

SaddleBrooke Villas Association Nos. 35 & 35A Board Meeting November 18, 2020

TIME: 11:30 AM
LOCATION: ZOOM – Virtual Meeting Platform

WELCOME & CALL TO ORDER

Russ Soderberg, President, called the meeting to order at 11:30 AM, welcomed the assembly, and began with introductions of Board members Connie Rank-Smith, Jerry Hollingsworth, Bob Petrou, and Corky Pike. Geoff Obral, Cadden Community Management Representative was also in attendance. A total of 23 Lots were represented at the meeting. The meeting will be focused on the 2021 Budget, with time for general comment from Members in attendance.

QUORUM (Three Board members required)

A quorum was present to conduct an official meeting.

2021 Budget:

Connie Rank-Smith, Treasurer, reviewed the process that was utilized to produce the draft 2021 Budget.

- The Finance Committee Chair worked with each Committee Chair to obtain their anticipated expenses for the coming year.
- This input is utilized to develop a first draft of the budget for the Board's consideration.
- The Board Liaisons for each Committee then have an opportunity to discuss the projections with their Committee(s) to present a final draft to the Board for approval.

The 2021 draft budget was reviewed by category with time to comment on each by the Board and Members.

Administrative Expenses – Increased from prior year due to the scheduled Reserve Study update.

- Comments:
 - o Legal Expenses: Projected budget is based on potential need for legal advice, not necessarily on prior year expenses.

Fixed Expenses – Increase from prior year to reflect the increased insurance premiums.

- Comments:
 - o Income Tax: Projected expense variance from 2020 due to certificate of deposit percentage rate fluctuations.

Landscape – Increases based on more funding for tree trimming.

- Comments:
 - o Plant replacement expenses reduced from 2020.
 - Noted that plantings along walkways continue to be reduced and irrigation eliminated.
 - o Tree maintenance increased due to age and size of community trees and projected needs.
 - Suggested to eliminate some smaller trees to help reduce ongoing maintenance costs.
 - Currently under review by the Landscape Committee.
 - Pine tree maintenance was reviewed by the Landscape Committee and the Fire Marshal for fire and lighting liability. No indication of hazard at this time, and no pine trees have been identified for removal at this time.
 - Suggested to trim the trees more to extend the time between trimmings.

Maintenance – No projected increase for 2021.

- Roof maintenance is the main focus of this category, and will be further evaluated with the Reserve Study update in 2021.
- Repairs are often identified during the painting project each year and are addressed, as needed.
 - o Annual paint cycle costs are funded by the Reserve Fund, not Operating.

Pest Control – No projected increase for 2021.

- Comments: None

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Utilities – No projected increase for 2021.

- Comments: None

Reserve Contributions – No projected increase for 2021.

- Comments: None

General Comments:

Ms. Rank-Smith reported that the irrigation replacements in 2021 are projected to be funded by the current Operating Surplus. However, there are five (5) sections remaining that will require replacement. Funding for these additional sections may be funded by an increase in assessments that would be designated solely for irrigation replacement. This increase is being presented because the irrigation systems are not included in the Reserve Study, and if not funded by an increase in assessments, the system presents a liability and potential Special Assessment to for funding.

Ms. Rank-Smith reviewed the history of monthly Assessments with the Members in attendance from 2006 to 2020. It was noted that the increases has been minimal. This history speaks volumes to the Board's continued monitoring of expenses and diligence.

It was noted that the Board strives to have an Operating Surplus of three (3) months of operating expenses. The surplus will be reduced below this threshold due to the increased operational costs and projected use to complete the next section of irrigation replacement in 2021.

MOTION: Motion was made to approve the budget containing the \$15.00 per month dues increase, per Unit, with the following conditions:

- \$70,000 of Retained Earnings be used to fund the projected replacement of irrigation for lots 105 through 141 in 2021.
- The dues increase of \$15.00 be allocated to a separate operating account, or to Reserves, for the purpose of funding 2022, and subsequent years, irrigation replacement.

Board Discussion:

- Mr. Petrou reiterated the need for irrigation replacement based on the number of leaks and the impact that has on routine maintenance time and addition costs for the repairs and water use.
- Ms. Rank-Smith reviewed the rationale for the projected \$15.00 increase in assessments per month, per Unit.

Homeowner Discussion:

- Prefer to have increase in monthly assessment to avoid a special assessment.
- Suggested to consider a gradual increase in the monthly assessment, rather than directly to \$15.00.

Following discussion, the motion passed unanimously.

QUESTIONS AND COMMENTS:

- Rich Weber – Suggested to include the irrigation system in the Reserve Study moving forward to avoid funding concerns.

BOARD MEMBER COMMENTS: No further comments from the Board of Directors.

DATE OF NEXT VILLAS MEETING

To be determined by the Board of Directors.

ADJOURNMENT

Motion: Motion was made and seconded to adjourn the meeting at 12:55 PM. The motion passed unanimously.