

# **Budget Highlights**

Notes and Recommendations for 2022

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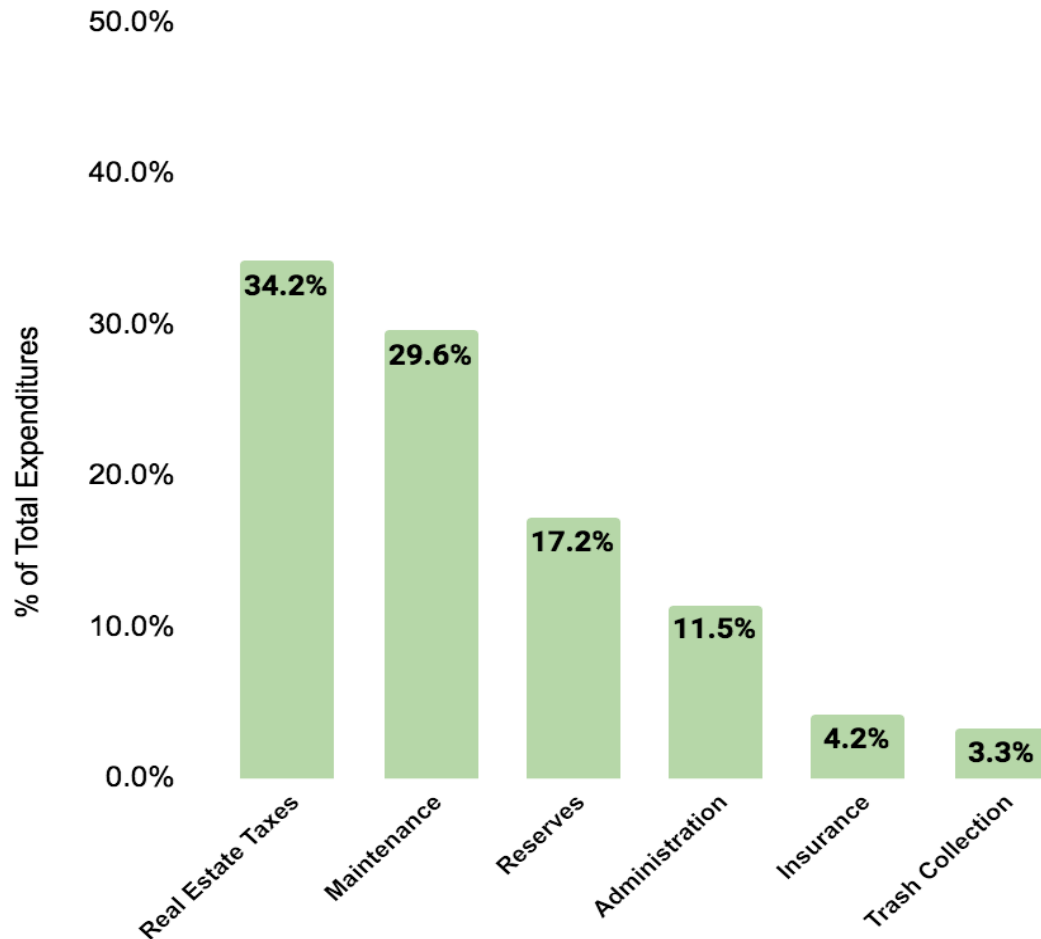
# Budget Overview

Income 2022

- We plan to collect \$12.6M from you, our 1,600 members  
"Operating Payments" aka "Monthly Fees"
- On average, this is \$658 per member (Lowest \$399, Highest \$1,165)
- We collect an additional \$1.1M from Sale of Services to GDC, Garage Rents, Contract Processing, Fee-for-Service, Boat/Trailer Storage, and for Addition Maintenance

# Budget Overview

## Expenses 2022



- R/E Taxes are our largest expense
- If you are interested in appealing your assessment, there is information posted on GHI's website to assist you in that process. You can contact the Finance Department if you have questions not covered on GHI's website.

# Operating Payment Increases ("Monthly Fee")

## What You Care About

- We increased the operating payments we collect from you by 2.8%
- The largest monthly payment increase was \$118
  - Large increases in individual monthly fees are likely experienced by newer members who will have higher real estate taxes (Not eligible for Homestead tax credit, increased assessed value)
  - The Homestead Credit limits the increase in taxable assessments each year to a fixed percentage. Every county and municipality in Maryland is required to limit taxable assessment increases to 10% or less each year. There are eligibility requirements (primary residence, time lived in the home, no substantial change in use of property, etc.)

# Staff Raises and Hiring & Retention Challenges

Foundational

We've provided a significant (6%) increase to staff salaries this year

Why?

- We see the news on inflation
- We see what (some) other institutions are doing
  - Social Security benefits and Supplemental Security Income (SSI) payments for approximately 70 million Americans will **increase by 5.9% in 2022**
  - Federal Employee Retirement System (FERS) will see their monthly pensions adjusted by **4.9 percent starting with January 2022** payments

And.....

# Staff Raises and Hiring & Retention Challenges

Foundational

....

- We want to enable the manager to reward the employees who have weathered another year of COVID and remained with us
- We acknowledge that our staff have been flexible and have taken on additional workload during a time of transition
- It's a difficult hiring environment ("Great Resignation")
- Long-time staff with considerable institutional knowledge have retired (Tom Sporney, George Bachmann) or have given notice (Stuart Caplan)
- We need to enable the manager to run the cooperative and appropriate funding for staff is a key part of the toolkit

# Reserve Funding

## Board Job #1

- Reserve funds overall are on-target.
  - Frame homes are below target while masonry homes are above target.
- In 2018, GHI hired a reserve advisor firm to update both the Replacement Reserves Fund and the Addition Maintenance Fund. This routinely takes place every five years.
- The board will consider a deep dive of the existing reserve plan to establish a solid understanding of the plans aspects and presented materials
- The board will schedule to have the plan updated in 2023 in accordance with its current policy and Prince George's County law.



# Goals for 2022 (Recommended)

## Finance Committee

- Review the existing Reserve Plan for full and recommend changes (if necessary)
- Recommend treatment of any surplus from PPP loan forgiveness
- Consider a dividend from the Parkway Apartments to GHI
- Review how staff salaries are set (market median vs 75th %-ile)
- Provide guidance framework for increases on additional fees (such as unit assignments, GDC rents, garage rents, lockout fees, etc.)

# Goals for 2022 (Recommended)

## Investment Committee

- Finalize RFP (Anticipated 2021)
- Assist with Guidance to Board regarding Investment Advisor, such as...
  - Fee Only (instead of Fee Based)
  - Fiduciary Standard of Care
  - Third Party Custodian & Reporting
  - Limited Power of Attorney (can move money between our accounts but cannot move money out of our accounts)

# **Acknowledgements**

Joe Perry and Greg Eck

Chuck Hess

Bill Jones

# Questions