

**Homestead Homeowners' Association Board of Directors
October 17, 2011 Minutes**

- I. The regularly scheduled board meeting was held October 17, 2011, at The Homestead clubhouse. The following board members were in attendance:
Ty Albright
Rusty NejdI
Edwin Skelton
David Gatz
- II. The agenda was presented, Quorum was established and the meeting was called to order by President Ty Albright at 7 p.m.
- III. Ed Skelton moved to approve minutes from the September 19, 2011 board meeting and Rusty NejdI seconded. Board approved unanimously. Karen Rayl Bassham, HOA Administrator, was appointed scribe for this meeting.
- IV. Landscaping
 - A. Southern Botanical gave a presentation on a possible 2012 upgrade to the master controls for irrigation with ET Water Systems, with an online system that would allow remote adjustments. Cost would be \$2000 per controller (for 13 controllers total is \$26,000), plus costs of other related items that would be required. It was discussed how this new system would result in cost savings due to the more efficient use of water. It was initially estimated that the new system would potentially have a 3-year payback. Discussion also included recognition that the existing irrigation controller system was approaching the end of its anticipated useful life and if nothing proactive was done, the ultimate cost to address repairs may ultimately approximate the cost of being proactive and fixing the system now.
 - B. The Board asked for additional cost information on total costs for this system and related expenses for 2012 budget. We also requested a copy of the PowerPoint presentation.
 - C. Southern Botanical offered to analyze our current water bills to see where savings might be made.
 - D. Bermuda seed – Many common areas responded to the recent overseeding but still a few areas will need touching up. Southern Botanical will overseed in the spring to address these areas at no extra cost to community.
 - E. Daffodil bulb installation to take place in early December.
- V. Board changes:
 - A. Noreen Kahn, a candidate for the board who was invited to this board meeting, did not attend.
 - B. The Board discussed the possibility of changing the frequency of meetings from monthly to quarterly. It was decided to table this decision until the Annual Meeting in March 2012.
 - C. The Board agreed to push up next month's meeting to Nov. 14 to avoid the conflict with the Thanksgiving holiday.
- VI. ACC update:
 - A. KRB reported that there is only one pending request after the new ACC met this month.
 - B. The ACC has decided to work "virtually" and do most business by email (which will still provide a written record). KRB will act as coordinator.

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- C. The ACC would like to put out Architectural Bulletins per Section 4.5 of the DCCRs on retaining walls/fence height and solar screens. They will discuss other possible bulletin topics to clarify HOA standards. KRB suggested these bulletins be recorded with the County of Denton to ensure formal adoption. Ty requested the solar screen issue to be looked up in the Pattern Book. These bulletins will be approved and signed by the ACC after the Board approves them.
- D. KRB also showed the Board an updated version of the ACC Form, which will clarify certain criteria.

VII. Amenities update:

- A. Clubhouse Committee: KRB reported that she will handle clubhouse reservations and payment and Mary Ellen Green will assign committee members to other clubhouse duties.
- B. Holiday lighting will go up on Nov. 21 and be taken down sometime in January.

VIII. Financial:

- A. Rusty reported that the electric provider has been switched from TXU to Elect Electricity and should provide a 50% savings (reduced cost estimated to approximate \$10,155 / year).
- B. Ed reported that the new insurance policies were in effect and will provide more coverage for less cost (cost savings of \$1,935)
- C. RealManage has asked whether to renew CDARS for a 1 year term (reserve account CD) and Board decided to keep these on monthly auto-renewal at this time.
- D. The calculation of the 2012 budget was reviewed. Ty Albright assembled actual historical expense data from the GL as the basis for preparing the budget. Actual expenses from 2009, 2010 and YTD 6/2011 was used. The average actual expenses were then adjusted upward to adjust for inflation based on the government published CPI (weighted average). In situations where a more current estimate of expense was known because of a current service contract, or current bid, these numbers were used. Delinquency was estimated based on the most current delinquency rate (7.33%). It was also recognized that because of the new Texas laws, there would be additional expenses related to legal fees (for collection of delinquent accounts, with such amounts ultimately being eligible for recovery) and notification requirements. These expenses were estimated based on the best information sources available (\$24,298 in additional estimated expense). In certain cases expenses were reduced (electric expense and insurance, see above for details).

Two primary areas of expense increase include landscaping (+\$15,529 = 9.1% increase) and Management & Administration (+\$9,821 = +24.5%). The increase in landscaping over historical expense now includes a level of ongoing service which should prevent the association from having to engage in a future major landscape rejuvenation to remedy deferred work as the association had experienced in the past year.

The increase in management and administration costs will provide for a full scope of work service as required by the Association documents. In the recent past the scope of work contracted for with the RealManage management company was determined to be inadequate, and the Board has received many complaints from homeowners as

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to the inadequacy of services provided. The new scope of work and level of services to be provided will address and hopefully resolve these issues, but cost more.

Total operating budget for 2012 is \$355,789 which is a 13.8% increase over the historical (2009, 2010, 6/2011) averages. The reserve study was also updated to include those items identified for 2012 (\$90,738 in expense for 2012, but this may increase pending final numbers on the irrigation system – see above for details). It was determined that the reserve fund is fully funded, and that \$24,000 annually would need to be contributed to the fund to maintain its “fully funded” status on a go-forward basis.

Based on this level of increased services, and ongoing maintenance of the association common areas, it was determined that a dues increase of 12% would be required for 2012. Current dues average \$59.29 / month per home. With a 12% increase the average dues per month would total \$66.40 (\$7.11 per month or \$85.32 / year average increase per homeowner). An analysis of historical dues (from inception of the neighborhood) was done and it was determined that the new dues level approximates the increase in inflation as indicated by the government published CPI. Over many recent years, the dues level had not kept pace with inflation adjusted expenses. The fact that 2012 dues will now be at an equivalent level as when the community was originally established indicates that the level of service the 2012 budget provides for is appropriate and consistent with the original quality our community was envisioned to maintain.

David moved and Ed seconded motion to approve the 2012 budget presented by Ty that calls for a 12% increase in dues to cover new legislative requirements, landscape improvements and management needs. All approved except for Rusty NejdI who abstained.

Ty Albright adjourned the regular meeting at 9:05 p.m., announcing the Board would go into Executive Session to discuss foreclosures update and contract negotiations.