SaddleBrooke TWO
SADDLEBROOKE HOMEOWNERS' ASSOCIATION #2

Approved by: The Board
Date: ~~06.24.25~~mm.dd.yy

Revision History:

Revision Date	Description of Change
04/25/2025	2025 Policy Executive Committee - Rewrite
09/25/2026	Expanded to include CAI best practices

1.0 PURPOSE

1.1 Establish guidelines for the Capital Improvement Fund.

1.1.1 Fund new community assets and facility expansion.

1.1.2 Support SaddleBrooke HOA2's Strategic Plan and Five-Year Facilities Plan.

1.1.3 Balance current resident needs with long-term community investments

1.2 Establish criteria for appropriate and transparent uses of the Capital Improvement Fund.

2.0 SCOPE

2.1 Ensure appropriate funding, investing, and managing ~~of~~ the Capital Improvement Fund.

2.2 Ensure appropriate approvals for expenditures from the Capital Improvement Fund.

3.0 DEFINITIONS

3.1 Community Improvement Fee (Per CC&R Amendment - July 2016) – fee paid to the Association upon transfer of the title to a new homeowner from an existing homeowner.

3.2 Capital Improvement Fund – provides for new assets or expanding existing facilities and amenities that shall benefit the members of the Association as approved by the Board. It is funded by the Community Improvement Fee and other sources as determined by the Board.

3.3 Eligible Uses of the Capital Improvement Fund

3.3.1 New amenities.

3.3.2 Repurpose existing amenities.

3.3.3 Expansion of existing facilities.

3.3.4 Major community enhancements.

3.3.5 Land acquisition related to approved amenities.

3.3.6 Infrastructure that supports new community services.

3.4 Ineligible Uses of the Capital Improvement Fund

3.4.1 Operating expenses.

3.4.2 Routine maintenance.

3.4.3 Reserve-funded replacements.

3.4.4 Amenity subsidies.

3.4.5 Event expenses.

3.4.6 Debt service unrelated to approved CIF projects.

3.5 Sunset Provision: An approved CIF project authorization will expire if the project has not been **initiated** within 24 months of Board approval, unless the Board approves an extension. Expiration does not prohibit the project from being reconsidered or resubmitted.

3.6 Initiated: A project is considered initiated when, following Board approval, the Association has taken a substantive and documented action to implement the approved project, such as executing a contract or purchase order, authorizing professional design or engineering services, applying for permits, acquiring property or materials, or commencing physical construction or installation. Preliminary discussions, conceptual planning, budgeting, or inclusion in a capital plan alone do not constitute project initiation.

4.0 RESPONSIBILITIES

4.1 The Board of Directors shall:

4.1.1 Establish the percentage of the Community Improvement Fee to be allocated to the Capital Improvement Fund as part of the annual budget process.

4.1.2 ~~Consult with the Finance Committee when considering individual expenditures with a cost of $100,000.00 or more.~~ Establish CIF Project Expenditure Requirements:

4.1.2.1 CIF Project Evaluation Criteria.

4.1.2.2 Annual / 5-Year CIF Planning Requirements.

4.1.2.3 CIF Expenditure Approval Thresholds.

4.1.2.4 Member Involvement

4.1.2.5 Annual CIF Reporting / Multi-year financial summary

4.1.3 Optimize investment opportunities in alignment with the investment policy.

4.2 The COO shall:

4.2.1 Develop and enforce applicable procedures in support of this policy including a sunset provision.

4.2.2 Notify the ~~Board~~Association Secretary of new or changed procedures in support of this policy.

4.2.3 Ensure procurement integration, requiring all CIF expenditures to comply with the procurement policy.

4.3 The Board Secretary shall:

4.3.1 Notify the Board and appropriate committees of any new or changed procedures.

4.4 The Finance Director shall:

4.4.1 Provide quarterly reports on investment results for ~~this~~the CIF Fund.

4.4.2 Provide quarterly reports on actual vs. planned revenue and expenditures of the CIF Fund.

4.4.3 Include CIF Annual and 5-Year Forecast during the Annual Budget process.

4.4.4 Monitor and enforce the sunset provision.

4.5 The Facilities Planning Committee (FPC) shall:

4.5.1 Ensure all FPC generated CIF project Proposal Evaluation Documents adhere to the Project Evaluation Criteria.

4.5.2 Facilitate Member Engagement for FPC generated CIF project proposals.

4.5.3 Request a Finance Committee review of CIF project proposals greater than $100k.

4.5.4 Publish Proposal Evaluation Documents on the Website

5.0 ATTACHMENTS

~~None~~

5.1 Project Evaluation Criteria

Capital Improvement Fund
Project Evaluation Criteria

Criteria	Consideration
Project Classification	*select from Eligible Uses in Policy definition*
Community Benefit	Tangible/Intangible (e.g. Safety, # Residents served, Member Experience)
Strategic Alignment	Consistency with Five-Year Plan
Financial Impact-CIF	Initial cost/Cost sharing
Financial Impact-RPF	Future Repair/Replace Costs (update Reserve Plan)
Financial Impact - OPS	Annual Maintenance Costs (Operating Budgets)
Member Input	Survey or member feedback
Operational Feasibility	Staffing and maintenance implications
Risk Assessment	Financial, legal, and operational risks

The Facilities Planning Committee may use a scoring matrix to assist with prioritization

~~5.1~~5.2 Annual and Five-Year CIF Planning and Reporting Requirements

Capital Improvement Fund
Annual and Five-Year CIF Planning & Reporting Requirements

Budget Planning Guidelines	Annual	5-Year CIF Plan
Capital Improvement Fund Minimum Balance Target	X	X
Community Improvement Fee Allocation Split (CIF/RPF)	X	X
CIF Expenditure Cap for Annual Budget Projects/Items (CAPEX)	X	
CIF Expenditure Cap other Board Approved Projects	X	

Document / Report each of these Classifications:	Annual CIF Plan/Qtrly Update	5-Year CIF Plan	FPC Web Page
Board Approved Projects	X	X	X
Project Proposals in Process	X	X	X
Projects Pending Member Vote	X		X
COO Approved Projects/Items (up to $25k each)	X		

~~5.2~~5.3 Approval Thresholds

Capital Improvement Fund
Project Approval Process

Project Cost		Member Vote *
<$25,000	COO approval with Board reporting	No
$25,000–$100,000	Recommendation + Board approval	No
$100,000–$500,000	Recommendation + Finance Committee review + Board approval	No
$500,000–$1M	Recommendation + Finance Committee review+Board conditional approval prior to Town Hall	No
>$1M	Recommendation + Finance Committee review+Board conditional approval prior to Member (**non-binding**) vote	**Yes**

This creates proportional oversight as project size increases.

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Project Classification		Member Vote
Repurpose Existing Amenities	Recommendation + Finance Committee review (>$100k)+Board conditional approval prior to Member (**binding**) vote	**Yes**

* See Member Engagement levels (when vote is not needed) - Attachment 5.4

~~5.3~~5.4 Major Project Member Engagement

Capital Improvement Fund
Member Engagement

Project Cost	Member Input
<$25,000	Clubs/Members submit requests and cost share $$ to COO
$25,000–$100,000	May conduct surveys or focus groups; prior to recommendation to Board
$100,000–$500,000	Board conditionally approves and requests Member Comment Period prior to final approval
$500,000–$1M	Board conditionally approves, requests Member Comment Period + Town Hall meeting prior to final approval
>$1M	Board conditionally approves, requests Member Comment Period + Town Hall meeting and conducts (**non-binding**) Member Vote (Majority of Votes Cast) prior to final decision

--- OR ---

Project Classification	Member Input
Repurpose Existing Amenities	Board conditionally approves, requests Member Comment Period + Town Hall meeting and conducts (**binding**) Member Vote (Majority of Votes Cast) to determine decision.