

**COTTONWOOD PALO VERDE AT SUN LAKES
ANNUAL BUDGET MEETING MINUTES
October 27, 2021**

DIRECTORS PRESENT: Roger Beagle, Gay Zawatski, Frank Gould, Don Hicks, Bud Jensen, Irene D'Aloisio, Len Horst

DIRECTORS NOT PRESENT: None

ALSO PRESENT: General Manager, Steve Nolan

CALL TO ORDER:

President, Roger Beagle called the meeting to order at 4:10 PM in the San Tan Ballroom. He stated the meeting was being recorded for the accuracy of the minutes. He thanked everyone for their months of hard work and attention to detail while producing the 2022 budget. He thanked our General Manager and his Managers, Controller Brian Shaw and his accounting staff, Treasurer Frank Gould and the Board for a job well done.

President Beagle then turned the meeting over to Board Treasurer, Frank Gould.

PRESENTATION OF THE 2022 PROPOSED BUDGET:

Treasurer, Frank Gould welcomed everyone and presented the 2022 proposed budget.

The Budget Process. Treasurer Gould explained the process (Operations Policy #55- see the following slide) and steps that led to the preparation and presentation of the 2022 Budget.

The Budget Process

1. Budget area managers develop line item input
2. Micro level reviews with the General Manager, Controller, Board President, Board Treasurer, Board Liaison, Audit & Finance Committee Liaison and Department Heads
3. Golf Rate Meeting
4. Final budget presentation

**Budget Process Addresses
Funding Needs For:**

- PV Road Fund
- PV Gate Budget
- Capital Improvement Fund
- Capital Reserve Fund
- Operations Budget

General 2022 Budget Information. The next slides showed information regarding items incorporated into the 2022 budget information.

PV Road Fund

Annual amount set and funds administered by the PV Road Commission. Paid by PV residents only.

Current annual assessment is \$175 per unit. No increase has been indicated.

CWPV HOA bills this and forwards the funds to the PV Road Commission.

PV Gate Budget

Paid by PV residents only. Annual assessment is proposed to increase from \$206 to \$216 / per Unit

Sources ..

Assessments	\$232
RFID stickers	<u>7</u>
TOTAL	\$239

Uses ..

Wages & Benefits	\$163
Electricity	59
Misc. other expenses	<u>17</u>
TOTAL	\$239

Review of all CWPV Funds and Budgets. The next slides presented, showed the CWPV funding sources and the budget for each.

CAPITAL IMPROVEMENT FUND

Per the Association's Bylaws, Article 1.2.9 "Capital Improvement Fund: Money set aside for funding new, modified, or expanded Association equipment, facilities or other capital assets".

The projects below are examples of projects/items that these funds COULD be spent on during 2022:

- Repurpose old fitness center.
- Improve environment by planting more trees.

CAPITAL RESERVE FUND:

Per the Association's Bylaws, Article 1.2.10 "Capital Reserve Fund: Money set aside for funding the replacement of Association equipment, facilities or other existing assets".

Examples of uses of this fund are replacement of air conditioners, lawn mowers, patrol cars, and repair and maintenance of other Association assets.

Projects in 2022:

Renovation of pump station by Holes 13/14 in CW
Renovation of irrigation system at Sisk Park
Replace some golf course maintenance equipment
Replace sprinklers on both golf courses
Replace irrigation controllers

Sources and Uses - Operations Budget. Treasurer Gould explained the sources and uses of the operations budget.

Items impacting budget development include:

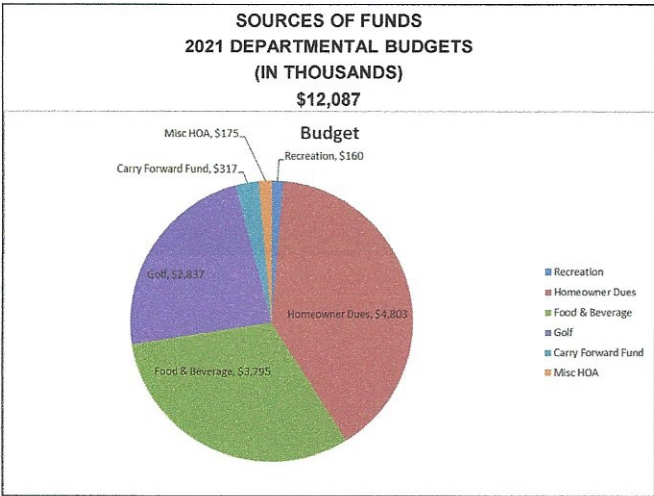
- * Impact of coronavirus upon projected revenues
- * Carry forward fund from 2020
- * Improve benefits package to attract and retain employees
- * Inflation, seed, fuel, food, to name just a few examples

General 2022 Budget Information

- Dollar amounts to nearest \$1000
- Discussion basis is Sources of Funds and Uses of Funds

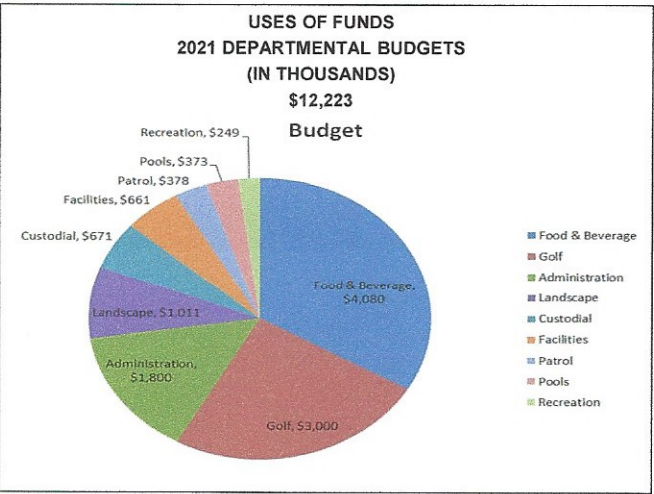
**SOURCES OF FUNDS
2022 DEPARTMENTAL BUDGETS
(IN THOUSANDS)**

	<u>Amount</u>
Total Current 2021 HOA Dues (\$1,504 X 3,809) \$	5,729
Less Contribution to Capital Reserve Fund	(926)
Net HOA Dues to Operations \$	4,803
Other HOA Income(Transfer Fees, ETC)	175
Carry Forward Fund	317
Food & Beverage	3,795
Recreation	160
Golf Proshops	<u>2,837</u>
 Total Sources	 \$ <u>12,087</u>



**Uses of Funds-Operations
2022 Departmental Budgets
(In Thousands)**

	<u>Amount</u>	<u>%</u>
Administration	\$ 1,800	15%
Patrol	378	3%
Facilities	661	5%
Custodial	671	6%
Pools	373	3%
Landscape	1011	8%
Food & Beverage	4080	33%
Recreation	249	2%
Golf Proshop & Maintenance	3000	25%
Total Uses of Funds	\$ 12,223	100%



2022 Homeowner Dues. Treasurer Gould explained the calculations used to determine a budget amount. Uses - Sources, divided by 3,809 homes = a proposed \$36 per year assessment per home.

2022 Budget Calculation	
	<u>Amount</u>
Sources of Funds	\$12,087
Uses of Funds	<u>12,223</u>
Surplus/(Deficit)	<u>(\$136)</u>
Per Household/Per Year	<u>\$36</u>
Per Household/Per Month	<u>\$3.00</u>
%Increase	<u>2.39%</u>

- Annual Dues Increase from \$1504 to \$1540 per year.
- Palo Verde Dues Increase from \$1885 to \$1931. This includes the \$216 for the Palo Verde Gate and the \$175 for the Palo Verde Road Fee.

Comparison. The next slide showed a comparison of our current annual homeowner dues with other HOA adult communities.

Operations ...	
Look at how our annual homeowner dues after the recommended increase of \$36/year \$1,540 compares with other communities in the area:	
Sun Lakes Country Club	\$1,382
Trilogy @ Power Ranch	\$1,840
Iron Oaks	\$2,175 (2021 Dues)
Robson Ranch	\$2,552
Pebble Creek	\$2,728
SaddleBrooke	\$2,709
Leisure World	\$3,300 - \$5,700
Sun City Oro Valley	\$2,136

PROPOSED 2022 HOA DUES:

Palo Verde Residents: \$1,540 annual dues +\$175 PV Road Maintenance + \$216 PV Gate = \$1,931
 Cottonwood Residents: \$1,540 annual dues

Mr. Gould noted a summary of the 2022 budget information is available at Homeowner Services.

QUESTIONS & ANSWERS:

- Bob Neuer voiced his concern regarding the Reserve Fund balance and the money being withdrawn. Mr. Gould noted the funds being used are qualified Reserve items. Mr. Neuer feels money should be taken from the Capital Improvement Fund. Mr. Gould so noted.
- Dave Hovevar inquired as to the percentage of the Administration budget that is for the Fitness Activity Center. Mr. Gould commented to contact Brian Shaw at the Administration office for the exact amount.

APPROVE 2022 BUDGET:

Irene D'Aloisio made a motion, seconded by Gay Zawatski, to adopt the 2022 Budget as presented. The floor was opened to Board & homeowner comments. There was no discussion.
Motion carried unanimously.

President Beagle thanked everyone for attending.

The meeting adjourned at 4:30 p.m.

Respectfully submitted,



Robert "Bud" Jensen, Secretary