

Sterling Woods II
Unit Owner Annual Budget Meeting
Draft of the Minutes
December 15, 2010

George Holland called the meeting to order at 7:00 PM and welcomed those that were in attendance. Present were members of the Master Board of Directors George Holland, President (President of the Summit); Steve Andrewson, Vice President (President of the Willows); Stan Kishner, Treasurer (President of the Birches); Joseph Wielock, Secretary (President of the Maples), Director Andrew Taylor (President of the Oaks) and Director Mike Palica (President of the Elms).

Art Stueck and Kim Murray of REI Property and Asset Management were also present.

Kim Murray, from REI Property and Asset Management, established that a quorum was present. There were 35 unit owners in attendance and 19 units represented by proxy.

George introduced his fellow board members, Carole Torro (Chairwoman of the Landscaping Committee) and George Torro (Chairman of the Maintenance Committee) and thanked them all for their dedication and commitment to Sterling Woods II.

George stated that Board meetings are held monthly usually on the third Wednesday of every month at 7:30 PM. He mentioned that the Annual Owners meeting to discuss and ratify the budget is typically held in December each year. George reviewed the meeting's agenda.

The Owner of 1306 Cypress Drive made a motion to accept the meeting notice. The Owner of 126 Logging Trail seconded the motion. All present voted in favor of the motion.

The Owner of 1104 Bradford Drive made a motion to accept the 2009 meeting minutes as drafted and to waive the reading of same. The Owner of 1306 Cypress Drive seconded the motion. All present voted in favor of the motion.

Carole Torro acknowledged the participating members of the Landscaping Committee and provided a report of 2010 accomplishments and future plans. Key areas of focus were with Eastern View, the day to day landscaper (cutting lawns, bed maintenance, leaf removal, etc...); tree replacements and tree maintenance programs with Bartlett Tree Company and the lawn weed control and lawn fertilization program with TruGreen. Carole covered areas of concern including overgrowth of Bradford Pears, the poor health of trees along the entrance boulevard and the proliferation of artillery fungus in mulch around the community. Programs are in place now to address these problems. Carole also stated that a regulated, five zone irrigation system was installed along the main entranceway from Nabby Road to the intersection of Bradford Drive to improve the life expectancy of the trees along the boulevard.

George Holland thanked Carole and the Landscaping Committee members for all their hard work and their success with the grounds, flowers, trees and seasonal decorations in 2010.

George Torro, Maintenance Committee Chairman, introduced his fellow committee members and presented a report on those areas where they focused their efforts this past year. Major efforts were replacing or repairing 53 catch basins, paving repairs to roadways, replacing 14 driveways, replacing 8 patios, repairing various top handrails, painting handrails in 3 villages, renovating various mailbox stations, repairing 5 major cracks in top landings, replacing numerous deck post footings, repairing many privacy walls and repainting fire hydrants and gas meter pipes. George Holland thanked George and his fellow committee members for all their efforts in 2010.

Stan Kishner named and thanked all the members of the Treasurer's Committee. He then presented the 2011 budget proposal which calls for a 5.9% increase in common fees. Stan indicated that the budget was made up of two main parts – operating and reserve. Stan explained the budget process which begins with the village treasurers before it is presented to the board for approval. Once the board approves of the draft, it is then presented to all owners for ratification.

The operational budget which covers day to day expenses will equal \$1.239K. The reserve budget forecasts expenditures of \$84K for tree replacement, driveway and concrete replacements. The reserve fund will grow by \$172K. Reserves are funded by new buyer capital contributions, the transfer from the operating budget and earnings on investments. The reserve fund is set aside for long term capital replacements such as paving, roofing, siding, etc. The Association's goal is to save appropriately and to avoid one time assessments.

George Holland thanked Stan Kishner and his fellow committee members for their efforts.

After a question and answer session, all voted in favor to accept the proposed budget with one exception - one unit owner abstained from voting.

At 8:15 PM, Joe Wielock made a motion to adjourn the meeting. Steve Andrewson seconded the motion. Without objection, all present voted in favor of adjourning the meeting.