



THE MEADOWS AT WORLD GOLF VILLAGE

THE MEADOWS AT SAINT JOHNS OWNERS ASSOCIATION, INC.

A Deed Restricted Community

ASSOCIATION RESERVE FUND FINANCIAL MANAGEMENT

Policies and Procedures

© 2025. The Meadows at World Golf Village

January 2025

Effective: December 12, 2024

(Adopted: December 12, 2024)

Table of Contents

- Policy for Reserve Account Utilization 3**
 - 1. Purpose and Establishment 3
 - 2. Fund Structure and Flexibility 3
 - 3. Financial Predictability and Stability 3
 - 4. Legal and Fiduciary Responsibility 3
 - 5. Asset Preservation and Value Protection 4
 - 6. Cost-Effective Long-Term Planning..... 4
 - 7. Enhanced Community Financial Transparency 4
 - 8. Review and Adjustment 4
 - 9. Policy Review Process 4

- Reserve Account Management Standards 6**
 - I. Definitions 6
 - II. Purpose and Scope 7
 - III. Account Categories 7
 - IV. Funding 8
 - V. Use of Funds 8
 - VI. Review and Adjustment..... 9
 - VII. Annual Reserve Budget 9
 - VIII. Investment Guidelines 10
 - IX. Required Disclosure Statement 10

- Process for Addressing Unforeseen Expenses Exceeding the Reserve Balance..... 11**

- Reasonableness Standard for Evaluating Association Actions and Decisions 13**
 - 1. Core Definition: 13
 - 2. Key Components: 13
 - 3. Essential Evaluation Criteria: 13
 - 4. Implementation Factors: 14
 - 5. Expected Outcome:..... 14

- GLOSSARY 15**

Policy for Reserve Account Utilization

The Meadows at Saint Johns Owners Association, Inc. ("Association") hereby establishes the following policy regarding the utilization of reserve accounts for capital expenditures, deferred maintenance, and unforeseen or extraordinary events:

1. Purpose and Establishment

The Association maintains a reserve account initially established through Capital Assessments as outlined in Section 6.2.2 of the Declaration. This account is maintained and funded by the Association for deferred expenditures of the Common Area, including, but not limited to, capital expenditures, deferred maintenance, and unforeseen or extraordinary events.

2. Fund Structure and Flexibility

The reserve account is maintained as a single fund with contributions for multiple reserve items. This structure allows for flexible use of the pooled funds for any designated reserve expense without requiring separate approval for expenditures that exceed the balance of an individual reserve item.

3. Financial Predictability and Stability

The Association recognizes that reserve accounts provide a structured approach to managing anticipated large-scale repairs and replacements. By systematically setting aside funds, the Association aims to:

- Avoid sudden, significant special assessments that can financially burden homeowners
- Create a predictable funding mechanism for known future infrastructure and asset maintenance
- Smooth out potentially disruptive financial impacts of major capital projects

4. Legal and Fiduciary Responsibility

The Board of Directors acknowledges its legal obligation under Florida Statutes to:

- Maintain common areas and shared infrastructure
- Manage association funds responsibly
- Ensure long-term financial health of the community

The utilization of reserve accounts demonstrates prudent financial management and fulfills these legal requirements.

5. Asset Preservation and Value Protection

The Association commits to regular maintenance and timely capital improvements to:

- Prevent costly emergency repairs
- Maintain property values by keeping common areas and shared infrastructure in excellent condition
- Extend the useful life of community assets such as common areas, storm water management systems, and landscaping

6. Cost-Effective Long-Term Planning

The Association will employ proactive reserve funding to allow for:

- Strategic scheduling of maintenance and replacement projects
- Better negotiation with contractors through planned, scheduled work
- Potential cost savings through bulk purchasing and planned maintenance

7. Enhanced Community Financial Transparency

The Association will utilize reserve accounts to provide:

- Clear financial documentation
- Increased homeowner confidence in financial management
- A transparent approach to future funding needs

8. Review and Adjustment

The Board of Directors will regularly review and adjust this policy as necessary to ensure it continues to meet the Association's needs and complies with all applicable laws and regulations.

9. Policy Review Process

The Board of Directors shall implement the following review process for this Reserve Account Utilization Policy:

- Conduct a brief annual review as part of the regular financial planning process.
- Perform a comprehensive review every 3 to 5 years.
- Initiate additional reviews as needed in response to significant changes or events affecting the Association.

During each review, the Board shall consider:

- Legal compliance with current state and federal laws
- Financial health and adequacy of reserve funds
- Evolving community needs and asset conditions
- Recent capital expenditures compared to projections
- Changes in market conditions affecting replacement costs
- Insurance coverage in relation to reserve planning
- Vendor contracts and cost implications
- Homeowner feedback on community maintenance and improvements

The Board shall document the findings of each review and make any necessary adjustments to the policy to ensure its continued effectiveness in managing the Association's long-term financial health and maintaining community assets.

Adopted by Association Board on December 12, 2024

Reserve Account Management Standards

The Meadows at Saint Johns Owners Association, Inc. ("Association") hereby establishes the following standards for reserve account management, with additional provisions for oversight, evaluation, and transparency:

I. Definitions

- A. **Reserve Account:** A financial account established and maintained by the Association for the purpose of funding anticipated future expenses related to the repair, replacement, or improvement of Common Area assets and infrastructure. These funds are specifically allocated to ensure the financial stability of the Association and to minimize the need for special assessments.
- B. **Deferred Maintenance:** Maintenance tasks or projects that are postponed to a later date but are necessary to ensure the proper upkeep and functionality of Common Area improvements. This includes predictable, recurring activities such as tree canopy care, irrigation zone component replacement, and minor repairs required to prevent further deterioration or higher costs in the future.
- C. **Capital Improvement:** A significant upgrade, addition, or enhancement to the Common Area assets that increases their value, utility, or lifespan. Capital improvements include one-time, long-term investments such as upgrading (enhance-upgrade) existing features, replacing (remove-replace) major landscape plantings/areas, or upgrading (repair-replace) existing components beyond standard maintenance.
- D. **Emergency Reserve:** A designated portion of the reserve account intended to fund immediate responses and recovery efforts for unforeseen or extraordinary events affecting the Common Area or for insurance claim deductibles. This reserve minimizes the financial burden on the Association and ensures readiness for unexpected incidents. It includes funding for:
 - 1. **Mitigation-Repair:** Immediate actions to address and stabilize unforeseen damage or deterioration, such as repairs to storm water retention ponds or other critical infrastructure.
 - 2. **Recovery-Restore:** Restoration efforts to repair or replace Common Area features damaged by events such as storms, including community signage, entrance monuments, and significant trees.

3. **Commercial Insurance Deductible:** Funds allocated to cover liability and property insurance deductibles required when filing claims related to the Common Area or Association operations.

II. Purpose and Scope

The reserve account shall be maintained to fund:

- A. Construction or repair of Common Area improvements
- B. Deferred maintenance of Common Area improvements
- C. Emergency repairs and replacements of Common Area features and fixtures
- D. Mitigation and restoration of Storm Water system deteriorated components
- E. Replacement and repair of Common Area components
- F. Commercial Liability and Property Insurance Deductible

III. Account Categories

The reserve account shall be divided into two major categories:

- A. Deferred Maintenance Reserve
 - Funds designated for predictable, recurring maintenance tasks occurring every 2-7 years
 - Includes scheduled maintenance and renovation projects
 - Required to maintain Common Area improvements in good condition
- B. Capital Improvement and Emergency Reserve
 1. **Recovery-Restore:** Funds for restoration after damage or deterioration
 2. **Remove-Replace:** Funds for replacement of major landscape and significant trees
 3. **Mitigation-Repair:** Funds for addressing unforeseen damage or deterioration
 4. **Repair-Replace:** Funds for major repairs or replacements of worn or obsolete components
 5. **Commercial Insurance Deductible:** Funds to cover liability and property insurance deductibles when claims arise

These funds are designated for:

- Events that will occur but whose timing cannot be predicted
- Potential events that may occur within the next 25 to 50 years

IV. Funding

- A. Initial funding established through one-time Capital Assessments of \$200 per lot when lots first purchased
- B. Additional funding may be allocated from Annual General Assessments as determined by the Board
- C. Interest earned on reserve funds shall be retained in the account
- D. A minimum reserve balance equal to 50% of the annual assessment shall be maintained in the combined reserve accounts
- E. Pooled Reserve Funds:
 - The reserve funds are maintained in a single account for simplicity and efficiency
 - Reserve categories are assigned within this account for budgeting and monitoring purposes
 - As part of the annual budget preparation process, the allocation of funds to each reserve category is reviewed and rebalanced to reflect the anticipated needs for the upcoming year
- F. The reserve funds shall be maintained in accounts separate from operating funds at FDIC- or NCUA insured depository institution

V. Use of Funds

- A. Funds shall be used in lieu of Special Assessments or Emergency Assessments when appropriate
- B. Board approval required through either:
 - 1. Annual budget approval process for planned expenditures, or
 - 2. Board resolution for project or incident-related expenditures
- C. Funds shall be used only for:
 - Common Area improvements, maintenance, replacement, and repair
 - Commercial insurance deductible when notice of claim filed
- D. Separate accounting shall be maintained for the reserve fund
- E. All expenditures must be documented with invoices, contracts, and Board approvals
- F. Expenditures exceeding \$5,000 require a minimum of two competitive bids

VI. Review and Adjustment

- A. The Board shall review account levels annually
- B. Categories and funding levels are adjusted based on actual and anticipated needs
- C. Professionals may be engaged as needed to assess adequacy of reserve levels
- D. The reserve funding model shall undergo a full evaluation by an independent financial consultant every five (5) years to ensure its adequacy in addressing anticipated and unforeseen expenses
- E. Reserve investment performance shall be reviewed every two (2) years, with findings reported to the Board for consideration and action as needed

VII. Annual Reserve Budget

- A. The Board shall create and maintain an annual reserve budget that details:
 - Projected contributions to each reserve category
 - Anticipated expenditures from each reserve category
 - Expected reserve balances at year end
- B. The reserve budget shall be:
 - Prepared as part of the annual budgeting process
 - Reserve budget finalized no later than 60 days after the annual operating budget is finalized
 - Reviewed and approved by the Board
 - Updated throughout the year as needed to reflect actual expenses and changing needs
 - Made available to all association members
- C. The reserve budget shall include:
 - Itemized listing of planned maintenance and improvement projects
 - Estimated costs for each planned expenditure
 - Five-Year Timeline for scheduled maintenance and improvements
 - Separately presentation from the association's annual operating budget
- D. A summary of the reserve budget detailing fund balances, contributions, and projected expenditures shall be presented to the membership at the Annual Members' Meeting. This presentation is intended to enhance transparency and provide members with insight into the financial health of the Association.

VIII. Investment Guidelines

A. Reserve funds shall be invested only in:

- FDIC-or NCUA insured accounts or certificates of deposit
- U.S. Treasury securities
- Other conservative investments as approved by Board resolution

B. Investment maturities shall be staggered to ensure liquidity

C. No single institution shall hold more than \$250,000 of reserve funds

D. All reserve fund investments must adhere to an Investment Policy approved by the Board of Directors. The policy shall outline permissible investments, risk tolerances, and liquidity requirements, ensuring compliance with established guidelines.

IX. Required Disclosure Statement

The following statement shall be included in conspicuous type in each financial report for the preceding fiscal year:

"THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED IN OUR GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED TO PROVIDE FOR RESERVE ACCOUNTS UNDER SECTION 720.303(6), FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE."

Adopted by Association Board on December 12, 2024

Process for Addressing Unforeseen Expenses Exceeding the Reserve Balance

The Meadows at Saint Johns Owners Association, Inc. ("Association") hereby establishes the following structured approach and process for addressing unforeseen expenses exceeding the reserve balance:

1. **Special Board Meeting:** Upon identification of an unforeseen expense exceeding the reserve balance, the Board shall promptly convene a special meeting to:
 - a) Review and verify the nature and urgency of the expense
 - b) Obtain professional assessments or cost estimates as necessary
 - c) Evaluate the current financial status of the Association
2. **Member Notification:** The Board shall immediately notify all association members about:
 - a) The nature of the unforeseen expense
 - b) The current financial situation
 - c) The steps the Board intends to take
3. **Expense Evaluation:** The Board shall:
 - a) Assess whether the expense can be deferred or scaled down
 - b) Prioritize expenses critical for safety, property integrity, or legal compliance
4. **Financial Measures:** The Board shall implement the following measures as needed:
 - a) Reallocate funds from discretionary budget items, documenting all decisions
 - b) Explore short-term financing or lines of credit with favorable terms
 - c) Consider levying an Emergency Assessment, if permitted and necessary
5. **Ongoing Communication:** The Board shall:
 - a) Provide regular updates to members on actions taken
 - b) Share information on repayment or replenishment plans
 - c) Conduct open discussions during Board meetings

6. **Post-Incident Actions:** Following resolution of the immediate issue, the Board shall:

- a) Conduct a comprehensive financial review
- b) Assess the adequacy of reserve funding
- c) Implement improvements to financial planning and reserve policies

Adopted by Association Board on December 12, 2024

*Subject to periodic review by the Board of Directors at least once every two years,
or more frequently if deemed necessary*

Reasonableness Standard for Evaluating Association Actions and Decisions

The Meadows at Saint Johns Owners Association, Inc. ("Association") hereby adopts the following "reasonableness standard" to be used in evaluating the appropriateness of all Association rules, decisions, and actions under consideration for adoption or implementation:

1. Core Definition:

The "**reasonableness standard**" is an objective test to determine whether a hypothetical person with ordinary prudence would consider the rule, decision, or action appropriate given the specific circumstances.

2. Key Components:

This standard involves:

- **Objectivity:** Evaluating the rule, decision, or action based on rational, impartial criteria rather than subjective opinions or personal preferences
- **Ordinary Prudence:** Considering what a person of average carefulness, diligence, and discretion would do in similar circumstances
- **Situational Analysis:** Examining the full context and specific circumstances surrounding the rule, decision, or action, including but not limited to:
 - a) The purpose and intent behind the rule, decision, or action
 - b) Its potential impact on Association members and the community as a whole
 - c) Any legal, financial, or practical constraints or considerations

3. Essential Evaluation Criteria:

- **Balancing of interests:** Weighing the potential benefits against any burdens or drawbacks, considering the diverse needs and interests of all Association members.
- **Consistency:** Ensuring that the rule, decision, or action aligns with the Association's governing documents, previous decisions, and established policies, unless there is a rational basis for deviation.
- **Fairness and non-discrimination:** Verifying that the rule, decision, or action does not unfairly target or disproportionately affect certain members or groups within the Association.

- **Proportionality:** Confirming that any restrictions, requirements, or consequences imposed are proportionate to the aims being pursued.
- **Alternatives consideration:** Evaluating whether there are less restrictive or burdensome alternatives that could achieve the same objective.

4. Implementation Factors:

Application of this standard shall consider:

- The context and circumstances surrounding the rule, decision, or action
- Prevailing community norms and expectations
- The balancing of impact on affected parties
- Overall community benefit versus individual interests

5. Expected Outcome:

The application of this standard will result in:

- Decisions that are logical and justifiable
- Actions serving broader community interests
- Avoidance of arbitrary or capricious outcomes

Summary

This "**reasonableness standard**" aims to enhance transparency, fairness, and consistency in governance by providing an objective framework for analysis based on what a hypothetical reasonable person would do under similar circumstances.

Glossary of Terms

- **Fiduciary Relationship:** A legal obligation of one party to act in the best interest of another.
- **Ordinary Prudence:** The degree of care that a reasonably careful person would use under similar circumstances.

Adopted by Association Board on December 12, 2024

Subject to annual review by the Board of Directors

GLOSSARY

ARC – Architectural Review Committee (a Standing Committee of *The Meadows at Saint Johns Owners Association, Inc.* (dba The Meadows at World Golf Village))

BARRIER – Any structure, device, or object designed to prevent passage, provide separation, restrict view, create privacy, or screen items from view, regardless of size, configuration, or material. This includes but is not limited to fences, walls, screens, panels, lattice structures, and similar installations.

BOD – The Board of Directors of *The Meadows at Saint Johns Owners Association, Inc.* (dba The Meadows at World Golf Village)

BY-LAWS - The By-Laws of *The Meadows at Saint Johns Owners Association, Inc.*

COVENANTS - Declaration of Covenants, Conditions, Restrictions and Easements for the Meadows at Saint Johns

ENCLOSURE – A structure that surrounds or encloses an object or area on its sides, which may include a top/roof component.

FENCE – A structure typically made of posts connected by boards, wire, rails, or netting, used to mark a boundary, create separation between areas, prevent passage, provide screening, or partially or completely enclose an area. A fence may stand alone as a linear barrier or connect to other structures to create partial or complete enclosure.

GATE – A movable barrier, typically hinged, that controls access through an opening in a fence, wall, or similar enclosure.

HOA – A Homeowners Association (HOA) is a self-governing organization in a subdivision community where the homeowner with the purchase of property within an HOA's jurisdiction automatically become members of the HOA and are required to pay dues (HOA fees) to maintain the neighborhood and to uphold predetermined rules and regulations

MANAGEMENT – The community association management firm retained by the Board of Directors of *The Meadows at Saint Johns Owners Association, Inc.* (dba The Meadows at World Golf Village) to assist the BOD in the administration of the affairs of the HOA.

PRIVACY SCREEN – A free-standing or attached structure designed primarily to block visibility to specific areas or items without necessarily enclosing an area completely. All privacy screens are considered barriers.

SCREENING DEVICE – Any structure, panel, lattice, or similar object intended to conceal, hide, or reduce visibility to specific items or areas. All screening devices are considered barriers.

SHED – For purposes of the Covenants Section 8.5, "shed" means any detached structure used primarily for storage that lacks a permanent foundation, is constructed of lightweight or portable materials, or can be relocated without major reconstruction. This includes, but is not limited to, pre-fabricated storage kits, structures sitting on blocks or skids, portable storage containers, and any structure marketed or designed as temporary or movable.

STRUCTURE – For purposes of the Covenants Section 8.1, "structure" shall mean a roofed and enclosed building or edifice, but does not include decks, patios, fences, driveways, walkways, swimming pools, pool enclosures, open pergolas, landscaping features, or other site improvements that do not constitute buildings.

TEMPORARY OR MOVABLE STRUCTURE – A structure is "temporary or movable" if it meets any of the following criteria: (a) not anchored to a permanent poured concrete foundation with footings or piers; (b) made primarily of lightweight portable materials; (c) pre-fabricated kit structure that can be disassembled into transportable pieces; or (d) can be moved without major reconstruction.

WALL – A solid vertical structure of brick, stone, concrete, or other rigid material that encloses an area, marks a boundary, provide separation, prevents passage, or screens views. All walls are considered barriers.

WEBSITE – The Official Page for **The Meadows at World Golf Village - HOA**

[HTTPS://THEMEADOWSWG.V.COM/](https://themedowswgv.com/)

NOTE: Definitions of 'Structure,' 'Shed,' and 'Temporary or Movable Structure' were adopted by Board Resolution dated October 16, 2025 for purposes of interpreting and enforcing the Declaration of Covenants, Conditions, and Restrictions Section 8.1 and Section 8.5.

MEA-2026.05.24.235800

Notes

