry expenses	<u>1,303,674</u>	<u>1,390,282</u>	<u>1,400,056</u>	0.7%
<u>LARGER HOMES</u>				
Total larger homes expenses	<u>64,824</u>	<u>70,301</u>	<u>73,787</u>	5.0%
Total Maintenance	<u><u>\$ 3,601,310</u></u>	<u><u>\$ 3,747,850</u></u>	<u><u>\$ 3,784,650</u></u>	1.0%

GREENBELT HOMES, INC.  
2021 BUDGET  
PROPOSED CONTRACTS (ROUTINE MAINTENANCE)

	Budget 2020	Budget 2021	% Change
<u>Maintenance - Contract Work</u> (Schedule F, Line 4)			
Asbestos tile removal (masonry homes)	\$ 2,000	\$ 2,000	0.0%
Bathtub reglazing (40)	18,000	20,000	11.1%
Fire & burglar alarm system monitoring & repairs	1,800	1,800	0.0%
Fire extinguisher servicing (administration building)	650	650	0.0%
Fee for service contracted work	26,000	36,200	39.2%
Gutter cleaning (Spring and Fall)	60,000	62,000	3.3%
Installation of security system admin. building	80,000	-	-100.0%
Janitorial services (administration building)	23,000	25,945	12.8%
Landscape maintenance	67,000	65,955	-1.6%
Parking lot repairs (minor repairs)	40,000	40,000	0.0%
Pest extermination	36,000	40,000	11.1%
Power cleaning of storm mains	5,000	5,000	0.0%
Repairs HVAC units at larger homes	5,000	8,000	60.0%
Repairs to exterior walls of masonry homes	75,000	75,000	0.0%
Structural repairs to 53-D Ridge, 15-M Laurel Hill, 17 Ridge	-	44,800	N/A
Swale/drainage improvements	50,000	50,000	0.0%
Asbestos removal in crawlspace of frame units (2020 - 4 pilot buildings)	38,000	-	-100.0%
Tree maintenance & fertilization	160,000	170,000	6.3%
Total	<u>\$ 687,450</u>	<u>\$ 647,350</u>	-5.8%

GREENBELT HOMES, INC.  
2021 BUDGET  
HOMES IMPROVEMENT PROGRAM - CRAWLSPACE IMPROVEMENTS

Schedule G

	<u>2020 Yr End Projection</u>	<u>2020 Budget</u>	<u>Proposed 2021 Budget</u>	<u>% Change</u>
Crawlspace Improvements				
Payroll - crawlspace improvements	\$ 154,870	\$ 1,050	\$ 1,180	12.4%
Fringe benefits	54,200	370	410	10.8%
Subtotal	<u>209,070</u>	<u>1,420</u>	<u>1,590</u>	12.0%
Contract work	<u>15,600</u>	<u>15,600</u>	<u>24,800</u>	59.0%
Total crawlspace improvements	<u>\$ 224,670</u>	<u>\$ 17,020</u>	<u>\$ 26,390</u>	55.1%

Schedule G-1

	<u>2020 Yr End Projection</u>	<u>2020 Budget</u>	<u>Proposed 2021 Budget</u>	<u>% Change</u>
Crawlspace Improvements by Homes Group				
<u>FRAME HOMES</u>				
Total crawlspace improvements - Frame	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,880</u>	N/A
<u>MASONRY HOMES</u>				
Total crawlspace improvements - Masonry	<u>224,670</u>	<u>17,020</u>	<u>8,510</u>	-50.0%
Total crawlspace improvements	<u>\$ 224,670</u>	<u>\$ 17,020</u>	<u>\$ 26,390</u>	55.1%



GREENBELT HOMES, INC.  
2021 BUDGET  
HOMES IMPROVEMENT PROGRAM - OPTIONAL IMPROVEMENTS

	<u>Schedule H</u>			
Optional Improvements	<u>2020 Yr End Projection</u>	<u>2020 Budget</u>	<u>Proposed 2021 Budget</u>	<u>% Change</u>
Payroll - optional improvements	\$ 109,980	\$ 95,640	\$ 30,955	-67.6%
Fringe benefits	59,220	51,500	16,660	-67.7%
Subtotal	<u>169,200</u>	<u>147,140</u>	<u>47,615</u>	-67.6%
Contract work	<u>1,692,020</u>	<u>1,471,320</u>	<u>476,095</u>	-67.6%
Total optional improvements	<u><u>\$ 1,861,220</u></u>	<u><u>\$ 1,618,460</u></u>	<u><u>\$ 523,710</u></u>	-67.6%

	<u>Schedule H-1</u>			
Optional Improvements by Home Group	<u>2020 Yr End Projection</u>	<u>2020 Budget</u>	<u>Proposed 2021 Budget</u>	<u>% Change</u>
<u>FRAME HOMES</u>				
Total optional improvements - frame	<u>\$ 1,133,400</u>	<u>\$ 985,570</u>	<u>\$ 120,540</u>	-87.8%
<u>MASONRY HOMES</u>				
Total optional improvements - masonry	<u>\$ 727,820</u>	<u>\$ 632,890</u>	<u>\$ 403,170</u>	-36.3%
Total optional improvements	<u><u>\$ 1,861,220</u></u>	<u><u>\$ 1,618,460</u></u>	<u><u>\$ 523,710</u></u>	-67.6%

GREENBELT HOMES, INC.  
2021 BUDGET  
PROPOSED CONTRACTS (HOMES IMPROVEMENT PROGRAM - ALL)

	Budget 2020	Budget 2021	% Change
<u>Crawlspace Improvements - Contract Work</u> (Schedule G, Line 3)			
<u>Frame Homes</u>			
Contract work (Vapor barrier 10A-D So, 4A-D La, 9A-D La, & 54A-F Ri)	\$ -	\$ 16,800	N/A
<u>Masonry Homes</u>			
Contract work (2021 Vapor barrier 5 units Woodland Way)	15,600	8,000	-48.7%
Total crawlspace contract work	<u>\$ 15,600</u>	<u>\$ 24,800</u>	59.0%
<u>Optional Improvements Frame Homes - Contract Work</u> (Schedule H, Line 3)			
Attic perimeter sealing	\$ 21,480	\$ -	-100.0%
Attic insulate/seal hatch	11,140	-	-100.0%
1" polyisocyanurate on walls	132,860	44,160	-66.8%
Attic to R-38	123,550	-	-100.0%
Seal s/s trash closet	3,525	-	-100.0%
Close through-wall A/C	20,920	-	-100.0%
Bath exhaust fan (basic w/ time controller)	59,920	1,350	-97.7%
Storm doors	53,595	-	-100.0%
Peephole	1,015	-	-100.0%
Knocker	1,120	-	-100.0%
Mail slot	4,580	-	-100.0%
Kick plate	1,940	-	-100.0%
Split system heat pump	414,740	44,080	-89.4%
Thermostat (programmable)	14,250	-	-100.0%
Permits	13,445	-	-100.0%
Radiant ceiling heater (bath)	7,430	-	-100.0%
Radiant ceiling heater (kitchen)	4,420	-	-100.0%
Total	<u>889,930</u>	<u>89,590</u>	-89.9%
<u>Optional Improvements Masonry Homes - Contract Work</u> (Schedule H, Line 3)			
Attic perimeter sealing	\$ 7,605	\$ -	-100.0%
Attic insulate/seal hatch	3,560	-	-100.0%
Vinyl siding & 2" polyisocyanurate on walls	37,915	129,070	>100.0%
Attic to R-38	47,155	-	-100.0%
Close through-wall A/C	32,500	-	-100.0%
Bath exhaust fan (basic w/ time controller)	31,805	7,650	-75.9%
Storm doors	41,340	-	-100.0%
Peephole	645	-	-100.0%
Knocker	720	-	-100.0%
Mail slot	2,955	-	-100.0%
Kick plate	1,250	-	-100.0%
Casement window (for all upgrades)	40,505	-	-100.0%
Split system heat pump	307,925	249,785	-18.9%
Thermostat (programmable)	9,040	-	-100.0%
Permits	8,525	-	-100.0%
Radiant ceiling heater (bath)	4,960	-	-100.0%
Radiant ceiling heater (kitchen)	2,985	-	-100.0%
Total	<u>581,390</u>	<u>386,505</u>	-33.5%

GREENBELT HOMES, INC.  
2021 BUDGET  
RESERVES - HOMES IMPROVEMENT PROGRAM

<u>Replacement reserve expenditures related to the Homes Improvement Program</u>	<u>2020 Budget</u>	<u>Proposed 2021 Budget</u>	<u>% Change</u>
1) Staff costs	\$ 102,380	\$ 6,840	-93.3%
2) Contracts			
Window replacement (masonry units)	342,680	201,525	-41.2%
Siding replacement (frame units)	621,950	124,620	-80.0%
Siding replacement (masonry units)	-	50,240	N/A
Window replacement	568,680	-	-100.0%
Door replacement	196,030	-	-100.0%
Door replacement	334,700	-	-100.0%
Baseboard replacement	266,010	-	-100.0%
Total HIP contract expenditures & staff costs	<u>\$ 2,432,430</u>	<u>\$ 383,225</u>	-84.2%
Total replacement reserve and HIP expenditures	<u>\$ 3,421,905</u>	<u>\$ 1,595,275</u>	
<u>Addition maintenance reserve expenditures related to the Homes Improvement Program</u>			
1) Staff costs	\$ 5,480	\$ 430	-92.2%
2) Contracts			
Siding replacement	65,740	68,385	4.0%
Window replacement	49,080	-	-100.0%
Door replacement (covered by AMP)	31,815	-	-100.0%
Baseboard heaters	3,435	-	-100.0%
Total HIP contract expenditures-additions w/staff	<u>\$ 155,550</u>	<u>\$ 68,815</u>	-55.8%
Total addition maint. reserve and HIP addition maint. expend.	<u>\$ 183,160</u>	<u>\$ 97,685</u>	

GREENBELT HOMES, INC.  
2021 BUDGET  
RESERVES

The 2021 budget will continue to fund the reserves as set forth in the 1987 policy adopted by the Board of Directors. Schedule I illustrates the activity taking place in the reserves during the Homes Improvement Program. Suggested Replacement Reserve expenditures detailed below are categorized based on the August 2013 Reserve study and adjusted to date.

In 1987, the Board adopted the goal of having the total Contingency Reserve equal to 10% of the operating budget. In 1993 the Board voted to maintain the Contingency Reserve balance of the 29 larger homes at 35% of their portion of the operating budget.

Suggested Replacement Reserve Expenditures:

	<u>2020 Budget</u>	<u>Proposed 2021 Budget</u>	<u>% Change</u>
1) In House			
a) Baseboard heaters	\$ 3,400	\$ 3,800	11.8%
b) Ceiling heaters	15,315	18,030	17.7%
c) Frame porch decks	3,855	7,610	97.4%
d) Water heaters replacements	87,715	70,860	-19.2%
e) Masonry porch roofs	1,760	6,360	>100.0%
f) Underground utility yard restorations	10,770	10,620	-1.4%
g) Sump pumps	13,705	17,740	29.4%
Subtotal	<u>136,520</u>	<u>135,020</u>	-1.1%
2) Contracts			
a) Underground sewer replacement	290,000	290,000	0.0%
b) Technical evaluation - supply waste pipes	61,500	-	-100.0%
c) Purchase one van	-	45,000	N/A
d) Sidewalk replacement	50,000	53,830	7.7%
e) Replace roof-top HVAC units for admin building	180,000	-	-100.0%
f) Replace roofs on frame homes (64)	165,120	165,360	0.1%
g) Replace air conditioning in larger homes (4)	9,600	-	-100.0%
h) Repair retaining wall @ 2 Plateau	80,000	105,500	31.9%
i) Playground upgrade w/City (GHI portion @ 25%)	16,735	16,735	0.0%
j) Replace roofs on rental garages (14)	-	12,150	N/A
k) Replace roofs on attached garages (9)	-	18,070	N/A
l) Replace garage doors @ masonry homes (8)	-	6,950	N/A
m) Replace windows in larger homes (29)	-	226,285	N/A
n) Replace doors in larger single family homes (2)	-	9,770	N/A
o) Replace siding on larger homes (29)	-	82,380	N/A
p) Parking lot construction	-	45,000	N/A
Subtotal	<u>852,955</u>	<u>1,077,030</u>	26.3%
Total suggested replacement reserve expenditures	<u>\$ 989,475</u>	<u>\$ 1,212,050</u>	22.5%

Suggested addition maintenance reserve expenditures:

	<u>2020 Budget</u>	<u>Proposed 2021 Budget</u>	
1) In House	\$ 7,610	\$ 8,870	16.6%
2) Contracts (roof replacements)	20,000	20,000	0.0%
Total suggested addition maintenance expenditures	<u>\$ 27,610</u>	<u>\$ 28,870</u>	4.6%

**MAJOR MAINTENANCE, REPLACEMENT AND IMPROVEMENT PROGRAMS**

<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Through 2030</b>
			Air Condensing Units for Larger Homes (RR)		Air Condensing Units for Larger Homes (RR)
Roofs for Rental Garages (RR)	Roofs for Rental Garages (RR)	Roofs for Rental Garages (RR)	Roofs for Rental Garages (RR)	Roofs for Rental Garages (RR)	
		Roofs for Block Homes (RR)	Roofs for Block Homes (RR)	Roofs for Block Homes (RR)	Roofs for Block Homes (RR)
Roofs for Frame Homes (RR)	Roofs for Frame Homes (RR)	Roofs for Frame Homes (RR)	Roofs for Frame Homes (RR)	Roofs for Frame Homes (RR)	Roofs for Frame Homes (RR)
					Electric wiring Masonry and Frame Homes (RR)
					Water/waste piping for Masonry and Frame Homes (RR)
Windows & Doors Larger Single-Family Homes					
Masonry Garage Doors					
<b>Forecast Replacements for Homes Improvement Program 2021</b>					
Baseboard heaters for frame & masonry homes (RR)					
Doors & Windows for Frame & Masonry Homes (RR)					
Vinyl Siding Replacements for Frame Homes (RR)					
Vinyl Siding Replacement for Masonry Homes (RR)					
<b>The following programs occur annually from 2021 through 2030</b>					
Replacement of porch decks for frame homes (RR)					
Water heater replacement (RR)					
Replacement of ceiling heaters (RR)					
Replacement of porch roofs for masonry homes (RR)					
Replacement of crawlspace sump pumps (RR)					
Underground sewer pipe replacement (RR)					
Swale/drainage improvements					
Sidewalk repair (RR)					
Parking lot reconstruction (RR); parking lot repairs, sealing and striping					
Replacement of retaining walls					
Crawlspace inspections of masonry and frame homes					
Gutter cleaning (Spring and Fall)					
Bathtub re-glazing					
Tree maintenance					
Pest and animal control					

(RR) - Program funded through the Replacement Reserve.

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GREENBELT HOMES, INC.  
2021 BUDGET  
ANALYSIS OF REPLACEMENT, ADDITION MAINTENANCE & CONTINGENCY RESERVES

	(1)	(2)	(3)	(4)	(5)	(6)	Schedule I (7)
	Beginning Balance 12/31/2019	2020 Budgeted Collections	2020 Projected Expenditures	Projected Balance 12/31/2020	2021 Budgeted Collections	2021 Budgeted Expenditures	Projected Balance 12/31/2021
<b>Frame Homes</b>							
Contingency	\$ -			\$ -			\$ -
Interest		\$ 69,400			\$ 59,712		
Replacement HIP			(1,822,034)			\$ (127,234)	
Replacement (routine)	5,307,342	1,090,999	\$ (691,281)	3,954,426	1,128,093	(640,404)	4,374,593
	5,307,342	1,160,399	(2,513,315)	3,954,426	1,187,805	(767,638)	4,374,593
<b>DMA report balance targets</b>	<b>4,444,922</b>			<b>3,262,730</b>			<b>3,822,920</b>
<b>Masonry Homes</b>							
Contingency	366,765	104,226		470,991			470,991
Interest		25,740			\$ 25,177		
Replacement HIP			(710,086)			(255,991)	
Replacement (routine)	1,767,237	844,585	(260,143)	1,667,333	880,902	(242,703)	2,074,718
	2,134,002	974,551	(970,229)	2,138,324	906,079	(498,694)	2,545,709
<b>DMA report balance targets</b>	<b>1,392,603</b>			<b>1,058,870</b>			<b>1,612,158</b>
<b>Larger Homes</b>							
Contingency	58,514			58,514			58,514
Interest		4,940			\$ 4,488		
Replacement HIP			-			-	
Replacement (routine)	293,853	36,472	(38,051)	297,214	38,733	(328,943)	11,492
	352,367	41,412	(38,051)	355,728	43,221	(328,943)	70,006
<b>DMA report balance targets</b>	<b>242,623</b>			<b>248,212</b>			<b>61,442</b>
<b>Summary</b>							
Contingency	425,279	104,226	-	529,505	-	-	529,505
Interest		100,080			89,376		89,376
Replacement HIP	-	-	(2,532,120)	-	-	(383,225)	
Replacement (routine)	7,368,432	1,972,056	(989,475)	5,918,973	2,047,728	(1,212,050)	6,460,803
<b>DMA report balance targets</b>	<b>6,080,148</b>			<b>4,569,812</b>			<b>5,496,520</b>
	<b>\$ 7,793,711</b>	<b>\$ 2,176,362</b>	<b>\$ (3,521,595)</b>	<b>\$ 6,448,478</b>	<b>\$ 2,137,105</b>	<b>\$ (1,595,275)</b>	<b>\$ 7,079,684</b>
<b>Additions</b>							
Interest		\$ 15,880			\$ 19,786		
Replacement HIP			\$ (155,550)			\$ (68,815)	
Replacement (routine)	\$ 1,280,206	197,421	\$ (27,610)	\$ 1,310,347	200,970	\$ (28,870)	\$ 1,433,418
	\$ 1,280,206	\$ 213,301	\$ (183,160)	\$ 1,310,347	\$ 220,756	\$ (97,685)	\$ 1,433,418
<b>DMA report balance targets</b>	<b>785,607</b>			<b>974,690</b>			<b>1,172,031</b>

GREENBELT HOMES INC,

2021 BUDGET

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENT OF COMMON ELEMENTS

In 2018, the Board of directors hired DMA Inc. (a reserve advisor firm) to conduct two comprehensive studies of the reserve funds that are required for future major repairs and replacement of the common elements during 2018 to 2047. The first study encompassed 1600 main units and common areas; the second study encompassed 697 additions that were constructed by individual members and enrolled in an addition maintenance reserve program. DMA conducted the studies in accordance with the Community Associations Institute National Reserve Study Standards and the procedures used for estimation and accumulation of cash reserves in accordance with the studies were as follows:

1. The schedule and quantities of components included in the studies were based upon information that GHI provided, regarding the common elements and/or assets that GHI is responsible for.
2. All common areas were visually observed by DMA Inc.
3. Life expectancies of the components were based on printed product literature, product or material warranties, industry standards literature, and on the opinions of manufacturers, installers, or maintenance contractors based on their experience with these components.
4. The useful lives of the components were based on DMA's professional knowledge of construction and knowledge of the typical replacement experience of many communities and other entities with the same component types.
5. Many unit prices were provided by GHI based on in-house work and work provided by contractors. Unit prices provided by DMA were based on published unit price standards such as R. S. Means "Residential Cost Data", Facilities Maintenance and Repair Cost Data, and "Facilities Construction Cost Data", and on pricing obtained from contractors, installers, or manufacturers.
6. Financial information including the fund balances at the time of the study, interest from funds on deposit, and recent capital expenditures, were provided by GHI.
7. All costs stated in the studies were based on 2018 present value dollars.
8. The analyses incorporated assumptions about the future rate of inflation, and the future interest income on GHI's account deposits.

Member contributions to the reserve fund for GHI main units and addition maintenance reserve fund in the 2021 budget, are based on DMA's recommended contributions in the study reports.

At the end of 2019, GHI staff updated the estimated future repair and replacement costs for the common elements of GHI main units during the period 2020 to 2047 and included the following report in the audited financial statements:



GREENBELT HOMES, INC.  
2021 BUDGET  
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS  
December 31, 2019

In 2018 the board of directors hired an independent advisor to conduct a comprehensive study of the reserve plan. The information has been updated for 2019. The following information is based on that analysis and presents significant information about the components of common property.

Estimated future repair and replacement costs

Component	Est. Life (Yrs.)	Est. Remaining Life (Yrs.)	Frame Homes	Masonry Homes	Larger Homes
HVAC, larger Homes	20	4-20	\$ -	\$ -	\$ 356,580
Attached garage roofs & doors	25	0-25	-	284,615	-
Baseboard heaters	35	0-35	312,820	239,305	-
Ceiling heaters	25	0-25	351,817	205,388	-
Drainage systems, larger townhomes	50	0-50	-	-	244,394
Electrical Systems	70-90	10-20	2,721,899	1,630,806	279,428
Porch stoops, frame	25	0-25	667,446	-	-
Entrance Doors	35-40	35-40	739,230	458,778	92,249
Porch roofs, masonry	25	0-25	-	1,500,663	-
Roofs (main & porch), frame	25	0-25	2,484,184	-	-
Roofs, larger homes	25	11-25	-	-	196,108
Roofs, masonry	24-75	2-12	-	1,503,923	-
Siding (vinyl)	35-45	10-45	1,426,487	175,910	76,532
Sump pumps	20	0-20	112,194	-	-
Water heaters	15	0-15	1,391,905	809,321	40,782
Water supply and waste piping	90-95	3-10	7,440,000	8,686,675	-
Window sets	35-40	35-40	1,248,082	890,329	210,201
<b>* Shared Components</b>					
<i>Admin Building - windows, roofs, baseboard heaters, water heaters</i>	15-40	2-40	352,314	205,649	10,285
<i>Concrete sidewalks</i>	75	0-75	892,507	520,965	26,056
<i>Parking lots</i>	25	0-25	776,733	453,387	22,675
<i>Playground renovations (7 playgrounds)</i>	25	0-25	116,026	67,726	3,388
<i>Retaining walls at 3-D Eastway, 13-P Hillside, 2A-E and 2G-M Plateau Place</i>	19-100	0-100	157,254	91,791	4,591
<i>Rental garage doors</i>	25	0-25	114,618	66,903	3,346
<i>Rental garage roofs</i>	20	0-20	352,064	205,503	10,278
<i>Underground sewer piping</i>	75	0-75	1,926,387	1,124,450	56,238
<i>Vehicles</i>	20-25	0-25	1,042,271	608,384	30,428
<b>Total costs in 2019</b>			<b>\$ 24,626,238</b>	<b>\$ 19,730,471</b>	<b>\$ 1,663,559</b>

\* Shared Components - In addition to the dedicated components for the three home groups, there are a number of shared components that are not directly related to any one home type. The costs for these shared components are apportioned among the three dedicated accounts in proportion to the number of homes in each. GHI contains 1,600 homes and the proportionate shared cost for each housing type is calculated as follows:

- Frame Homes: 992 homes / 1,600 = 62.0%
- Masonry Homes: 579 homes / 1,600 = 36.2%
- Larger Homes: 29 homes / 1,600 = 1.8%