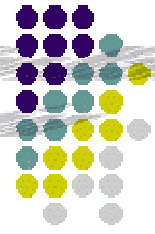

Cypress Landing Master Homeowners Association



Cypress Landing Master Homeowners Association Board of Director's Meeting August 31, 2009

Bay Club

6:30 p.m. Review & Comment Period/7 p.m. BOD Meeting

Board Members Present: Charlie Moore, Ron Buzzeo, Larry Howard, Bill Lord

Board Members Absent: Dave Grahek, Kathy Lawson, Mary Lou Sholl

Others Present: Tomi Moody-CAM; Bill Jackson-Assistant Treasurer; Mia Ramsden-Secretary

Residents Present: 23

The first half-hour of the meeting was a review and comment period during which the homeowners reviewed and commented on the 2010 proposed Operating & Capital Budget presentation by the Finance Committee.

A summary of the audience questions and comments and Board responses follow. In some instances Board responses, as well as various committee member responses, to resident's concerns are noted out of actual chronological order (at the meeting). This is done for clarity and in these cases Board/committee member responses directly follow a resident's comment. If furnished, resident's names are provided.

The 2010 Operating & Capital Budget financial presentation will be included in its entirety as an attachment to these minutes as well as links on the Cypress Landing website. Cypress Landing residents are urged to review the presentation in its entirety either by going to the HOA office and requesting to read the attachment or visiting the community website and utilize the appropriate link. The presentation will be summarized below.

The review and comment period was called to order at 6:30 p.m. Charlie Moore introduced Tom Omri, Vice Chair of the Financial Committee for the purpose of presenting the 2010 Operating & Capital Budget to the Cypress Landing Master Homeowners' Association.

Tom indicated his presentation tonight was to give our residents an understanding of the 2010 operating and capital budget as well as provide them with the opportunity to offer feedback to the Board. The presentation highlighted sources of revenue (amounting to \$669,800 which is \$5,779 less than fiscal year 2009), how budget funds will be spent (amounting to \$676,142 which is \$6,359 less than fiscal year 2009), and the amount set-aside for the reserves (\$121,131 which is \$2,385 over fiscal year 2009). He indicated the Reserve Model calls for \$841,378 for the fully funded Capital Repairs & Replacement Reserve requirement. The projected balance in January 2010 for the fund will be \$593,947, a shortfall of \$247,431 or about 29.4%. The 2010 capital budget amounts to \$61,606, which includes \$57,000 for the Bay Club furniture replacement/upgrades and \$4,500 for a pump replacement at the Bay Club as well as umbrella base replacements at both pools. It was noted funds to cover these expenses have already been set aside. Lastly Tom announced there will be no dues increase for 2010.

After a round of applause for Tom, questions were solicited from the audience.

One resident asked if we were bypassing an expense which should be funded out of next year's budget which will arise at some other point (at an even larger expense) in the effort not to increase dues. The response was no, we are not. This year we will have a little over \$30,000 in excess of expenses and it is expected such an excess will continue next year.

This same resident asked if the reserve model depreciable asset recalculation takes place each year. The response is yes, based on the Master Asset List and all of the various committee input as to the expected life of each depreciable asset, the reserve model is updated and re-calculated each year.

Dan Bergbauer noted salaries have gone up about \$3,000 yet payroll taxes have gone down by roughly \$4,500 and could this be explained. It was noted this should be contributed to an error in last year's budget; too much money was budgeted in this area.

Dan commented upon the reserve replacement process in general. Tom Omri clarified funding should be adequate as long as the reserve is funded at least at the 100% level projected by the Reserve Model each year. Cypress Landing does not have to worry about running out of funds until after the year 2019. It was also noted that through Reserve Account funding efforts the past few years, the projected depletion of the Reserve Fund time span has been stretched out from 2012 to 2019. Last year we were at 69% of the reserve and this year we are going little over 70%. We are making progress in this area.

Bill Lord further stated the Finance Committee is assessing the life of some of the major expenses which are included in the reserve model. It is felt this should have a significant impact on our ability to continue to fund the reserve accounts. Charlie confirmed because of the conservative nature of the budget and the intense effort it takes to formulate each year's budget, we don't plan three, four or five years in advance.

Dan's final comment related to the amount of funds allocated to cover our expenses and were we cutting things too close? He also questioned some legal fee expenses which have been incurred in the past. Dan is of the opinion a legal opinion not placed in writing is meaningless and cited previous examples. Charlie responded that the Board doesn't feel this is the case.

Jim Rudbeck wanted to know what our actual final reserves will be at the end of the year. Tom responded in January 2010 the reserve will be approximately \$600,000, which includes the \$77,000 going into the reserve account. He continued \$61,000 needs to be deducted from this amount for the Bay Club furniture and miscellaneous pool equipment/maintenance supplies. As a result, we will be down to roughly \$530,000 at the end of the year.

As there were no further questions, Charlie thanked Tom Omri and the Finance Committee for their efforts to formulate the 2010 Operating & Capital Budget as well as members of the audience who came out to hear and comment on the 2010 budget.

At 6:50 the review and comment period concluded.