

**Minutes of Crestwood Village Five
Budget Workshop
May 15, 2024**

I. The Meeting was called to order at 2:00 PM with Pledge of Allegiance.

II. In attendance were Trustees: Mary Ann Payne, Nancy Eldridge, Steve Berwanger, Karen Pedersen, Betsy Gordon, Steve Carroll, Robert Lamb, Administrator Cathleen Blackwood and 27 Residents (also posted on-line)

III. 2024 - 2025 Fiscal Year Budget Presentation

A. Steve Carroll presented the 2024/2025 proposed budget to be effective on July 1, 2024. Primarily the Maintenance Fees will range from \$16 to \$18 per unit per month. Contracted services showed an increase in costs for Insurance, Maintenance and Gutter cleaning and a decrease in Salting and Bus Service. Mary Ann Payne negotiated the Bus Service renewal contract with a revised Bus Schedule to lower the price of the Contract.

B. The biggest factor driving the increase is the CV5 Master Insurance Policy. Last year's budget showed a cost of \$390K, however, the cost was increased to \$437K shortly after the Budget was prepared. This year the cost was raised to \$523K, a 19% increase. (\$10 increase per unit per month over the last budget.) The Liberty Insurance broker has researched several companies and will continue to try to negotiate lower rates.

C. Steve Berwanger explained the new NJ State Law S2760, passed in January 2024. The new Law requires Home Owner Associations to have a Capital Reserve Study and fund the projects in the Study. The Study is a road map of future expenses. It looks at the assets with inspection dates, life expectancy, values and replacement costs. The Study is very subjective and the schedule extends over 30 years.

D. The CV5 Study, completed in October 2022, shows a \$4.8 M Road project as a priority over the next 4 - 5 years. We have been building Reserves for this project and are in good shape. However, the Study provides threshold requirements. We have chosen the lowest requirement of 5%, resulting in \$600K to be budgeted for Reserve to Replace Funds. The actual expense expected on the Study is to be \$1,043,777. The 2022 Study is being updated to show that some of the items have been completed and do not require funding in this year's budget:

- = Club House Roof Project - scheduled for completion in 2027 was completed this year, due to leaks
- = Floor project - scheduled for this year is complete
- = Shuffleboard court renovations - cancelled

The \$600K Reserve requirement also includes an inflation factor. Steve Berwanger had a discussion with the CV5 Accountant, Skip Bauer and FWH Engineering, Dan Rush (prepared the Capital Reserve Study) regarding application of the Reserve Interest accrued. It was estimated that 3.25% interest rate is applied to the Reserve Accounts automatically equaling approximately \$65K. Therefore, the Reserve to Replace budget line item will remain at \$525K and the \$65K in interest will bring the estimate closer to the \$600K requirement.

E. The CV5 Resident Club was commended for the Contributions made to the upkeep and enhancements to the CV Club House.

Audio/Video System	\$25,000
Grill for outside parties	700
Lobby Furniture	\$ 1,500
Banquet Tables	\$ 1,500
Curtains	\$ 2,775
Christmas Tree	\$ 575
Electric Repair	\$ 800
Motion Picture License	\$ 2,400
Copier for Library	<u>\$ 250</u>
	\$35,500

IV. Questions:

A. Steve Gray, 12A Birchwood: Why did the Electric Bill go down

R/ Betsy Gordon: LED lighting was installed. Also, a rebate was received for the installation.

B. George Elliott, 15B Canton: Who did the Study, was a Civil Engineer involved?

R/ Steve Berwanger: FWH Engineering completed the study and yes a Civil Engineer was involved. We have requested an update to the study and an extension for the timeline.

C. George Elliott, 15B Canton: There is no line item for the roof project. Is it complete?

R/ Nancy Eldridge: The next roof project is identified in the Capital Study and would come from Reserves. Steve Berwanger: There is not a specific line item for the next roof project. I had a discussion with the CV5 Accountant and FWH regarding setting up a General Account for increases and decreases in the Reserve accounts. They did not have a suggestion for setting up that type of account.

D. Tom Maione, 22 Canton: Is the Capital Reserve Study on a website?

R/ Steve Berwanger: No, it is still being updated. Also, the Website is a Public Network and we do not post Financial information on a Public network.

E. Ed White, 7B Penwood: Who will tell us when we have to start the road project and does the State pick the contractor?

R/ Steve Berwanger: The Study only sets up a timeline for the projects and a requirement for funding. We will decide when we start and select the contractor. Mary Ann Payne: Contractor decisions are made based on three bids.

Steve Berwanger discussed upcoming contracts due for renewals within the next year: Stanley Maintenance Contract (expect 30% increase to be requested), John's Landscaping, Ozane Exterminating. Other bids will be solicited before renewals are made. John's Landscaping requested additional funds for the cost of disposing of the brush and leaves. The Board upheld the contract costs and denied the request.

F. Christin Kempka, 15 Greenleaf: I put in a workorder for damage to my roof that was installed in 2008. The shingles are falling off. Maintenance took pictures and said the roof should be good for 20 years. There are no visible leaks but she thought she heard water in the wall.

R/ Steve Berwanger: We will send someone to take another look and repair the roof if needed.

The next Budget Meeting is scheduled for May 29, 2024 at 7 PM.

Nancy Eldridge
Secretary