

Palomar Reserve Council of Co-Owners

Annual Meeting

10/20/2025

The annual meeting of the Palomar Reserve Council of Co-Owners was held at 6:30 PM on 10/20/2025. The following Board members were in attendance:

- Carrie Hoeller (Board President)
- Dexter Sprandling (Board Vice President)
- Baxter Napier (At-Large Member)
- Barry Tilden (Board Secretary)
- Ann Wesley (Property Manager)

Susan Vantreese was not present at the meeting due to health issues.

Attachment 1 to these meeting minutes contains the presentation slides that were used to facilitate the meeting. The notes below refer to discussions of the slide indicated.

Slides 1 and 2 Welcome and Agenda

Board president Carrie Hoeller welcomed homeowners to the meeting and thanked them for attending. Carrie was named as the meeting Chair.

Slide 3 Quorum and Voting

Ann announced that we had over 43% attendance at the annual meeting (in person or by proxy) and therefore exceeded the 30% requirement for a quorum. All nominees for the Board of Directors were therefore elected by a valid quorum. Carrie, Dexter, Baxter and Barry will continue on the Board for an additional year. Ima Lane will rejoin the Board for the coming year.

Slide 4 Proof of Notice of Meeting and Reading of the Minutes

Donna moved that the reading of the minutes from the 2024 Annual Meeting be waived. Baxter seconded the motion. The motion passed by a voice vote. Barry pointed out that these minutes are available on the Palomar Reserve website under the October 2024 tab.

Slides 5 - 8 Financial Report, Reserve Fund and Clubhouse Loan Status

Barry presented the information on these slides. On slide 5, Barry noted that the Board is considering transferring an additional \$15K of the reserve funds into an interest-bearing account so that by the end of this year approximately 50% of the fund would be in an interest-bearing account and 50% would be available with no penalty for early withdrawal.

There were no specific questions from homeowners concerning the financial condition of the HOA.

Slide 9 2025 Accomplishments

Carrie described the major projects and initiatives that had been implemented so far in 2025 as listed on this slide. She noted that additional accomplishments would be discussed under the committee reports.

One homeowner questioned why the wall behind 4235 had started to lean so badly since it is only about 20 years old. The Board pointed out that this was not a structural wall but was a sound barrier to block the HVAC unit sound from disturbing the owners of unit 103. The Board felt that the leaning wall needed to be taken down to avoid it blocking the emergency egress from the building and possibly damaging an HVAC unit. The rebuilding of this wall is included in the 2026 city grant.

Slide 10 Grant Committee Report

Donna presented the information on this slide concerning the application for a 2026 city grant. She also went through the scope of work requested and associated cost. The city has approved this grant for the requested amount of \$8650 matching funds. The Board expressed their thanks to Donna who prepared the grant application and Becky who reviewed it.

Barry pointed out that this committee also did a great deal of work investigating other city grant opportunities to see whether the HOA should pursue them. In several cases, grants were determined to require excessive upfront cost in terms of engineering review prior to applying, with no guarantees that the grant would be approved.

Slide 11 Gardening Committee Report

Barbara presented the information on this slide. There were no questions or discussion. The Board thanked the gardening committee for their many hours of work keeping the grounds looking great.

Slide 12 Clubhouse Committee Report

Carrie presented the information on this slide and there was no discussion or questions.

Slide 13 Top Section. Welcoming Committee Report

Donna gave a brief discussion of Welcoming Committee activities as shown on the top portion of this slide.

Slide 13 Bottom Section. Election of Directors.

As mentioned under slide 3, the 5 Board members were elected by a valid quorum of homeowners. Sue Vantrese was thanked for her many years of service to the Board. Ima Lane was welcomed back onto the board for another term.

Slide 13 Top Section. Pending Maintenance Items

Barry noted that the only planned major maintenance items for 2026 are the three Grant tasks as described previously. He also mentioned the potential for unplanned maintenance as discussed on this slide.

Slide 13 Bottom Section. New Business

Five items of new business are shown on the bottom section of this slide.

Slide 14 Annual Sprinkler Inspection

Barry presented the information on this slide, emphasizing the importance of the annual sprinkler inspections with respect to safety and keeping our insurance costs down. There were no questions from the unit owners present.

Slide 15 Emergency Contact.

Carrie presented the information on this slide. There was discussion about how a new unit owner knew whether there was already a unit key on file with Ann. Ann asked the unit owner to call the property management office, and they could check for her.

Slide 16 New Clubhouse Fund Raising Opportunities

Barry presented this slide encouraging unit owners to rent the clubhouse for events and to bring any

new ideas to Clubhouse committee members for consideration. Recurring meetings, like the weekly quilters club meeting, are an excellent way to increase utilization of the clubhouse.

Dexter presented a new opportunity that is being tested on a trial basis. The HOA would allow up to 20 staff from First Alliance church (our neighbors on the hill) to park in front of the clubhouse (down to the dumpster) during Sunday services. The church would make a donation quarterly to the HOA clubhouse mortgage principal reduction effort as a gesture of gratitude. At the suggestion of our insurance agent, we have asked the church to include the Palomar Reserve HOA as an additional insured party on their liability insurance policy and provide a copy of the insurance certificate for our files. This trial will continue until the end of October, and the Board will make a decision about whether to continue. This has the potential to raise about \$1000 annually to reduce principal on the clubhouse loan.

Slide 18 Financial Review Results

Carrie presented the scope and results of the recent independent review of the 2024 HOA finances as shown on this slide. There were no questions or discussions from the unit owners at the meeting.

Slide 19 Bylaws Amendment

Barry presented the information on this slide about the proposed Bylaws Amendment that was distributed with the annual meeting package. There were no questions.

To approve an amendment to the Bylaws requires a vote of 50% of the unit owners (based on percent of ownership)¹. At the annual meeting we had the votes of 43% of the unit owners in favor of the amendment and none against. Therefore, we still lacked about four or five votes from being able to pass this bylaws amendment. Over the next several days, the Board will attempt to obtain the additional votes needed.

POST MEETING NOTE: By October 31, Ann had gathered enough additional "Yes" ballots to exceed the 50% requirement. Therefore, the Bylaws amendment passed and can be filed by the County Clerk.

Slides 20 2026 Budget

Ann went through the information on the 2026 budget. She emphasized that the budget will be very tight next year and the HOA will likely need to tap into the reserve fund for any unexpected expenses.

One homeowner asked why we did not increase HOA dues by about 5% so that things would not be so tight. The Board responded that we had raised dues by 15% last year and we really did not want to raise dues again. Ann also added that the difficulties of increasing dues made it more advantageous to implement a 10% increase every other year than to do a 5% increase every year.

Barry invited anyone with input on the budget to attend the September Board meeting where the pros and cons of increasing HOA dues for the following year are discussed. The Board would welcome unit owner input at this meeting.

One unit owner asked what was the most costly capital maintenance item that is expected in the coming years and how much it would cost. Ann responded that our elevators (5 of them) will require upgrades at some point in the future. She did not have a good idea how much these would cost because there are many factors that influence this cost (e.g. age of the elevator, how many floors it

¹ A simple motion at the annual meeting requires a vote of 50% of the unit owners present at the annual meeting (or by proxy) as long as a 30% quorum is established. An amendment to the bylaws has a more stringent requirement, i.e. 50% of all unit owners (based on percentage of ownership) must approve.

traverses, etc.). The Board will try to get a better answer to this cost question over the next several months and promulgate this information.

Slide 21 Get Involved

Carrie encouraged homeowners to get involved in the HOA by attending the monthly Board meetings, volunteering to take part in a committee or even running for a seat on the Board.

After the slide presentation was complete, the Board asked if there were any additional questions from unit owners.

One unit owner noted that \$600 per month seemed steep for cleaning and asked how often the common areas are cleaned and when. Ann responded that the cleaning company cleans the common areas in each building and the gym/rest rooms in the clubhouse monthly. Normally, this occurs during the third week of the month. They vacuum, dust and perform other routine cleaning activities during each cleaning and they do special items like wiping down baseboards on a less frequent basis. They are hampered by a lack of water in the residence buildings. Donna noted that she always gives them access to water in her unit when they are cleaning her building. Barry also noted that about \$100 of the monthly \$600 cleaning budget is for the company that manages our entrance floor mats and about \$500 is for the cleaning company. He also noted that we got some estimates from other cleaning companies earlier this year to see if we could improve this cost, but the other estimates were significantly higher.

Another unit owner noted that the magnolia trees in front of 4205 need to be trimmed. The branches are scraping against the paneling when the wind blows. Ann made a note of this.

Adjourn.

The annual meeting was adjourned at about 7:55 PM.

Board Meeting

After the annual meeting, there was a brief meeting of the Board of Directors. The minutes for the last Board meeting on 9/16/24 were approved by email prior to the annual meeting so these did not need to be approved at this meeting.

The purpose of this Board meeting was to elect officers for the Board. The following officer were elected –

- Board President – Carrie Hoeller
- Board Vice President – Dexter Sprandling
- Board Secretary – Barry Tilden
- Board At-Large members – Ima Lane and Baxter Napier

Several old business items from the September Board meeting were resolved prior to or at the annual meeting and will not be carried forward to the November meeting,

- From the monthly financials for September, it was clear that the ceiling crack in 4205#104 had been repaired and the bill paid so this item of old business is closed.
- The summer newsletter was issued and distributed shortly after the September Board meeting.
- The financial review was completed, and a copy of the completion letter is included as Attachment 2 to these meeting minutes. A slide in the annual meeting package covered this item of old business.
- There was also a slide on emergency contact information included in the annual meeting package so this item can be closed.

The next Board meeting will be held on **November 17th** at 4 pm in the clubhouse.

The Board meeting adjourned at about 8 PM.



Annual Meeting of the Palomar Reserve Council of Co-Owners

October 20, 2025



Agenda for the meeting

- Welcome from President
- Election of meeting Chair
- Identification of designated voters and proxies
- Proof of notice of the meeting
- Reading of previous minutes
- Report of Officers
 - Financial Report
 - Balance Sheet
 - Budget vs actual YTD
- 2025 Accomplishments
- Committee reports
 - Grant Committee
 - Gardening Committee
- Committee reports (Continued)
 - Clubhouse Committee
 - Welcoming Committee
- Election of directors
- Pending Maintenance Items
- New Business
 - Annual sprinkler inspections
 - Providing a key or emergency contact info to the Property Manager
 - New Clubhouse Fundraising Opportunities
 - Financial Review results
 - Amendment to Bylaws
 - 2026 budget/HOA dues
- Adjourn



Quorum and Voting

- According to the HOA Bylaws, 30% of unit ownership present at the meeting (in person or by proxy) constitutes a quorum.
- The “count” is not as simple as it seems since each unit counts as 0.9 up to 1.14 depending on its square footage.
- This is why we encourage unit owners to submit their ballots in advance. We use a spreadsheet to determine quorum and voting.

3



Proof of Notice of Meeting

- Each unit owner must be notified of the annual meeting at least 5 days before the meeting and not more than 30 days before.
- The property manager mailed out this notice on October 7, 2025 and also sent the information by email.
- Unit owners received the package by mail a few days later.

Reading of the Minutes

- Board will entertain a motion to waive reading of last year’s annual meeting minutes.
- If there is no motion or the motion does not carry, the secretary will read these minutes.

4

Financial Report – Reserve Fund



- As of September 30, 2025, the HOA reserve fund contained \$77.7K.
 - \$26.2K is in an 11-month CD earning about \$90 interest each month.
 - The remainder is in two lower interest accounts with no penalty for withdrawal.
- Reserve fund increased by \$25.7K since last October.
 - \$21.8K of the increase was monthly transfers from operating account (10% of HOA dues).
 - \$2.8K was the “Buyer Reserve Fee” collected when three units were purchased this year - one more pending.
 - \$1.1K was interest earned.
- So far in 2025, we have not withdrawn any \$ from the reserve fund.

5

Financial Report – Clubhouse Loan



- We have paid about \$9.9K of principal on our clubhouse loan since last annual meeting.
 - Loan balance was \$148.6K as of 9/30/24 and the balance is \$138.7K as of 9/30/25.
 - The principal reduction includes \$1020 from December quilt sweepstakes, \$600 from Spring Chocolate Basket sweepstakes, \$875 from the June yard sale and \$1050 from clubhouse rentals (thru 9/30/25)
- Last year we collected a total of \$475 for the year of clubhouse rentals. On track to collect ~\$1500 in 2025.
 - All revenue from clubhouse rentals is being used to pay down the principal on the CH loan.
- Clubhouse loan interest rate is currently 7.875% (as of 8/16/25).

6



Attachment 1 to the Palomar Reserve Annual Meeting Minutes p. 4 of 11



Financial Report – Budget vs Actual YTD

- At the end of September, several expense categories were over or under budget as shown in the table below –

Expense Category	Amount Over Budget	Comment
Income	\$8.2K over	Due to collection of past due HOA dues and late fees in January and May. This also includes \$1.3K from the 2024 city grant.
Administrative	\$0.6K under	Tax preparation bill (\$800) and legal fees for bylaws amendment review (\$400) not yet paid.
Utilities	\$0.9K over	Telephone charges for elevators are \$1.6K over. Electrical costs are under by \$1.4K YTD. Water/sewer/garbage removal are over \$700 combined.
Repairs and Maintenance	\$10.8K over	\$1.3K for gutter cleaning, \$1.8K for storm drain jetting, \$1.1K for elevator lockout support, \$1.6K for FP power supply replacement, \$1.7K for the annual sprinkler inspection, as well as several smaller charges.
Supplies	\$0.3K over	Due to flowerpot replacement project and spring cleanup supplies.
Landscaping/Grnds	\$2.0K over	Due to higher snow removal costs in January & some misc charges in June.
Capital Repairs	\$1.1K under	\$1.5K was spent on 4235 concrete wall removal, \$3.9K on entrance plantings, \$1.6 on storm damage repair/gutter downspout fixes, \$1.2K on ceiling repairs in a garage.



Financial Report, Problems & Bright Spots



- Problem areas in 2025
 - \$3.5 in delinquent accounts (past due HOA dues) as of 9/30/25.
 - Higher elevator telephone cost - ~\$450/month vs budget of \$270/month.
 - Higher maintenance/repair costs
 - Snow removal costs were higher than budgeted in January.
 - Balance in operating account down from \$18K the beginning of the year to \$10K end of September
- Bright spots in 2025
 - Clubhouse renting more frequently than previous years.
 - Clubhouse loan balance being decreased through CH rentals and special fundraising events.
 - Reserve fund is recovering but still not where we need it to be.
 - No withdrawals from Reserve Fund so far in 2026.



2025 Accomplishments

- Took down the leaning wall behind 4235. Rebuilding the wall is included in the 2026 NAMP grant work scope.
- Freshened up the plants around the entrance to the HOA.
- Continued to build the reserve fund – increased by over 50%.
- Initiated a Buyers Reserve Fee to build reserve fund more quickly (~\$2.8K collected, one more pending).
- Built more community spirit through social events and service projects.
- Funded an independent review of 2024 HOA finances.
 - Results under New Business
- Prepared an amendment to the Bylaws to correct some inconsistencies.

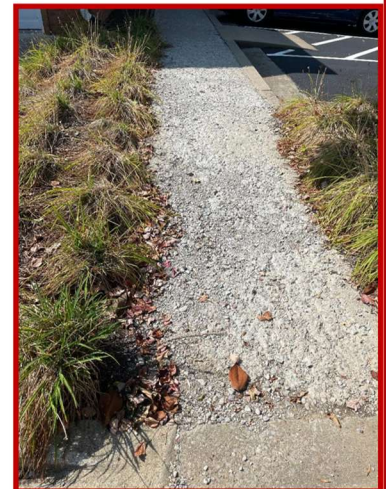


9



Grant Committee Report 2026 City Grant Application

- The HOA prepared and submitted an application for a 2026 city grant.
- Requested \$8,650 matching funds for the following tasks
 - Replace a portion of the sidewalk in front of 4218 - \$7350
 - Drainage improvements adjacent to the clubhouse - \$6500
 - Rebuild the wall behind 4235 - \$3450
- Total cost would be \$17,300 (\$8650 paid by the HOA and \$8650 paid by the grant)
- Grant was approved for the total amount requested – work will be performed in 2026.
- Many thanks to Donna who prepared the application and Becky who reviewed it!!



4218 sidewalk

10



Gardening Committee Report

- It has been a challenge to keep plants alive and surviving due to lack of rain and high humidity. We watered almost daily throughout the spring/summer. A few plants that didn't survive were replaced by garden committee members, despite being watered and cared for
- We increased our gardening committee members and had several others to help out throughout the season
- This year we replaced all the flowerpots around the property and purchased additional watering supplies, in addition to the flowers, soil, plant food, etc.
- We added a location for watering at 4235 bldg
- Some of the mulch was removed and leveled out at the front entrance and was replaced with pine bark nuggets
- We had 1 shrub at the front entrance that died and the garden committee has replaced that
- Looking ahead:
 - Removal of Kudzu growing on the trees which borders Old Higbee Mill Rd
- Next spring:
 - Little or no mulch added except small amount around trees
 - A few dead rose bushes and shrubs at various locations need to be removed



Clubhouse Committee Report

- Added a tab to the Palomar Reserve website to facilitate CH rental.
- Increased clubhouse rentals for the year significantly.
- Sponsored a Spring cleanup pot luck that was well attended.
- Sponsored a Fall quilt sweepstakes, a winter chocolate raffle and June yard sale to raise funds for paying down the CH loan principal.
- Initiated a Tuesday evening social for all residents that has been enjoyed by many.
- Other things we considered (but decided not to do because...)
 - Convert the clubhouse into a Bed & Breakfast (would require too much capital improvement and too much ongoing management).
 - Rent the clubhouse office out to a small business (too much impact on homeowners' use of the CH, lots of legal work needed before this could happen)



12

Welcoming Committee

Welcome!



- Prepared a welcoming package for new residents including a Q&A document to assist those new to condo living
- Visited 9 new residents (dating back several months) to welcome them to the neighborhood.
- Delivered baskets, decorated by a quilt insert donated by the quilters club. The baskets contained cookies as well as the Welcome Q&A.

Election of Directors

- Announce election results
- Many thanks to Sue Vantrese who has served on the Board for many years but is now stepping down



13

Pending Maintenance Items

- The grant capital improvements are the principal maintenance items for 2026.
- Two HVAC units are still the original units (4219 and 4248). 4219 shows signs of aging and may need replacement in 2026 (\$6 - 7K).
- No other pending maintenance items

New Business Items

- Annual sprinkler inspections
- Providing a key or emergency contact info to the Property Manager
- New clubhouse fundraising opportunities
- Financial Review results
- Bylaws amendment
- 2026 Budget



14

Annual Sprinkler Inspection



- 815 KAR 10:060, “Kentucky Standards of Safety” includes the following requirement -
 - Section 7(2)(d) *Fire detection and alarm systems and all fire suppression systems in buildings other than state licensed hospitals, nursing homes, and ambulatory surgical centers shall be inspected and tested for proper operation annually.*
- PR performs these required inspections each Spring. Discrepancies found within units or garages are repaired and the unit is billed for the cost.
- This year 10 of 60 units at PR did not provide access for this required inspection.
 - A reinspection is being scheduled, and the cost will be billed back to these units (estimated to be \$150 each). Fines will be charged to units that do not provide access for this reinspection.
 - Failure to meet this state and NFPA requirement could lead to enforcement action and increased insurance rates.
- Please ensure that your unit is available on the day of inspection by being in the unit or providing a key to the property manager or other designated person who is available.

15

Emergency Contact



- Palomar Reserve recently had more than one instance of a medical emergency in a unit with no key or emergency contact on file with the property manager.
- In one case, extraordinary means were required to access the unit and provide medical attention to the owner.
- Unit owners are strongly urged to provide a unit key to the property manager to allow for access in a medical emergency or other emergency such as flooding in the unit.
 - These keys are kept in a secure, locked container at the PM office.
 - In other than emergency conditions, the PM requires written (email) permission to use the key and enter your unit.
 - She follows a specific knock protocol as she enters to ensure proper warning.
- If you feel strongly about not providing this key, ensure that the PM has the name and contact information of an emergency contact who does have access to your unit.

16



New Clubhouse Fundraising Opportunities

- There is still potential to raise additional funds through our clubhouse.
 - Potential for increased rentals especially during the holidays
 - Any ideas for fundraising should be provided to Carrie, Baxter, Donna or Becky
 - The faster we pay off the CH mortgage, the less overall interest paid by the HOA.
- Any ideas are welcome.

17



Financial Review Results

- Kentucky Revised Statute 381.9197 requires an Audit of HOA finances whenever annual dues exceed \$500K & a less formal Financial Review if dues exceed \$250K.
- Palomar Reserve did not meet either threshold, but the Board thought it would be prudent to do a FR.
- The review was performed on the 2024 finances of the HOA by an independent CPA (Jackie Columbia's Tax Service)
 - Review was not a certified audit.
 - Income transactions and reserve fund transactions were not included.
- The Financial Review concluded that "everything is in order" with respect to the 2024 HOA finances.



18



Bylaws Amendment

- A proposed amendment to the HOA Bylaws was included in the annual meeting package along with a discussion of each change.
- The proposed changes have been reviewed by legal counsel and comments incorporated.
- An amendment to the Bylaws requires at least 50% vote at a regular or special meeting of the unit owners (Bylaws Article IX).
- If approved by the Council of Co-owners, the amendment will be filed with the county clerk.
- Present results of vote.



19



2026 Budget

- The Property Manager has prepared a 2026 budget for PR.
 - A couple of annual expenses were not budgeted in 2025 and these were added for 2026.
 - Increased budget for elevator telephones and garbage removal based on 2025 actuals.
 - Increased insurance estimate by 5% based on past experience.
 - Snow removal was decreased slightly just to balance the budget.
- The 2026 budget does not include an HOA dues increase.
 - '26 Budget is very tight , but the Board did not want to raise dues again this year.
 - There are no funds budgeted for capital repairs. The HOA portion of the grant work will need to be paid from savings in other budget line items or from the reserve fund.
 - We need a mild winter in 2026 since the snow removal budget is low.
 - The Board cannot raise dues in the middle of the year, so if we have a real shortfall, a special assessment would be needed.



20



Get Involved

- Board meetings are open to homeowners.
 - Usually, 3rd Monday of the month at 4 PM in clubhouse.
 - Let us know if you plan to be there so we can have enough seating.
- Consider running for the Board or being on a Board committee.
 - New ideas, talents and skills will make the Board more effective.
- Volunteer when needed – everyone wants a nice community in which to live.



21

Attachment 2 to the Palomar Reserve Annual Meeting Minutes
p. 1 of 1

JACKIE COLUMBIA'S TAX SERVICE
450 C SOUTHLAND DRIVE
LEXINGTON, KY 40503
859-278-7888
jctax@windstream.net

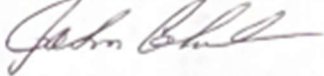
...

TO : Palomar Reserve Council
RE : 2024 Uncertified Financial Review

We did a review of the 2024 Bank statements and bills that were paid. We used the information that was provided to us by Assurance Realty & Property Management. This included Bank statements, balance sheets, ledgers, profit & loss statements, and invoices that were paid. In this process we only reviewed the operating account, the reserve account was not included because of limited transactions. We did not verify the income transactions only the bills that were paid. We reviewed the bills that were paid, service address, and copies of the checks that were written and attached to paid bills.

In taking the steps listed above and checking year-end totals. We believe everything is in order.

John Columbia



Accountant