**VALLEY PINES CONDO ASSOCIATION BOARD’S REPORT**

President: Glenn Drummond

Vice President: Peter Hooper

Secretary: Kim DiSalvo

Treasure: Paul Squadrito

Member at Large: Vacant

Dear Homeowner,

Below is a summary of what the Board discussed in reviewing the proposed budget. Our  goal this year is to propose the least possible increase to maintain and improve the property  along with paying off prior year’s deficit. After resolving the prior year’s deficit, the Board /  ownership will have a little more flexibility to budget for other improvements to the property. Along with other budget details Genny will also be discussing how the prior year deficit was  generated.

The main goal in paying off the prior year deficit is to eliminate the borrowing from capital  reserve to operating and stay within budgeted expenses going forward. This year’s budget is  proposed to increase dues for residential owners by 8.41% to include operating and capital  reserve expenses. The garage units are proposed a 10.24% increase and is assessed only to  garage owners.

We are proposing a $500 special assessment (on the average depending on % of ownership)  to residential unit owners to repay the prior years deficit. Garage owners will be special  assessed $1,320 to pay off their prior year deficit. These are proposed separately from the  regular monthly assessments and will be due by the end of 2023 however any owner wants to  pay their special assessment (monthly, bi-annually, all in one payment). Owners that have both  a residential unit and garage will be billed both special assessments, all owners will be billed  either for their operating special assessment or garage special assessment (4-5 owners have a  garage but do not own a residential unit).

The Association budgets in three difference categories. First are the operating assessments  to cover rental income, utilities, administrative and maintenance expenses (snow plowing,  mowing, cleaning ect.) Second are the garage expenses that include utilities and maintenance  that are only billed to garage unit owners. Third are the capital reserve expenses (roof  replacement, boiler replacement, sidewalk replacement ect.). The capital reserve study is  available on the website for anyone that would like to review. We use this study to track  needed replacements and to create the annual budget.

**Investments:** The Board has invested majority of the Association’s capital reserve funds in  certificates of deposits to earn higher interest income. The Association holds (2) certificates of  deposit at Edward Jones, one is earning .95% and will mature in March of 2023 and then be

rolled into another certificate of deposit with a better interest rate hopefully above 4%. The  other certificate of deposit is to mature in October at a rate of 4.30%. We will keep investing  the reserves in certificates of deposits as they are risk free and guarantee income which is  required by CCIAO. When we know that we have a capitol project we will move funds from the certificate of deposit back into our capitol reserve account.

**Leases:** The ownerships expenses are lowered by income that we receive for leasing, (3)  parking spots, the kitchen, (2) offices and (2) storage spaces. The Board was approached by a  company about renting the lower office space and 1 parking spot. This space was previously  rented by the Property Manager who also currently rents the upstairs office, (1) parking spot and (1) storage area. The ownership also holds one storage area on the 1st floor. The new lease  for the first floor will increase revenues by $8,115 for the year. We also have formalized a lease  with the property manager for the other office, parking space and storage area. The kitchen  lease is still being fulfilled by Elissa, Delicious.

**Expenses:** Our largest increase to this year’s budget is insurance at 35% or $8,900 for the  year. Insurance premiums have doubled for many HOAs throughout the valley due to increased  replacement costs and the 2 billion dollar loss when over 1000 homes on the front range  burned down in 2021. Anderson Property Management will be getting the Association a quote  to increase our coverage as soon as possible as we are currently under insured.

**Projects**: We are very fortunate to have Paul as a Board Member that is assisting the  ownership with our landscaping and signage projects. In 2023 we are planning to remove several large dead trees throughout the property. We are required to replace trees when we  remove them but have option as to what we will replace them with. Paul has started a  landscaping plan that includes other future tree/plant removal and replacements. These plans  will make the property look and function better at less cost. We are also considering a different  kind of grass option that will require less watering and maintenance.

Paul has also drawn up a signage option that will go in our entry to show where each unit is  located.

We will be cleaning dryer vents this year and will budget every three years. This is done  through our roof and no entry is needed to units, owners are required to clean their own lint  from the dryers internally which should be done after every load. This is a life safety issue and  will hopefully help keep our insurance premiums lower in the future.

Gym equipment is being replaced with One refurbished treadmill, One refurbished stair  stepper, One refurbished elliptical.

In trying to lessen the budget increase we have moved motion light installation and exterior  window cleaning to next year’s project list. The Board really wanted to complete these projects  but felt a 15% increase in dues plus the special assessments was too much of an increase.