

November 20, 2023

To: The Villas at Savona Unit Owners

Subject: 2024 Budget & Monthly Assessment Increase

At our 10/25/2023 Open Board meeting, the new budget was reviewed and a vote was taken and approved by a quorum to purchase and install security cameras at the front and back gates in 2024. This includes a wide lens camera to record license plates and a second camera to record the vehicle and driver, as recommended by the Chandler Police. This will result in an increase in monthly assessments beginning January through December 2024 to pay for the purchase and installation. In 2025, the cost will be a lower monthly maintenance fee.

In addition to the above, we had minor and major unexpected expenses in 2023 which put us over budget. These expenses are required to be reimbursed to the Reserve Fund on a continual monthly basis. Some of the unplanned major expenses this year were:

- 1) \$9,800 for replacement of the water suppression backflow system which supplies water to all sprinkler heads throughout the community;
- 2) \$6,800 for needed roof repairs and maintenance;
- 3) \$10,000 for fire alarm updates completed in each building (a two-year project).

For those owners who are new to the community, we had excessively high HOA claims prior to moving to a Bare Walls insurance policy on 1/1/2023. We've had and continue to have many water claims including the approximately \$90,000 water claim involving 3 units finalized in 2022 which caused our policy to be non-renewed and a replacement policy which costs 2-1/2 times what we were paying for HOA insurance prior to 8/1/2022. We have and will continue to market the coverage which will slowly result in lower costs as that last claim ages out. There is a 3-4 year look back period for commercial properties.

Beginning in January 2024, our monthly assessments will increase by 10% to \$363/month. Of this amount, \$20 is for the purchase and installation of the new security system. That cost will drop off as of January 2025. The remaining \$13 covers increases in utilities, vendors, insurance, etc. and paying back the Reserve Fund for the 2023 unplanned expenses. Please adjust your payment amounts beginning in January. We appreciate and thank you for your cooperation.

Respectfully submitted,

The Board of Directors

The Villas at Savona Unit Owners Association