

**MINUTES OF THE 2022 FINANCE COMMITTEE BUDGET WORKSHOP MEETING**  
**HELD IN THE MANAGER'S OFFICE THURSDAY AUGUST, 26, 2021**

The President, Mr. Kachigian, called the meeting to order at 10:00 AM. stating that a quorum was present. Those other Board members in attendance were Karen Perry, Scott Nicoll, and Sara Smith. Linda Shenwick joined the meeting at approximately 10:03 AM.

The manager Anthony Diaz was present with homeowner present via zoom; Mr. John Robinson, Mrs. Caroleen Williams, Mrs. Terrie Louden, Mr. & Mrs. Neil Sloman, Mrs. Paula Reyes representing the Domanzian Family, Mr. Gregory Talavera and Mr. Kenneth Perry.

The manager presented to the Board and the Finance Committee his recommended 2022 list of projects, listed in priority order for reserve expenditure in 2022. (See attached).

The manager presented his recommended list of items broken down in two sections. The major rooftop and other engineering needs would require a special assessment early 2023 or late 2022. (See attached)

The manager also discussed and presented to the Board and the Finance Committee three budget proposals for 2022. No vote was taken for the budget proposals. The Board will review the proposals and vote for the 2022 budget at the September 15, 2021 Regular Board Meeting.

Homeowner Comments: Ms. Roberta Schofield, unit 802: "First, a sincere thank you to all serving on the board, I believe you have done a great job identifying issues regarding our building's requirements, finding solutions and in the meantime maintaining a pleasant atmosphere in which to live. From my point of view, I believe the "reserves" have been held at a low figure far too long. In light of current Florida (building failures) events and knowing we live in an aging building, I would like the reserve fund increased as further insurance that we can continue to address new issues in our building without compromise. This needs to be done without delay.

Thank you for your time."

Mr. Mrs. Rutherford, unit 504: "The triplet palm trees in the garden next to the fountains are too big! They are hitting the ceiling of the foyer and will keep growing taller. These cannot be cut down to reset their height like some bushes can. I suggest you remove all six of the plants immediately while their root balls are small. They could possibly be transplanted near the front of the building - three on each side of the entrance. Or temporarily "heeled in" until the proper spot can be identified and prepared. For now, I suggest leaving the space open - showing off the rock wall. Then we can evaluate other plant types that will stay smallish and not overwhelm the beds. We may be able to transplant something appropriate from around our building. Thank you all for serving on the board of Las Flores."

Board discussion: The Board reviewed the three recommended options presented by the manager. There was general consensus among the Board members as to the need to accomplish the list of actionable tasks in 2022 as prioritized by the manager. The reality of the building is that it is 50 years old and that the association must address these issues now and not delay needed work into an out year. These tasks do not include the roof top major machinery replacement except for the engineering study expenditure in 2021 however the roof top machinery is dated, parts hard to obtain if not impossible to obtain, and due to obsolescent boilers and heaters driving up utility costs to unacceptable levels. If the owners approve a special assessment in 2022, funds can be made available to proceed with equipment replacement based on eventual contract proposals, start dates possible in 2022 or 2023 as the scope of work provided by the eventual contract awardee. It is expected that by replacing the roof top equipment in particular, savings will be realized that will have a very positive impact to budget, especially in gas usage.

At this point, the need has been identified, the work needs scoped, sequenced with other roof top maintenance such as membrane coating and exhaust fan replacement, proposals evaluated and one accepted for forwarding to the owners during the assessment process.

In the end, the need is mandatory but the actual timeline, process and cost will be accomplished throughout the end of this year and into next year.

Some homeowner input was made during the meeting about the 2022 budget and needed special assessment, but no owner saw any other course of action but to address the building issues over the next two years.

The board made no decision on any of the manager's three proposals and will vote at the Sep board meeting on one of those three or possible an entirely different budget as appropriate.

Next Meeting will be the Regular Board Meeting on September 15, 2021. George Kachigian

ADJOURNMENT:

There being no further business the meeting was adjourned at 10:56 AM.

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Sara Smith, Secretary

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George Kachigian, President

## Las Flores Priorities and Engineering Equipment Replacement Plan

The following is the recommended 2022 building maintenance plan.

### 2022

1. Hire new Engineer (Operating Fund Expense) as Keith will be retiring and a comprehensive turnover is needed to include full understanding of major rooftop equipment replacement in 2022/2023.

### 2022 Reserve Expenditure

2. Spalling repair to building. Est. \$35,000-\$50,000. This is done every three years, a change from yearly.
3. Resurface terrace with topcoat. Est. \$18,000. Last done 25 years ago.
4. French drain to reroute water from planter boxes away from building. Approximately \$20,000. This will minimize water intrusion through terrace to garage levels.
5. Building structural assessment. Approximately \$15,000. Working with other buildings on this and also waiting to see what regulatory changes will be forthcoming from the State of California based on Florida condo collapse.
6. Reserve Study \$3,000.
7. Planter boxes flower replacement/ upgrade. Approximately \$20,000-\$37,000.
8. Lobby doors replacement. Approximately \$30,000.

### 2022 Reserve Expenditures:

Approximate Total of line #'s 2-6: **\$160,000**

Approximate Total of line #'s 7-8: **\$67,000**

Total of #'s 2-8: **\$225,000**

Proposed 2022 Reserve contribution (manager proposal #2):	\$164,000
Less line items 2-6	\$160,000
Less items 2-8,	\$225,000
Total 2022 contribution	\$4,000 or a deficit of <b>\$61,000</b>

Dec, 2021 prediction of reserve funds 31% = \$746,932, after CAPEX to L&R of \$29,068 & sewer line replacement/lining \$30,000. HOA funding guidelines generally recommend Reserve levels be at 70% however no regulatory levels are mandated at this time in California. There is consensus that levels under 30% are dangerously low to meet unexpected association costs.

**The following list is the recommended maintenance & engineering equipment replacement plan for the rooftop equipment that is at or near the end of service life**

**2022/2023 Special Assessment (TBD)**

1. Ajax boilers. Built 1972, retubed in 1996. 2 each. Estimated replacement cost approximately 150-200K. Both should be done at the same time.
2. Water heaters. Built 1972, new tubes installed in 2009. 2 each. Estimated replacement cost approximately 150-200K. Both should be done at the same time
3. A/C Circ Pumps. Year built 1972. 2 each. Cost to replace \$4,230 plus tax and install each. Both should be done at the same time.
4. Lobby front desk enhancement/replacement. Approximately \$30,000.
5. Painting of the building. Approximately \$160,000.
6. Lobby carpet replacement. Approximately \$4,000.

Approximate Total of line #'s 1-6: \$604,000

The following items for near future replacement or upgrade.

7. Original electrical switchboard replacement/upgrade for building. Approximately \$350k+. Will need an electrical engineering study.
8. Replace three 4" and one 3" steel gate valves in pump room with bronze/brass ball valves. \$10,000.
9. Replace 3 existing domestic pumps with variable speed/pressure pumps. Approximately \$35,000.
10. Replace 37 bathroom and dryer exhaust vents. Approximately \$1,000 each.
11. Replacement of valves in potable water system on roof and garage \$20,000.

Approximate Total of line 7-11: \$452,000

Below is the grand total of line items 1 through 11 if the Board and the Association decides to bundle everything and accomplish in 2022/2023/2024.

**Grand Total of 2023 Special Assessment line items 1 through 11: \$1,056,000**