

DRAFT

SUNLAND VILLAGE EAST ASSOCIATION
BOARD OF DIRECTORS
ANNUAL BUDGET MEETING
THURSDAY, OCTOBER 29, 2020 @ 1 PM
SVE AUDITORIUM
SVE LIVE ZOOM AND STREAMING

AGENDA

CALL TO ORDER-The meeting was called to order by President Masquelier at 1:02 PM. BOD members present were Candance Masquelier, Diane Loram, Kim Harding, Mark Thurn, Kevin Van Pelt, Bob Graziano, and Autom Underwood.

PLEDGE OF ALLEGIANCE

2021 BUDGET PRESENTATION-Candance Masquelier explained the protocols to contact the BOD for any budget questions by contacting the SVE Manager, Lisa Titmas. Mark Thurn, SVE Treasurer, presented the financial information on the three budgets which were Reserve, Working Capital Funds Budget, and 2021 SVE Operations Budget.

RESERVE BUDGET- Mark reviewed that the latest Reserve Study for SVE had been completed in September of 2020. This was done in part, secondary to the fact that the Capital Contribution Funds were removed from the Reserve Study and are no longer utilized in factoring the amount of 30-year reserve projects that are fully funded at the start of each budget year. As a result of this “split” we are at 54 % funding for the start of the 2021 Reserve Budget Year in January of 2021. We should be at a 65% or greater funding for the 30-year project period that is being looked at in our Reserve Analysis Report. The amount of money that will be put into our Reserve Fund for 2021 is \$223,677.00. Mark did an overview of how the items in the Reserve Budget get there on an annual basis with some being brought forward from past years when the money was not needed for a project and the other items being in the Reserve Study for the budget year in consideration. He also noted that there are items that are in a reserve study for the upcoming budget year, but the item or items are not deemed in need of the money at this time and are then moved to the next budget year and kept in the Reserve Budget to be used at that time. Mark stated that an example of this for the upcoming year was the South Pool Roof

and that no replacement or work was needed in 2021, and thus the item was moved on to 2022 for a need to be considered at that time.

The total amount of 2021 Reserve Budget items are \$217,276.50 which is almost equal to the amount of money being put into the Reserve Fund for 2021. The projected beginning balance of the Reserve Fund is set to be \$550,291.19 and the projected ending balance is \$567,437.69.

CAPITAL FUNDS BUDGET- Mark stated that the money that goes into the SVE Capital Contribution Fund is from the sale of residential properties at the funding rate of \$1,200.00 per residential sale. The amount of money projected for the fund is being raised for 2021 to \$90,000.00 from the 2020 projected amount of \$75,000.00. The SVE BOD has approved the funding from the Capital Contribution Fund for the Fiber Arts Group request for a multi-purpose facility, provided the SVE Community approves the construction of the request on the March, 2021 SVE Ballot. The SVE BOD has also approved the utilization of \$8,000.00 from the Capital Project Fund for the partial funding of requested Pickleball sunshades from the SVE Pickleball Club. The beginning balance for Working Capital Funds at the start of 2021 is projected at \$800,516.27 and the projected end of year balance for 2021 is \$482,516.27.

STATEMENT OF OPERATIONS BUDGET- Mark stated that the 2021 Operations Budget contains \$1,540,184.00 of annual assessment revenue income. He then reviewed the highlights of each of the main income areas and noted changes for the 2021 budget year within the Operations Budget. Bingo revenue will be down as it is projected that it will not be fully open again until July or August of 2021. All the activity revenue events will also generate less next year as they will also be delayed secondary to the presence of COVID-19 and likely not fully open until after mid-year.

On the expense side for the 2021 Operations Budget, there are many areas that costs will be going up for the year as compared to the 2020 costs. Administrative costs are projected to be up 14%, office costs will be up, pool costs up 8%, landscaping costs up 3%, staff payroll expenses are going up secondary to increased insurance costs for employees, and our utility costs are going up at least 8% for 2021. We have an annual Operations Expense need for \$2,026,614.00 which is just under a 10 percent increase in projected costs for 2021. To meet the increased

expense needs the SVE Annual Assessment amount will need to be adjusted up to a 2021 Annual Assessment of \$632.00 which is just under a 10 percent increase. The computed monthly assessment amount will be equal to \$52.66.

Two questions were entertained from the audience that related to the 2021 annual assessment increase and the \$400,000.00 construction need costs of the projected multi-purpose facility request to be built in 2021 if approved by the SVE community. Mark assured all in attendance that the building of the multi-purpose facility, at a cost of \$4000,000.00, if approved by the SVE community in March of 2021, would be fully funded in total from the Capital Contribution Fund and would have **no bearing** on the need to increase the SVE annual assessments which are part of the SVE Operations Budget.

Mark Thurn made the motion that the 2021 Capital, Reserve, and Operations Budgets be approved. A second was obtained and the motion passed.

Meeting adjourned at 1:32 PM by President Masquelier.

Respectfully Submitted,

Kim J. Harding, SVE HOA Secretary