



November 5, 2022

Dear Townhome Owner,

Attached you will find a copy of the 2023 tentative operating and reserve fund budgets. The Board of Directors has worked diligently to develop a budget that will allow for the preservation of resale values within the development. The recommended assessment level is **\$280.00** per month, which is a \$10.00 increase from 2022.

IMPORTANT: The process for adopting a budget is as follows: The Board and management prepare a “proposed” budget and this is sent to each owner for their review and comment. Owner comments or concerns may be provided by e-mail or by attending the December 20th Board meeting. No vote to approve the budget is made until owners have an opportunity to provide comments and concerns. The Board will then consider the comments and vote the on 2023 budget as presented or with changes incorporated from owner input.

General Information: Below are general notes to consider:

- 1. The Association reserve fund continues to receive increased discussion and analysis between the board and management. The roofing and driveway replacement projects were paid for 100% out of the reserve fund, which is a huge accomplishment as the final cost for the combined projects was over \$1.6 million. The Association has also completed a large capital project that involved restoring the fence line. The total cost of this project, approximately \$125K, was paid for out of reserves. The money was derived from a negotiated land sale to BNSF. This was another big win! The three phase painting, staining, and wood replacement project is also paid for out of reserves (2023 will be the third and final phase and the project will start back up in 2026). Other projects under consideration include road maintenance and exterior light fixture replacements. Timelines are to be determined for these projects.*

Association efforts to keep maintenance cost increases as low as possible.

- 1. Major contracts continue to be negotiated for multiple years with manageable percentage increases. We feel we have a solid team of vendors in place for all areas at competitive prices. This includes but is not limited to management, asphalt maintenance, landscape maintenance, and painting/carpentry. The Association will be working with a new irrigation company in 2023.*
- 2. The negotiations with the railroad ended up being a financial gain for the Association. The Association no longer has to budget for fence replacement as this was paid for 100% by the railroad. Additionally, the property restoration was paid for entirely from the small land transaction.*
- 3. We combine work orders when possible to eliminate multiple service calls. Elite Management also handles refilling dog waste stations, monthly garage light bulb replacements, and watering new trees/shrubs for reasonable costs.*

The next section provides a summary explaining the key components of the proposed 2023 operating budget.

Administrative – Administrative fees for 2023 are straightforward and have been projected based on historical data and existing contracts. The Association has been able to successfully control administrative expenses in previous years and this trend should continue in 2023.

Buildings – Building expenses have been budgeted to allow for standard maintenance and repairs. Additionally, we were able to keep roofing repair projections lower as our roofs are new and covered under warranty. With that said; other general repair items remain higher to account for the aging of the buildings, which includes siding repairs and masonry work orders. Additionally, we continue to budget an emergency allocation for snow removal from roofs.

Note: Exterminating services will not be provided by the Association unless the insects are affecting the exterior components of the buildings, such as the siding. The Association will not issue service calls to remove nests from eaves and items of this nature. Additionally, the Association does not provide trapping services for raccoons, skunks, etc. unless the animal is damaging the Association's landscaping. For example, if an animal is burrowing a hole around your foundation or under your deck, this would be an owner responsibility to have the animal trapped. If the animal is cutting down trees or digging up the grass, the Association will cover this.

Grounds (Landscaping) – The Association's grounds continue to make up a large percentage of the annual operating budget. In 2023, the grounds maintenance program will include; standard landscaping, irrigation and aerator maintenance, Phase one of a three year tree pruning cycle, removing and replacing dead shrubs as needed, mulching around the units (not the common areas), flower rotations at the front entrance, diseased tree replacement, and miscellaneous items such as grounds work orders. Additionally, as the irrigation system and aerator age, we have to allocate for potential repairs to these items. We are also changing irrigation contractors to a company that provides this service as their primary focus. Sealcoating of all drives will also be completed in 2023.

Grounds (Snow and Salt) – We conservatively budget for snow and salt based on historical numbers. Snow and ice is the biggest question mark in the budget. Snow will either provide some budget relief or cause us to tighten the reins. Ground Pros will be servicing our walks and drives but will not provide salting service. With that said, we have budgeted for emergency salting in case of an ice storm. The Village will continue plowing and salting SFL, SFC, and WTD as they have in past years and we have budgeted accordingly for their services.

Reserves –We are projecting the reserve fund to be at approximately \$716,000.00 at the end of 2023. The Association is still contributing to reserves per the reserve study recommendation. These contributions should theoretically keep the association at a fully funded level unless capital project costs far exceed their projections. The most recent reserve study includes the results of our completed roofing project. Overall, the Association is meeting its long-term financial goals and completing capital projects.

Note: A fully funded reserve is a valuable asset for the Association and should be a key factor for potential buyers. With 40% of income going to reserves, this reduces the likelihood that a special assessment or loan financing will be needed in the future. If you are interested in reviewing the most current reserve study, copies are available on the website at www.thewindings.net.

Reserve Budget –Painting, staining, and wood replacement will continue in 2023. The painting project is a three year process (2021-2023). No other reserve expenses are projected for 2023.

These are the highlights of the 2023 budget. We hope that this lays out the budget in a clear and concise manner. The proposed budget is scheduled to be voted on at the December 20th board meeting which will be held at 7:00 PM via Zoom. In the mean time, if you have specific questions relative to the budget, feel free to email brett@elitemgt.net.

Thanks - Brett Kovel, Elite