



November 5, 2023

Dear Townhome Owner,

Attached you will find a copy of the 2024 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 **\$290.00** per month, which is a \$10.00 increase from 2023. The main driver of the increase was the renegotiation of the snow contract. We were unable to maintain the per push style contract while keeping the equipment on site. Last year's light snowfall didn't allow the contractor to recoup equipment costs. Therefore, we negotiated a seasonal contract which ensures the contractor is compensated for equipment and other base costs required to have the assets and people in place to manage our snow removal quickly and efficiently.

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 19th 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 2024 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, driveway replacement, roadway resurfacing, curb/sewer repair, light fixture replacement, and painting/staining/wood 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 \$2 million. The three phase painting, staining, and wood replacement project was completed this year and will start again in 2026.*

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, irrigation, and painting/carpentry.*
- 2. 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.*
- 3. Through long term vendor relationships, we were able to secure great pricing for all of the roadway work and light fixture replacement.*

The next section provides a summary explaining the key components of the proposed 2024 operating budget.

Administrative – Administrative fees for 2024 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 2024.

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 newer 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. Finally, as the trees have grown and matured over the years we now need to clean gutters on all buildings twice per year.

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 2024, the grounds maintenance program will include; standard landscaping, irrigation and aerator maintenance, phase two of a three year tree pruning cycle, removing and replacing dead shrubs as needed, mulching common areas (not around the units), 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 allocate for potential repairs to these items.

Grounds (Snow and Salt) –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. Our snow clearing contract increased due to changing to a seasonal contract where we pay a flat fee each month. This contract format is the only type available to keep the dedicated snow machines on our site. 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 \$650,000.00 at the end of 2024. 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. Overall, the Association is meeting its long-term financial goals and funding capital projects from reserves.

Note: A fully funded reserve is a valuable asset for the Association and should be a key factor for potential buyers. With 41% 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 –Due to all of the projects recently completed, no reserve expenses are projected for 2024. The board is considering making some changes to the landscaping at the center parking island. This project, depending on costs, could be run through reserves.

These are the highlights of the 2024 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 19th board meeting which will be held at 7:00 PM via Zoom. In the meantime, if you have specific questions relative to the budget, feel free to email brett@elitemgt.net.

Thanks - Brett Kovel, Elite