

PEBBLE BEACH VILLAS BOARD MEETING

APRIL 8, 2020

10:00 A.M., Clubhouse

MINUTES

1. CALL TO ORDER: Kevin M. Kelly
2. ROLL CALL: Bette Tsoutsouras
3. APPROVAL OF MINUTES OF March 27, 2020 BOD Meeting: Approved.
4. AGENDA REVIEW/APPROVAL: Kevin M. Kelly
5. PRESIDENTS REPORT: Mr. Kelly stated that “We have a problem. Bids! Some bids for the same project vary by 40%. Reading these bids that differ widely in format and substance, we are unable to make a wise judgment. How do we assess a project? What problem is a bid solving? We must put ourselves on track to fix this problem.”
6. TREASURERS REPORT:

Feb Income =	\$26,92
Feb Expenses =	<u>\$24,772</u>
Feb. Net Operating income =	\$2,155

In our expenses, we had several significant positive and one significant negative variances:

- Bldg. Maintenance & Supplies for \$539
- Landscaping and Grounds for \$1914, due mostly to no expenses in
- Replacement & Mulch and Tree Trimming.
- Miscellaneous Expense for \$584 —we had no Contingency or Laundry expenses and an expected negative expense variance in Annual Review and Tax Prep of - \$1,604.

Overall, at the end of February our YTD net operating position is -\$3,417 vs. an expected positive operating income of \$1,711. This is an improvement as January’s net operating income was - \$5,572. In January, we had several large expenses whose budgets are spread over the total year. We still expect to reach our goal of a \$10,000 gain in net operating income for 2020.

Planning for Repair and Improvement Projects in 2020 and Beyond

The 2020 Budget saw a significant increase in owner assessments. The 2020 income is expected to be \$320,556. This amount is needed for:

- Restoring \$10,000 to owner’s equity—In 2019 we depleted owner’s equity by \$13,134. In 2019 PBV spent \$305,050 on operations with an operating income of \$291,916.
- Nominal increases in operating expenses. The operating budget for 2020 is \$310,288 (a 2% increase).
- Increased Reserve Fund balances needed to meet escalating funding targets for several upcoming capital replacement projects. The 2020 reserve contribution will be \$86,581 vs. the 2019 reserve contribution of \$59,970.
- Addressing a number of small improvement/repair projects that are needed around the complex. These will be discussed at the April 8th Board meeting.

Our goal is to address as many of these projects as possible while meeting our planned capital improvement projects (from reserves) and still adding to owner's equity. Spending for small projects will need to be planned around several major projects:

- Repainting our entire complex in 2021 at an estimated cost of \$85,000
- Total roof replacement in 2027 at an estimated cost of \$600,000
- Regrading/paving of driveways and parking areas in 2028 at an estimated cost of \$170,000.

1. The Reserve Forecast Model has been updated for not assigning interest to specific reserve funds. This will be used to assure that our 2020 spending plan does not impact reserve goals. With this change in interest accounting, the Board will be accumulating significant funds that can be used to augment any of our five reserved funds. Our CD's will generate about \$8,100 in interest this year. Future interest is likely to somewhat less due falling interest rates.
2. We have a \$102,090 CD maturing in May, 2020—it pays at 3.5%. This money will be used to secure a new CD at best available rates—Elliot is currently looking at current rates. A preliminary look at local rates found most banks are offering ~1.75%. Based on a more thorough look, we may choose to delay rolling over these funds if rates are expected to rise in the near term—or take a no-penalty CD at 1.7% (Marcus by Goldman Sachs). The following resolution is offered to accomplish this rollover:
3. Upon a motion by Mr. Croft seconded by Mr. Probasco, the following resolution was unanimously approved

RESOLUTION 2020.07(?) SYNOVUS RES CD ROLLOVER

RESOLVED THAT THE PBV BOARD OF DIRECTORS AUTHORIZES ELLIOTT MERRILL TO RE-INVEST FUNDS FROM OUR \$102,090 SYNOVUS RES CD THAT EXPIRES IN MAY 2020 INTO A NEW CD AT "BEST PREVAILING RATES". IF THE BEST RATE AVAILABLE IS LESS THAN 0.2% APR GREATER THAN A NO PENALTY CD, THEN WE AUTHORIZE THE ROLLOVER TO THE NO PENALTY CD—EXPECTING RATES TO IMPROVE OVER THE NEXT SEVERAL MONTHS. WE DO NOT EXPECT TO NEED THESE FUNDS FOR RESERVE EXPENSES IN THE NEXT 18 MONTHS. .

8. PROPERTY MANAGER REPORT: Mike Gallagher submitted his monthly written report.

9. OLD BUSINESS: Kevin

- a. Status of Vital Records: The following procedures are works in progress to be completed by end of year and stored in our Vital Records files.

Meeting Procedures, Kevin

Vendor Contracts Procedure, Peter

Communication Procedure, Steve

Keys Management & Access to Units, Al

10. NEW BUSINESS: ALL

- a. Gutters Cleaning Bid: Bids too high @ \$400 per building
- b. Power Wash Dirty Soffits: Need more information
- c. Pool Repair/Acid Wash: Mike Gallagher stated estimate is \$780. Board requested a copy of the quote.
- d. Tennis Fence Pole Replacement: Need a quote
- e. Clubhouse Doors Replacement: Need clarification
- f. Large pine trees Topping or Removing: Board authorized expenditure of \$7,000 or less.
- g. Tennis Court/Shuffleboard Resurface: Need a quote

- h. By-Laws Organization Update: Mr. Kelly provided a brief update on 2021the By-Laws Committee. A full draft is being completed. The committee will meet at the end of April to assign section revisions.
 - i. Rules & Regulations Publication Update: Susan Hansen provided an update on the Rules and Regulations committee. She indicated that several drafts had been issued and the penultimate draft is now posted on the PBV website for Owners to review. The 2021 Rules & Regulations will be presented to the Association members for approval in January 2021.
 - j. Coronavirus Update: Before the Board adjourned, Mr. Jakelis suggested the following:
 - The need to re-enforce the social distancing rules
 - The need to look into other ways, to hold meetings such as using Zoom.The consensus was that this idea merited consideration, and that the Board would do some research on the subject.
 - k. Flooring Committee Report: Jim Higgins, chairman of the Rug committee, announced and displayed the winning carpet to replace the existing carpet area in the Clubhouse. The price for this carpet and two small rugs, for outside and inside the door, is \$6,050. Mr. Kelly made a motion to approve up to \$6,500 for this purchase, Mr. Jakelis seconded the motion and the Board approved.
11. Adjournment: The meeting was adjourned at 12:30 p.m.