

Annual Homeowners Meeting		
Date	January, 2024	
Place	Villa Caballeros via Zoom	
In Attendance	Mike Fitzgerald* Mark Davis* Rodger Vanhyfte* Michael Delauzon* Wes Smith* Cindy Anderson (Management) Several Homeowners in attendance	*Board Members
Recorder	Cindy	
I.	Call Meeting to Order	Meeting called to order at 10:06 AM
II.	Establish Quorum	A quorum was established with 25 ballots
III.	Approval of Minutes: Annual meeting February 2023	Passed via vote
IV.	Introduction of Candidates and Inspectors of Election	
V.	Nomination from the Floor	No nominations from the floor
VII	Presidents and Treasurer's Report	<p>As of December, Closing for Full Year 2023 Funds in Operating Account: (\$2,607.55) Funds in Reserves Account: \$280,682 Portion of Reserves in CDs, which were moved to higher interest accounts in JUN. \$51,436 @ 5.37% Exp. 7/22/24 and \$81,121.92 @ 4.26 Exp. 1/21/24. Interest Earned on CDs JAN-JUN \$839.45 / JUL-DEC \$3,245.35 Administrative Expenses: \$110,073 (\$50,208 in 2014) Common Area Maintenance: \$39,917. (\$24,935 in 2014) Landscape: \$57,720 (\$51,800 in 2014) Pool: \$9,501 Utilities: \$42,078 (\$37,385 in 2014)</p> <p>Homeowner Accounts Status: All up to date, no unpaid amounts of any kind, with one exception – one homeowner in arrears, including late charges and fees, in amount of \$7525. All due process followed by HOA and turned over to legal. Confident funds will be received one way or another. A consistent pattern of being in and out of collection, that dates to 2006.</p> <p>Final Picture: Total Dues Collected: \$329,220 Total From Dues Collected Placed into Reserves: \$104,875 Total Expenses: \$259,295 Actual compared to \$225,095 Budget. Reviewed causes of the over budget year end results.</p> <p>Over Budget Year End Result: \$34,200 plus \$8,990 owed to Reserves to cover some of the DEC operational expenses Total: \$43,190 Over Budget. Note: Additional \$3569 still owed for garage roof assessment under-collection.</p> <p>\$22,000 of the over budget amount is direct result of not amending budget in DEC 2022, when it was known that <u>Earthquake Insurance Policy would be \$56,173 and not \$34,075</u> for fiscal year 2023, which in turn caused operating funds to diminish by \$22,000 more than budgeted.</p> <p><u>Common Area Maintenance</u> over budget by \$8,600 due to unplanned plumbing expenses and building repairs. <u>Pool/Spa</u> over budget by \$2,721 due to extra expense more than planned. <u>Utilities</u> were \$2,394 over budget because of increased waste disposal expenses.</p> <p>Homeowner Dues: Reviewed history of homeowner dues to highlight the fact that for the day-by-day operation of Villa Caballeros, the homeowner dues remained remarkably steady over the years. The addition of earthquake insurance and that premium expense has significantly increased homeowner dues for year 2022, 2023 and 2024. Monthly Homeowner Dues History: 2024 \$520 w/earthquake insurance; 2023 \$465 w/earthquake insurance; 2022 \$440 w/earthquake insurance; 2021 \$370; 2020 \$370; 2019/2018/2017/2016/2015 (don't have right at hand); 2014 \$340; 2013 \$340; 2012 \$340; 2011 \$335; 2010 \$335.</p>



		<p>Highlighted that the yearly expense for Administration budget, not including EQ premium expense, has been remarkably stable over last 6 years at approximately \$52,000 - \$54,000 per year. For 2023 and 2024, EQ premium alone exceeds total admin budget, which has significantly impacted the overall annual budget and dues.</p> <p><u>Common Area Maintenance</u> annual budget for the last 4 years consistent at \$33,000 to \$39,000, <u>Landscaping</u> consistent from \$51,000 to \$58,000 over past 10 years, <u>Pool/Spa</u> expense consistent from \$7,000-\$9,000 over past 4 years and even <u>Utilities</u> when 2023 is compared to 2014, increased only by an average of \$1000 per year, from \$37,385 to \$42,078, which is normal and not excessive.</p> <p>The reason to review this information is for homeowners to be confident that year-in and year-out, the HOA expenses have been well controlled, property well maintained and day-to-day needs addressed.</p> <p>What has greatly impacted the finances, reserves, and increases in dues has come about in the last 3 years. Without going into the specifics of why in this report, the 'what' involves the balcony issue of 2021 and 2022 which, including all associated expenses, totals over \$100,000 spent. While currently not completely resolved either financially or how best to move forward, the HOA has met the legal requirement of having an inspection. Also, HOA taking on earthquake insurance in 2022, the underfunding of the reserves, and not appropriately updating reserve study planning.</p> <p>Reserve expenditures 2020,2021,2022 and 2023 total \$388,287. In the same 4 years, funds set aside from the homeowner dues for reserves total \$365,000. Funds spent exceeded funds collected, not always a bad thing if those major expenditures had been better planned for in the reserve study, however currently the HOA isn't ideally funded for major upcoming expenses over the next few years. It's noted that there was a special assessment made for the garage roof/tennis deck work, and that did alleviate some of the pressure on the overall reserves to cover that work in addition to the monthly reserve allocations.</p> <p>Helping to throw the finances out of whack was budgeting for EQ insurance over two years that, in each year, the actual cost of the policy was well above budgeted amount, and homeowner dues were not raised enough to cover both the actual earthquake cost and the need to adequately fund reserves with amounts that address upcoming future requirements. One goal for 2024 will be to work with financial and maintenance experts to assist in compiling a long-term plan for the maintenance and replacement requirements for Villa Caballeros and how best over the next years, plan financially to fund those needs. Currently there is no comprehensive maintenance masterplan in place.</p> <p><u>Reserve Expenditures Recent History</u></p> <p>2023 \$19,050 Replace Circuit Board, all 3 gate operators, mag lock + install code mandated strobes. \$4,066 Annually Scheduled Roof Maintenance and Full Inspection (APR 2023) \$2,845 Paint Pickleball Lines \$5005 Landscape Extras (DEC 2023 invoice - should be an Operational Expense but posted as reserve expense as not enough operating funds available) \$7,824 Install/Replace Unit Sprinklers \$5900 Drywall repairs (should have been an Operational Expense but posted as reserve expense) \$4950 Pool heater replacement Total: \$49,640</p> <p>2022 \$7443 Balcony Related \$69,244 Roof Related \$6125 Landscape Related \$9895 Paint + Repair \$7590 Pool Related \$12,600 Plumbing Repair Related Total: \$112,897</p> <p>2021 \$17,393 Driveway/Asphalt Related \$20,388 Balcony Related \$63,919 Walkway Related \$21,238 Roof Related \$93,120 Garage Roof/Tennis Deck Related \$10,145 Pool Related \$2757 Plumbing Repair Related Total: \$228,962</p> <p>2020 \$2595 Driveways/Asphalt Related \$7777 Roof Related \$46,578 Walkway Related \$29,363 Garage Roof/Tennis Deck (drains) \$13,724 Paint + Repair Total \$100,037</p> <p>Roofs/Walkways - Highlighted that significant funds have been spent to consistently repair, maintain, and inspect the roofs and walkways.</p> <p>Roofs: Despite the sums spent in 2022 to have an elastomeric coating completed on all three roofs to waterproof and protect the foam material underneath from deterioration, a process</p>
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At 40+ years old, the pipes were brittle after years of long hot summers, particularly at the articulated 'bendy' part of the pipe which redirects the 'down flow' to a 'side flow' and out the side wall below the roof, cracked from the pressure caused by the sudden volume of water. It was unfortunate, and some units had thousands of dollars of damage that management dealt with as quickly as possible, given that the entire valley needed roof workers and dry wall workers in the aftermath of the storm.</p> <p><u>Walkways</u> - The extensive lengths of elevated walkways have always been a source of continuous expense over the years, and many attempts at 'best solutions' have been tried to deal with them.</p> <p>Poorly designed when built, the walkways don't have a 'slope' to allow for proper drainage, instead along most of the walkways, the sides are slightly more elevated than the center, and water doesn't drain. Despite having actual drains installed over the years in the worst areas, leading to gutters to direct water away, it's still a problem.</p> <p>The elevated walkway between Bldg. 2 and Bldg. 3 has long needed attention, however rather than the same band aid repair as previously done, other options were sought, and the HOA is in contract to have a more comprehensive (and expensive) 'fix' done. As is often the case with the most in-demand contractors, awaiting a time that the work can be done, which looks to be end of FEB/early MAR. The walkway between Bldg. 1 and Bldg. 2, which was done a couple of years ago, most likely will soon again need attention.</p> <p>BOARD GOALS FOR 2024 INCLUDE:</p> <p>Balcony Issue - Determine and put into action whatever needs to be done to finally resolve the balcony issue.</p> <p>It's a certainty that 1) HOA has completed legally required inspection. 2) It's the results and recommendations of that inspection that are at issue. 3) Disagreement how existing lifespan of balconies was determined. 4) It is now known and agreed, that the suggested solution was overly aggressive and needlessly expensive, there are other, more reasonable solutions. 5) There is no timeline for completing recommended repairs, so there is time to change course, determine what is reasonable and then plan for it over next few years. 6) There is absolutely no danger of any of the balconies failing as all are structurally sound – which was the sole reason the balcony inspection law was put in place, for HOAs to be certain of that.</p> <p>Earthquake Insurance Issue – Once the issue surfaced last year that the budgeted EQ premium of \$34,000 should have been budgeted instead at an actual amount of \$56,000, it was late in the year and options were limited. Yes, this should have been known months earlier, but this is where it's at.</p> <p>It's not required by Sterling Davis or California law for HOAs to carry earthquake insurance. Our governing documents do not require that EQ insurance be carried. It is the board's sole discretion to decide to carry EQ insurance or to cancel an existing policy. Upon learning the actual cost of the 2023 policy, it became a major concern about the total cost of EQ, which has almost doubled in 2 years and of the big unknown on what that expense will be in years to come.</p> <p>It was the board's opinion that even if the board could vote to keep or cancel EQ on their own, the board would not make any decisions without a full official vote (not a survey) of the all the homeowners. The board decided to renew the EQ policy for 2024 and give 3 months, 1stQ, to do research, seek expertise, weigh the pros/cons, and explore if Motus, an EQ insurance program for HOAs that has quickly grown over the last 6 years, could be a solution.</p> <p>Status is EQ coverage in place, as has been since 2022, a committee of board members AND homeowners will delve into everything involved and options available, and will provide a full report to homeowners, with an official vote conducted within 3 months.</p> <p>Tennis Deck/Garage Room Issue – The issue of water seeping through from the tennis court into the garage has been an ongoing issue for well over 20 years. The result of being improperly constructed in the first place.</p> <p>Over the years various attempts to mitigate the water damage have been taken, with the last attempt one of more aggressive and successful tactics taken – channeling out the cracks that have happened over the years and injecting a super strong epoxy/polymer/whatever into those areas where water has seeped – but it now again needs to be addressed because the primary cause hasn't been mitigated. Even having installed drains in on each end of the tennis court, while very helpful, hasn't done the job. The epoxy injection process and drain installation was an expense over \$120,000 just over 2 years ago. It's critical to continue to find a long-lasting solution.</p> <p>The board is in process of obtaining a bid from the contractor who did the drains and the epoxy injections to again come and complete additional injections where needed. This time, the entire tennis court surface will be scraped off and removed completely. Once done, the entire surface will be coated with a material that binds tightly with the cement, in a way even 'heals' the cement in areas of deterioration and is a material that's hundreds of times stronger than the cement itself. This will create a durable barrier against water seeping into the cement, and once cured, the tennis court will be resurfaced, which needed to be done soon anyway, so the timing is right. The contractor will the paint the ceiling, helping to camouflage the areas of repair.</p> <p>It will be an expensive project to accomplish, but one that will pay dividends for years to come</p>
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IX	Committee Updates	None
X	Election Results	<p>Board members elected to the Board were Brian Earp Rodger Vanhyfte Minutes from 2023 annual meeting passed. Excess income passed.</p>
XI	Homeowner's Forum	Insurances, roof hatch locks, garage, and tennis courts. Balconies and walkways.
XIII	Meeting Adjourned at 11:12 AM	Next meeting will be scheduled
Organization	<p>A motion was duly made, seconded and approved the following:</p> <p>President Brian Earp VP. Michael Delauzon Treasurer Mark Davis Sec. Rodger Vanhyfte</p> <p>Committees A motion was duly</p>	

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	<p>made seconded and approved to have two board members and two homeowners on each committee.</p> <p>Earthquake Insurance Michael Brian</p> <p>Balconies Mike F Brian</p> <p>Landscaping/arch Rodger</p> <p>Finance Mark Brian</p>	<p>DRAFT</p>
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