

**Minutes of Crestwood Village Five
Budget Meeting
May 29, 2024**

I. The Meeting was called to order at 7:00 PM with Pledge of Allegiance.

II. In attendance were Trustees: Nancy Eldridge, Steve Berwanger, Karen Pedersen, Betsy Gordon, Steve Carroll, Robert Lamb, Administrator Cathleen Blackwood and 25 Residents (also streamed on the CV5 Facebook page), Absent: Mary Ann Payne

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 increase and range from \$16 to \$18 per unit per month

1. 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.)

2. The Salting expense was lowered by \$14,000 due to previous years showing no more than two salting's per year.

3. Mary Ann Payne revised the Bus Schedule due to lack of ridership and negotiated the new Bus Contract with Stouts Bus Service, lowering the cost by \$12,750.

4. Nancy Eldridge and Steve Berwanger applied for a Firewise grant for \$5,000.

5. Reserve CD's have been re-invested for 5%.

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 CV5 which have been identified 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. Robert Lamb explained the condo collapse in Florida which was determined to have not been maintained, was the catapult for New Jersey to pass the law to ensure that HOAs have a Capital Reserve Study and reserve funds.

E. Steve Berwanger highlighted items in the CV5 Study, completed in October 2022, showing 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. Some projects identified have been completed, e.g. Club House Roof Project, Floor project have been completed, and the Shuffleboard court renovations were cancelled.

F. The Capital Reserve Study also accounts for an inflation rate of approximately 3 % for each year of the study. Steve Berwanger had a discussion with the CV5 Accountant, Skip Bauer and FWH Engineering regarding the interest earned of the Cash Reserves being invested. Going forward it was agreed by the Board to

use a conservative interest rate to be applied to the annual amount of the contribution 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.

G. Steve Berwanger advised that the Capital Reserve Study shows that next year the Reserves allotment be increased by an additional \$68,000. Keeping in mind that every \$13,000 increases the Maintenance fees by \$1. Also, the Maintenance Contract is up next year, 2025, which could result in a 30% increase.

IV. Budget Vote: Betsy Gordon made a motion to accept the 2024 - 2025 Budget, Steve Berwanger seconded the motion. Mary Ann Payne who could not be here, called in a vote of Yes. The attending Trustees voted as follows: Robert Lamb - Yes, Nancy Eldridge - Yes, Betsy Gordon - Yes, Karen Pedersen - Yes, Steve Carroll - Yes. The President only votes if there is a tie.

V. 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

The Resident Club contributions resulting in a savings of \$3 per month for each household.

IV. Questions:

A. Adeline Sander, 7 Greenleaf proposed that a separate escrow account be set up for the Reserves.
R/ There is a Reserve Account.

B. Robert Dalassandro, 1B Canton:

1. Where does Reserve contributions come from:

R/ Maintenance Fees

2. The Study shows that in 2029 expense go down, why?

R/ The Road project is expected to be completed by 2029.

3. Why is Stanley Contract expected to go up 30%, Material? Labor?

R/ The 30% increase was not received from Stanley. That estimate is based on anticipated increases in costs for materials and labor.

C. Frank Travalione, 25B Portsmouth:

1. Where did the FWH Study come from?

R/ FWH Engineering used historical data, and on-site visits to prepare the Study.

2. Can the Study be massaged overtime?

R/ Yes The Study is being updated by an "office update", to show completed projects.

3. Did we hire Stanley employees?

R/ No. The custodian positions were removed from the Stanley contract and CV5 hired custodians (they were not Stanley employees.) The Custodians serve the Clubhouse. The Maintenance positions are from Stanley employees and do the work orders.

4. Did we have Insurance claims last year? Is that why the insurance increased?

R/ Yes we did have claims, but the broker explained that is not why the rate increased. The value of the units and the cost to replace increased.

5. Will the interest show in the budget?

R/ The Interest is applied directly to the Reserves. We can add it to the budget as a foot note. The forecasted interest for this budget year is \$65,492.

D. Anthony Garrett, 38 Portsmouth:

1. The gutter and grass cutting contracts are not being done.

R/ The gutter cleaning went out for bid and one bid came in at \$75 per unit. The decision was made to contract the Grass contractor to coordinate the gutter cleanup and lawn cleanups. Complaints from the gutter and grass cleanups are dealt with by the Board. Next year, three contracts will go out for bid: Maintenance Contract (Stanley, Gutters and Grass (Johns Landscaping) and Pest Control (Ozane).

E. Wendy Webster, 7 Valley Ct:

1. Gutter cleaning is done too early, propose that the gutter cleaning be moved a month. Continually have to pay to clean out pine needles at an additional cost.

R/ Unfortunately, we are in the pine barrens and a good wind or storm fills the gutters again.

2. Are the grass cutters insured, for damages?

R/ Yes. If your house or car is damaged complete a grass complaint form.

3. Is the budget based on 100%? Is there a provision for non-payment?

R/ Yes, in the Budget, on the second page, 4th line down there is a line item for bad debt.

Meeting Adjourned at 8:00 PM.

Nancy Eldridge
Secretary