

October 21,2021 Quarterly COA Meeting

7:00 pm – 8:33 pm

Attendance

33 Homes (Quorum is present)

41 Residents

Opening Nondenominational Prayer- Randal Whitten

Welcome- Michael Weinman President

Thanks to all the members of the community that volunteer in any way, be it on the Board, on Committees, or simply doing things like sanitizing the pool area. This has been the toughest budget that I have ever worked on – but want to express my gratitude that we do not have to worry about paying a management company or budgeting for many other service-call type of activities thanks to the strong volunteerism in our community.

Welcome New Resident- Marcy Rosenbaum

We had one new resident that joined our community this quarter. We welcome Cynthia Southall in Suite 64. We hope she loves our community as much as we do.

Approval of Agenda Motion -Robert Byrd

2nd- Cindy Monk

Review of Minutes from July 22,2021

Approval of Minutes Motion- Tom Stephen

2nd- Cindy Monk

Board Of Director's Update

Treasurer's Report- 3rd Quarter

Foot note to New Homeowners: Quick History of the Reserve Account

When we took over the Association from the builder after 9 years of building up the community, he left us with only \$18,946K in the Reserve account.

In Jan-March 2015 we withheld 2%.

April to December we increased it to 5.33%.

In 2016 we increased it to 13%.

2017 15%

From 2018 to current we have been contributing around 21.18%

Since 2016 we have added \$408,047.54 to our reserve account as of 2021. Since 2017 to current, we have expensed \$190,188.40. The goal of the community/committees and the Board

Is to maintain our community to keep the values up and live in a community we love.

Income:

3rd Quarter- income \$242,778 on a plan of \$234,346

\$8,432 or 4% over plan- this is due to homeowners that have prepaid dues in advance. As well as

5 homes that sold in the second Quarter and Third Quarter. Suites 13,27,31,70,64

Expenses:

3rd Quarter- Expense \$205,154 on a plan of \$208,319.

\$3,165 or 2% under plan.

Farmers Insurance Policy was cancelled. We received the pro-rated refund of \$ 4,566.87 which was applied to the new Insurance policy from Brown and Brown.

Both Irrigation, Water/Sewer and gas are all over budget. Looking for ways to lower this cost.

Large Ticket Items:

Wood Rot- We only had a budget of \$7000 for the year and we have expensed \$13,280. We were over Budget (\$6,280.00).

Capital Expenditures:

The only 3rd Quarter addition to Capital expenditures was the new Treadmill we purchased for the Fitness room for \$2,499.23.

Currently we have \$184,639.62 in the Reserve account and the goal is at yearend to have \$218,658.53

Notes on Budget:

We should never lower the Reserve it could cause a deficit resulting in assessments.

If we do anything we need to increase the Reserve based on current and Future quotes.

We are always getting quotes on the bigger ticket items, but we need to start researching

The smaller items that were included in the 2016 Reserve Study.

Motion to Approve Third Quarter Report- Motion-Heidi Barron

2nd – Chip Nimick

Budget 2022 Overview

Before we get started, I would like for you to meet the Finance committee that helped finalize the budget.

Randal Whitten, Kerwin Day, Doug Barron, Lydia Dumas and Bobbie Teague. We have had several meetings and we unanimously passed the \$395.00 budget for 2022.

Several of the committee members have asked to speak before we start the review.

Randal Whitten:

“No one is excited about the increase of the budget or wants it. We passionately debated the budget. We met several times to try to reduce it. The bottom line is that it is what it is. Everything is going up. We all agreed on this proposed budget.”

Doug Barron:

“Any increase to expenses is always a difficult situation. Be it in business, personal life, or in our case association dues.

There was a very well thought out, presented, and calculated “12 Points to Ponder” document sent out to the neighborhood regarding how the dues could be maintained at the 2021 level.

I would like to assure you the Finance Committee addressed, reviewed, and discussed, multiple times, all the proposed “changes” mentioned in this document prior to the 2022 Budget being presented.

Vendor and service agreements, some of which were non-negotiable, were questioned and discussed, and found to be negotiated at the best possible prices.

Preventative maintenance such as wood rot, roof repairs, painting, and gutter cleaning, were all on the table and ultimately deemed valid and necessary. This maintenance is much needed to ensure our homes as well as the neighborhood’s curb appeal are sustained at a high-quality level which all lead to retaining and increasing our home values.

The Reserve Account contribution was also discussed at great lengths ultimately leading to no increase. If we reduce the reserve contribution it is only a short-term fix to the dues amount and would have to be addressed again at a future date with an additional increase to get it back on

schedule. In my opinion reducing the reserve fund contribution would be a very irresponsible action and simply be “passing the buck” so someone else must worry about it in years to come.

I am not happy we have to increase the dues; however, it is a reality we must face. Reducing and cutting back on these key preventive maintenance items and the reserve contribution would only be a short-term impact with potential long-term effects. As I mentioned earlier, if these items are not planned for and addressed as needed or we have a major uninsured event, where will the funds come from when they are desperately needed? The only options would be a dramatic dues increase or an assessment.

I whole heartedly support the 2022 budget as presented”.

Kerwin Day:

“I would rather the percentage of the reserve stays the same at 21.18% or even better go up to 25%.

But this budget has the percentage to reserve going down to 19.83%.
Still the dollar amount is staying the same.

The reserve component of the budget is the most important it shows the Associations commitment to fiscal responsibility.

Our Capital Budget projects we will spend 1.4 million Dollars by 2039 with the reserve balance dropping to 22 thousand in the year 2035 at our current level of contribution.

These figures are based on a projection of 3% inflation.

I have heard that some members say they don't plan to live here that long. Buyers and their mortgage look at the reserve before committing to buy.

So even if you don't plan to stay here long term the reserve is very important to you.”

Budget Review

Category	Change	Explanation
Wood Rot	\$6,000	YTD \$6,280 over budget; expect similar scope in 2022
Water/Sewer	\$4,204	Based on 2021 usage and projected 2022 11% rate increase
Painting	\$3,500	Already in contract – larger number of single units (which are more costly) being painted in 2022 than in 2021
Pine Straw	\$3,000	2021 coverage was poor; increasing based on multiple quotes obtained by the Landscape Committee
Garbage Pick Up	\$1,680	\$2 per home increase to \$19.25 per month (2-yr contract)
Landscape Replacement	\$1,500	2021 budget was reduced due to capital project
Irrigation Water	\$1,346	Based on 2021 usage and projected 2022 11% rate increase
Clubhouse Cleaning	\$1,080	Switched to new provider with a more detailed scope of work
Irrigation Maintenance	\$1,000	YTD \$943.25 over budget – still have to do fall shut down

Tree Maintenance	\$1,000	Increasing since no tree maintenance has been done YTD
Clubhouse Maintenance	\$300	Pool deck pressure washing not included in 2021 budget
Clubhouse Gas	\$220	Increased usage projected post-COVID
Pool Maintenance	\$200	15% increase due to cost of chemicals; has been no increase for 7 years
Clubhouse HVAC Maintenance	\$100	Increasing based on projected 2022 contract
Fees & Licenses	\$80	Projected run rate for Zoom/Wix/GA licenses
Electric – Street Lights	\$24	2021 cost increased \$2 per month
Postage	\$10	Increasing based on 2021 run rate
Comcast	-\$375	Removed cable service from clubhouse
Roof Repairs	-\$500	Reducing based on 2021 run rate since punch outs were completed
Insurance	-\$822.37	Reducing based on rate reduction from move to Brown & Brown
Total	\$23,491.63	\$27.97 per home per month

Questions on 2022 Budget:

Theresa Montgomery- “On the water issue. You said it will be increased by 11% and we cannot figure out away to cut back on the usage of water, correct?”

Ellen- Yes. If we cut back, then the people will use water sewer to water their lawns which is more expensive than irrigation water. This will add to the cost.

Theresa- We are still using irrigation as well as water and sewer is that correct? Answer -Yes that is correct.

Davina- I have a question. I am on the phone. How are we voting? Do you click a button or something? Or a roll call?

Randal answered- We will have a roll call. We will explain the procedure when we get to voting.

Mercedes Nunez-Why are we paying for TV cable at the Clubhouse?

(answer) we are only paying for WiFi and Emergency phone at pool area. We no Longer have TV in fitness room.

Mercedes Nunez-Why are we still painting units?

(answer) In 2025 will be finish painting all the homes with 2 coats of paint. After that we will I am sure have to do touch up on homes down the road and hope this savings can be passed to the homeowners and the Reserve account.

Mercedes- Also we are paying too much to clean the Clubhouse. The only people who use it use the bathrooms only.

Answer- There are exercise classes going in the Clubhouse 2 days a week. The Fitness room is being used frequently. The bathrooms are being used also as you said. When we didn't clean the

clubhouse for a few months during the major part of Covid there were many bugs, cobwebs and dust that accumulated. The Clubhouse is an amenity that needs to be kept up.

Kevin Hanlon-I am the number one agent for promoting the Reserve. If we vote tonight, we are essentially voting also for the Reserve Budget of \$63,301. If we decided to bring down the Reserve contribution to 18 ½ % we would accumulate approx. \$4,000 less and the HOA fee would be \$389 saving \$6 per month. We need to be aware once we vote tonight the Budget for the Reserve which I think should not be in this budget will be passed with the Operating Budget.

Answer from Ellen- I kind of disagree. I have calculations. If we lower to 16.40% as has been floated around the neighborhood by Dan in 2033 we would be in the hole. 2022-2030 you might think you won't be here but we have to think about the things that we have expensed and those things are going up constantly. We are always getting new bids to make sure we are holding enough money in the reserve. We had one resident propose we drop the Reserve contribution to 10%. If we did that by 2028 we would be in the hole and then residents would have to be assessed over \$1,300 and then going forward it would be \$1,700 and \$1,900.

Michael answered- What you brought up is something that has been discussed at the Finance meetings. The main problem is the reserve projections are done on a 3% rate of inflation. With inflation as it is now that will not hold. Without knowing the rate of inflation for the mid or long term we are not willing to lower the reserve contribution. If we increased our rate of inflation to 4% we would wind up in the red in 2028. So if we look to reduce reserve contribution before we know the projected rate of inflation I feel it would be a disservice to the community.

Kevin-I 100% agree with the need for the reserves. We are 5 years away from the engineering report from Ray's. I really think as I suggested last year that we re-evaluate that report so we have a good handle on the numbers. My #1 item to be concerned about in the next 10 years is the asphalt. Ellen and I have discussed this. It will be repair or replace. There could be savings there.

I am concerned about roof replacement. In 2016 we had a tornado that came through and we had to replace 33 roofs. We have to be on budget with that. We have to project out. I wish these figures were done by year so we can know what year they are due.

Ellen- Kevin we had A&W Roofing out last year to do a punch out of every home. We are being proactive with the roofs and with proper care it will be many years before we have to replace them. We did get an estimate of replacement cost for each roof. We of course will have to project any inflation increase as time goes on. We are constantly doing this for roofs as well as all maintenance areas. Every year we have vendors come here to give us quotes on cost for Roofs, Asphalt and other big-ticket items. We feel that we are doing our due diligence. We have a current amount for asphalt replacement or repair. The Asphalt guy said we have really good roads. As long as we do preventive maintenance, we may never have to strip the roads and replace them ever.

Michael- Keep in mind the reserve is not only for capital projects. We use the reserve for non-recurring maintenance. If we have to do maintenance on the roads every five years the amount

that we spend would take a budget once every 5 years and increase it by \$10 or \$15 dollars. So instead, we take that and amortize it and put it into the reserve so that what we contribute to the reserve is not just for what is happening 15 or 20 years down the road. It is used for the non-reoccurring maintenance we do for 2, 3, 4, 5 years that is not part of the annual budget.

Shirley Majors-Not enough Pine Straw. Does the budget cover pine straw?

(answer) The goal in 2022 is to make sure the homes are covered with a heavy layer of pine straw before the common areas are done once a year. The homes will be done first, and the common areas will be last.

Shirley Majors- I am trying to forecast out my personal finances. I am good with the budget this year. I am worried about future years.

Answer- That is why we have our Finance Committee to help us work on keeping things down. We never thought we would have to go up this much. We always try to keep the budget as low as we can. We cannot predict what will happen in future we wish we could.

Karen Lindgren - I know the BOD is working with the Master to help bring down the Master dues. Will Master Dues increase.

Answer Michael- the Master dues for 2022 will not increase and may even go down based on new contracts. We may see a \$1,500 deduction in the dues for 2022 (Explanation in Presidents Report.) We won't have to pay more . Trying to get a reduction.

Cindy Southhall-This question also relates to the Painting. Like wood rot hopefully will be taken care of in a few years. These things may not need doing as much. Could the dues possibly go down once the 2025 painting of all the units is complete.

(answer) We hope that will be the case. We are hoping for that . It all depends on how it goes. It could go down unless our other vendors go up.

Theresa Montgomery-Does the 2022 budget for Landscape Repairs include soil erosion?

(answer) That repair would come out of the Landscape maintenance budget.

Cindy Southhall -Do you think the Wood Rot will go down as the final homes with 2 coats are completed?

(answer) That is our hope, but we will also have a budget for wood rot to cover any small issue that may occur.

Randal gave Voting instructions. We will callout each unit and those that are present will answer. Those that voted by ballot and are not here Marcy will call out. As we vote Michael will tally the vote. He will let us know the results.

Theresa Montgomery—Is this something the Judiciary committee should have been involved with this call in.? That is in the description of the committee.

Michael- This is a public vote. When the election for Directors comes up in January where that is a private vote the Judiciary Committee as always will be taking care of it.

Theresa- We could have helped with this election tonight, correct?

Michael- I will take it under advisement. This is the way we have always voted for the budget. This is the way we voted for the Landscape Project.

Vote- 38 Yes

11 No

The 2022 Budget passes

Secretary Report-Marcy Rosenbaum

Welcome- Cynthia Southhall Suite 64

Property Masters

Now that the weather is cooling off mowing will be every other week .This will give Mario and crew some time for detail work such as extra weeding of the shrubbery beds and common areas. Clean up of tree limbs that need trimming up to 12”ft. Leaf blowing is starting. With the amount of leaves we have this becomes a full -time job. They are talking about bringing in leaf vacuum machine. We are getting ready to complete our first year with Property Masters and overall it has been a very successful year. Many residents have told us the community hasn’t looked this good!

Affordable Irrigation

Since our last meeting in July, we have had Two visits from Affordable.

8/11- Changed valve at Suite 12 and nozzles at Suites 50 and 51- \$228.75

9/13- Repaired broken line behind Suite 22- \$428

10/ - Winterized irrigation System for the year~ \$150

$\$4943.25 + \$150 = \$5093.25$ for the year

We are over budget for 2021 by \$1,093.25

Pro Gutter- Since July they have been here to repair the gutters at Suite 41. They sealed the seams and attached the gutters to the house. There was no charge for this as it fell under our annual maintenance and service agreement.

Suite 30 had a gutter guard installed and one repaired. \$80

Total paid in 2021- \$460

We are under budget this year \$540

Howard Gooden- I am very unhappy with the pruning of my shrubs. Do I need to do it myself?

Marcy- We do not want you to do your own pruning unless you want to. We will continue to work on getting your yard the way you will be happy with it. We will never have perfection as much as we would like it.

Presidents Report

Master Association Update

The Master Association vote is broken down as follows based on the count of homes in each sub-association:

- Fuller Loch (single family homes on south side of EW Connector) = 45%
- Carriages and Verandas Townhomes = 30%
- Magnolias = 15%
- Cobblestones Townhomes = 5%

We have to work closely with the other boards because we represent only a small portion of the overall vote. The initial budget proposed for the Master Association was \$161,000 for 2022, an increase of \$10,000. In working with the other boards we have finally been given access to the Master Association financials and contracts. We have re-bid the contracts for Landscaping, Color, Pool Maintenance, and Clubhouse Maintenance. Based on these bids we were able to reduce projected Master Association expenses to about \$125,000. The Master Association does not have a contingency or reserve at present, so we are still working on what the final budget will be; we have all agreed, however, that it will not increase over the 2021 budget.

Thanks to everyone that submitted questions for the proposed senior rental project on the southeast corner of EW Connector & Hicks Rd – the question that we did not have an answer for and have submitted to the developer is how residency requirements for guests including those under 55 years of age will be enforced. From our point of view this is the best proposal we have seen for this space, and will have minimal impact on us; Fullers Loch will be the community with the most impact. It is appealing to us because of the \$200,000 initiation fee which will replenish the Master Association Reserve Account – rather than us having to do so, and the \$15,000 annual contribution to the Master Association Operating Budget which will also reduce our contributions.

Questions

Cynthia Southhall- If they aren't going to be able to participate in our amenities what do they get for it? What is the incentive for them to pay us. They are going to have to pay our association dues right? Correct

Michael- The Declarations for the Master has it set up so that whoever purchases the commercial parcel must pay Master dues based on the assessment set by the Master Board. They are not to have access to the amenities.

Caryl Hanlon- Would this be a good time for the dissolution of the Master? This makes my head explode!

Michael- We have looked at it in the past. There are 4 parcels of land. The tax liability and legal expenses would be huge if we dissolve. We are looking at it. I am trying to work with the other boards so that we and the townhomes take care of our own spaces and give up use of the amenities across the EW Connector which would greatly reduce our assessment to the Master Association.

Recreation- Caryl Hanlon/Cindy Monk

Thanks to the committee –Susan Olson, Jeanne Robinson & Catherine Warren, Joan Roper, Traci Stephen and Melanie Decay.

2. October 30th we will be hosting our Annual Fall Doughnuts and Coffee from 9-11 in front of the clubhouse. The Care Committee will have an addition to this event.

3. November 6th - 13th we will have a non-perishable food items, toiletries and winter items drive for Must Ministries. A list will be posted in the mail kiosk and sent out to the community. So, as you are doing your fall cleaning, please remember the needy in our community. We'll have collection bins at the door of the clubhouse for your convenience.

4. Watch for a surprise December event

Don't forget:

Walking Group in the morning in front of the clubhouse

Walking Off the Pounds on Tuesday & Thursday at 4.

Book Club – 4th Tuesday of the month – books are posted in the kiosk. Join us for one month or all!

ABC- Chip Nimick

Architectural & Building Committee – Area of Responsibility

- building structures, utilities (gas, electric, water, sewer), exterior walls
- walkways, patios, porches, decks
- doors, windows, window treatments visible from outside a Unit

- generally, the structural integrity and exterior appearance of the Units and Common Element buildings

Landscape Committee – Area of Responsibility

- lawns, bushes, shrubs, plants, trees – planted outside of Units
 - whether planted in pots/planters or in the ground
- retaining walls
- “yard art” and other objects placed by homeowners in the Common Elements (including Limited Common Elements)
- generally, the appearance of the Common Elements

Flow of Modification Requests

- homeowners deliver modification requests (Landscape or Architectural) to the Board of Directors (BoD);
- the BoD may forward the request to a Committee, if the BoD wants to have the Committee’s recommendation;
- the Committee may discuss the modification request with the homeowner to clarify goals and explain likely options;
- the Committee makes a recommendation to BoD on how to respond to the modification request;
- note: The Declaration section (13) paragraph (i) states that no approval of a past modification request constitutes a controlling precedent for the consideration of future requests;
- note: The committees “recommend”; they do not “decide”. The BoD decides.

Motion to Adjourn the meeting-

Motion-Doug Barron

2nd- Charlotte Manning