

**VILLA ANTIGUA HOMEOWNERS ASSOCIATION
ANNUAL HOMEOWNERS MEETING**

MINUTES OF APRIL 25, 2018

ANNUAL MEETING No. 40

President Marti Gray called the Fortieth Annual Meeting of the Villa Antigua Homeowners Association to order at 7:00 p.m. on April 25, 2018, at the Villa Antigua HOA Clubhouse, 5844 Menorca Drive, San Diego, CA.

BOARD MEMBERS PRESENT: The following Board members were present: Marti Gray, Kathy Townsend, Maureen Ruchhoeft and Marla Fee. In addition, the HOA General Manager and 54 homeowners were present.

The General Manager, Clover Ericson, was selected to serve as the inspector of elections for Villa Antigua Homeowners Association and was duly recognized by the Chair of the Annual Meeting.

MEETING MINUTES: a motion was duly made, seconded, and carried to approve the minutes from the April 11, 2017 Annual meeting number 39. Two homeowners abstained.

QUORUM FOR THE ANNUAL MEETING HELD April 25, 2018: The number of Members in good standing and entitled to vote on matters at the Annual Meeting was 202. No Members were duly suspended. There were no nominations from the floor. Clover Ericson determined that a quorum of 51% was established as defined by the Bylaws and the Annual meeting proceeded. Fifty-one (51) % is equivalent to 103 ballots and Clover Ericson had 113 valid ballots.

INTRODUCTION OF THE BOARD AND MANAGEMENT: Marti Gray, President introduced the current members of the Board of Directors and the General Manager as follows: Kathy Townsend, Vice-President, Maureen Ruchhoeft, Secretary, Marla Fee, Treasurer, Deanne Bowman, Member at Large and Clover Ericson, Association General Manager.

STATE OF THE ASSOCIATION:

President Gray gave an overview of the state of the Association and the accomplishments of the past year. Resurfacing of the pool deck and the tennis courts was completed. After further study, it was determined the tennis courts did not need to be replaced as recommended by our reserve analyst, but could be resurfaced, which saved money. Funds continue to be allocated each year for driveway repairs/replacement. Landscaping in front of the pool/clubhouse and tennis court parking lots is in the process of being replaced with xeriscape. The process for the painting project included reviewing the unit paint schemes; developing the scope of the project; developing the call for bids; reviewing the bids and finally selection of the contractor for the project. Painting project will begin soon.

Over the past five years, several budget categories have experienced substantial increases.

- Water costs have increased over 11%. This year's water costs are already 110% above last year and we still have April and May to be billed. It's important to note that usage has declined since 2012, our HFC (hundred cubic feet) has been 40-50% lower than 2012 usage (rain helps us achieve the 50% reduction).
- Electricity costs have increased over 39%, partially due to improved metering. Each month Clover and staff read the meters to reconcile with our invoices to ensure we are charged correctly.
- Our Landscape salaries have increased 9%, partially due to minimum wage changes. Our office salaries have not increased.

One property maintenance item that's become more costly, are the balconies. Due to the developer's design of the balconies and age of the units, we are experiencing more extensive repairs to many balconies. Additionally, balconies are being considered for new state regulations. The proposed legislation will require regular inspections and a short time period to correct any problems.

Two years ago, the Board developed a matrix to clarify what components are Owner responsibility vs. Association responsibility. Upon completion of that matrix, the Association requested a review by the

attorneys. There were some expressed concerns that our Planned Urban Development resembled a condominium in many ways, given the number of exclusive-use items the Association is responsible for. In other words, a PUD is typically responsible for common areas, including recreational facilities. Homeowners are typically responsible for driveways, mailboxes, exterior of homes, etc. Sometime during the next year, the Board will be discussing the matrix and possibility of revising the responsibilities. The Board does not have the authority to make changes without Homeowners' approval. If after further discussion, the Board decides to give serious consideration to restructuring the responsibilities matrix, Homeowners will be informed, informational meetings would have to be held, and if it's decided a change is desired, a vote of the Homeowners would be conducted.

Each year the Association engages in a review of our Reserves. This year's reserve study includes recognizing a higher level of funding for balcony repairs and a higher cost for the painting project than estimated. Our reserve funding level declined to 39.1% as expected. That is still in the Medium Risk Range with further decline expected next year due to the Painting project costs. At this time, no special assessments are required.

TREASURER'S REPORT:

Marla Fee, Treasurer, reported on the financial state of the Association. She began by emphasizing the four aspects of Accounting that the Board oversees: Bookkeeping, Banking, Budget and Reserves, while working with the Manager to find economies in operating costs. The Board maintains risk-free investments that are 100% FDIC insured. Operating funds are maintained at Mutual of Omaha Bank and reserve funds are invested in CDs under the direction of Morgan-Stanley. The Manager maintains the Association's bookkeeping onsite, eliminating the expense of hiring an outside accounting firm. An independent CPA completes an annual review has disclosed no material modifications. The Board of Directors reviews budget-to-actual expenditures monthly as well as an annually, to insure we are staying on track with our estimated costs and reserve balances. This past fiscal year, the Manager was given a very tight budget with which to work. It is becoming increasingly challenging to adhere to our budget, with costs increasing for water, electricity, insurance, minimum wage, supplies and general maintenance materials. Preventative maintenance of our common areas & individual units is essential to help preserve, protect and enhance the value of our property investment while providing a safe, healthy living environment for our families. Homes are now 40 years old and are requiring more effort and expense to maintain preferred standards. This year reserve expenditures included, among other things; repair and resurfacing of the tennis courts & pool decks, pool & spa filter replacements, pool furniture replacement, completion of drought tolerant landscape at tennis courts and clubhouse, four driveway improvements and eight balcony replacements. The Hardie Board project, finally completed, averaged \$100,000 per year over the past 10 years. Because of the age of our community, we are now facing an increase in stucco repairs as well as balcony deck repairs that go beyond the typical preventive maintenance costs, with an average Reserve expenditure of \$11,000 each to replace balconies as needed. We have insufficient reserve cash to cover this unexpected expense. At the end of this fiscal year and into next fiscal year, we will be repairing and repainting stucco, front entry doors, front gates, balcony railings and caps on all 202 units as well as the Clubhouse and privacy fences. Although we have been setting aside reserve cash for this purpose, we find that today's costs are about 10% higher than anticipated. Currently our Reserves are only 39.1% funded, which reflects a decrease from last year's 46.3%. This means the Association's special assessment and deferred maintenance risk is medium. Our Reserve Specialist has suggested we increase our Reserve Cash Contribution rate to strengthen our risk factor and avoid slipping into the high-risk category (30% or less).

During the 40 years that our association has existed, our monthly dues have gone from approximately \$70 to only \$270. This \$200 spread over the 40-year period, is an average annual increase of only \$5 per month per unit. According to the California Association of Home Owners Associations and the Davis-Stirling Act, Civil Code Section 5605, subsection b:

"Notwithstanding more restrictive limitations placed on the Board by the governing documents (CC&Rs), the Board may increase monthly assessments up to 20% of the association's preceding fiscal year without membership approval." The Board may also require special assessments as needed, in order to adequately meet its goals and perform duties.

To accomplish this & continue to maintain enough funds to cover operating expenses, the Board voted to increase assessments 18.5% or \$50.00 per month, from \$270.00 to \$320.00 effective July 1, 2018.

ELECTION OF THE BOARD OF DIRECTORS: Clover Ericson, acting as the inspector of elections, confirmed there were no nominations from the floor and announced that the ballots have been counted and the following has been established by vote:

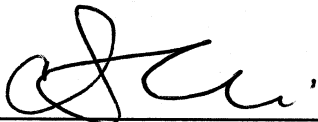
Jan Whitacre – 83 votes
Maureen Ruchhoeft – 72 votes
Rick Cadish – 39 votes
Beth Jacobs – 1 vote

Jan Whitacre and Maureen Ruchhoeft are elected to the Board of Directors from April 2018 through April 2020.

EXCESS OPERATING FUNDS RESOLUTION: IRS ruling: 96 yes votes; 0 no votes and 15 abstentions. IRS ruling passed.

ADJOURNMENT: There being no further business the meeting was adjourned at 7:40 P.M.

Respectfully Submitted:



Clover Ericson
Recording Secretary



Maureen Ruchhoeft
Association Secretary