

Villas at the Country Club
Minutes of the Organizational Meeting of the 2024 Management Committee
Held at 3:00 pm, Wednesday, April 24, 2024
At the Clubhouse and by Zoom

Management Committee Members in Attendance:

Ken White, Bob Evans, Scott Houston, Gordon Smith, & Benjamin Young

Other HOA members observing:

Scott Houston conducted the meeting initially as the interim Chairman of the Management Committee, and following the formal motions and actions to organize the leadership of the committee, continued as the formally elected chairman of the committee for the 2024-5 year.

After welcoming the committee members and other HOA members, the following items of business were discussed and acted upon, as warranted:

- 1. Prior Minutes Approved: The draft minutes of the Annual Meeting held on April 15, 2024 were reviewed and approved, subject to ratification by the HOA at the next annual meeting.** TPM was instructed to post these draft minutes to the HOA Website.

- 2. Organization of the Management Committee leadership:**
 - a. The Committee discussed the various roles & responsibilities that have been designated in the past and then approved the appointment the following Mgmt Committee leadership:**

i. Chairman	- Scott Houston
ii. Vice Chairman	- Gordon Smith
iii. Secretary	- Bob Evans
iv. Treasurer	- Ben Young
v. Property Mgr interface	- Ken White

 - b. Mr. Houston Reminded board members of an earlier committee action to require new board members to attend anti-discrimination and fair housing training (provided on-line) within 60 days. It is expected to take up to one hour to complete. Ben Young volunteered to contact UALD to coordinate the training and provide a schedule of available times. We will have an agenda item at each of the next couple of Committee meetings following up to confirm completion.**

 - c. Clarify term of Management Committee service for each member.**

i. Bob Evans	one year left.
ii. Ken White	two years left
iii. Scott Houston	two years left
iv. Ben Young	three years left
v. Gordon Smith	three years left

- d. Discuss possible Sub-Committee assignments.
 - i. **This item was carried forward to a future board meeting.**

3. Housekeeping items:

- a. **Motion #2: (Proposed by Ben Young). That the Amendment to the CCR's regarding the increase of transfer fees that was approved by the HOA last year be recorded immediately. This was approved unanimously and TPM volunteered to make sure the recording is completed ASAP and to make sure it shows up on the public record. They confirmed that the increased transfer fees were, in fact, collected for the most recent transfer of unit #104 – S.**
- b. **Motion #3: (Proposed by Ben Young). That the parking lot map with parking stall and storage unit assignments be recorded as part of the CCR's.**
 - i. Discussion: In light of correspondence with former board president, Bill Moon, this is a controversial matter that needs to be discussed in greater detail. **It was agreed to defer this item to a future Committee meeting.**

4. 2024 HOA Assessments:

- a. The Committee reviewed the CC&R's to refresh our understanding of the Management Committee's responsibility and authority to provide for the funding necessary to meet the obligations of the Association.
- b. The Committee reviewed TPM's financial update of the HOA's 2023 Operating budget showing Actual Expenditures Compared to Budget as presented in the recent annual meeting.
- c. The Committee reviewed the debate over the Regular Operating Budget and Reserve Assessment for 2024 that was conducted during the March 27, 2024 Management Committee Meeting which concluded with the Management Committee approving an increase in the monthly assessment from \$450 per unit to \$550 per unit (which includes \$460 per unit per month for regular operating expenses and \$90 per month for reserves for future capital projects).
- d. The Committee then reviewed the 2024 Reserve Study and the Finance Committee recommendations, including i) the proposed annual reserve line-item recommendations, ii) the proposed capital projects for 2024, and iii) the projected capital projects for the next 10 years.
- e. Summarizing the forgoing items, Mr. Houston pointed out that the Management Committee was aware that the actions taken at the March 27 meeting (to increase the HOA fees by \$100 per month) were insufficient to address the deepening financial crisis being faced by the HOA. However, the majority of the members voting at that meeting wanted to delay further action until a full board was seated. Therefore, the main focus of the meeting today was to educate the new committee members and see if we could come to an agreement with respect to three distinct issues:
 - i. how to make sure the specific line item within the operating budget for accumulating capital reserves is at least equal to the annual rate of actual

“consumption” or depreciation of the property, estimated to be about \$265 per month, compared to the current \$90 per month.

- ii. how to ensure that the reserve account (which is currently underfunded by about \$1.1 million, or about \$27,500 per unit) will ultimately be fully funded within a reasonable period of time (6-10 years?).
 - iii. making sure we can pay for each year’s projected capital expenditures to restore and maintain the property at the “premium quality” standard originally intended. (capital projects for 2024 are currently projected to cost about \$300,000).
- f. The Committee debated the matter vigorously for over an hour. In the end, given the order of magnitude of the assessments that would be required to get the HOA back onto a stable financial footing, it was decided that it would be most wise to have the full HOA vote on the matter to ensure maximum community buy-in rather than having the Management Committee act within its more limited authority by approving a \$5,000 per year per unit to gradually cure the \$1.1 million reserve account estimated shortfall over a period of 6-10 years).
- i. **Motion #7: Approve submitting for the full HOA vote the assessment of \$27,500 per unit to remediate of the reserve fund shortfall.**

Mr. Houston and Mr. Young agreed to collaborate on a first draft of the motion to be voted on by the HOA along with associated supporting materials. This motion will be reviewed and discussed by the management committee first. Then it would be presented to the HOA for a vote in a special meeting. The motion is to be consistent with the recommendations in the 2024 reserve study, but with additional details intended to provide a few payment options to allow individual owners the flexibility to choose one that best fits their own financial circumstances. The target is to have an updated version of **Motion 7** ready for a special meeting of the HOA before the end of May.

ii. **Motions 4&5 were tabled until after the HOA vote.**

iii. **In order to not delay critical capital projects for 2024 any further, the Committee voted to approve a one-time Special Assessment of \$3,500 per unit to fund those scheduled Capital Projects deemed most critical. Since this assessment will not result in enough capital to take care of all the scheduled projects at this time, the Management Committee will need to carefully assess, prioritize and approve only critical projects on a case by case basis as more detailed bids and estimates are obtained.**

5. Discussion of Legal Matters:

- a. Status of the UALD discrimination complaint brought by the Youngs was briefly described and a revised settlement agreement will be considered by the new Management Committee at the next meeting.
- b. 205 – N. Mr. Young described the status of his efforts to address the noise problem between his unit (#305 N. and his downstairs neighbors, the Evans in

#305 North). Mr. Evans responded that they continue to have concerns. This matter will be reviewed again at the next meeting.

- c. The collection action with regard to #302 South Deck reconstruction was briefly reviewed. Currently quiet. No action immediately required.
6. **HOA comment period:** HOA members observing the meeting were then given time to comment. The majority of the comments reflected support for the HOA getting caught up on its reserve account and preventing the property from deteriorating any further,
7. The meeting was adjourned.

APPENDICES

APPENDIX I – Article VIII of the CCR’s: Assessments

APPENDIX II – 2023 operating budget – actual results

APPENDIX III -- Proposed 2024 operating Budget & Assessment

APPENDIX IV – 2024 Reserve Study, Proposed Projects for 2024, and committee recommendations

APPENDIX V – Summary of Proposed HOA Assessments

APPENDIX I -- CCR's ARTICLE VIII - ASSESSMENTS

THE SHORT VERSION:

Article 8.3 of the ByLaws of the HOA requires the Management Committee (aka the "Board") to "prepare and adopt an annual budget for the Association which shall provide, without limitation, for the maintenance of the Common Areas and for the administration, management and operation of the Association. The budget shall contain a line item for the estimated contribution to the reserve fund of the Association."

8.5 Purpose of Assessments. The Assessments levied by the Association shall be used for carrying out the purposes and obligations of the Association, including, but not limited to: (a) The improvement, maintenance, operation, care, and services related to the Common Areas; (b) The payment of insurance premiums; (c) The costs of utilities and other services which may be provided by the Association for the Community; (d) The cost of labor, equipment, insurance, materials, management, legal and administrative fees incurred or expended in performing the duties under this Declaration or the Bylaws; (e) The cost of funding reserves established by the Association, including a general operating excess and a reserve for replacements; and (f) Any other items properly chargeable as a Common Expense of the Association.

8.6 Special Assessments. In addition to the Annual Assessments authorized in this Article, the Association may levy a special assessment from time to time for the purpose of defraying, in whole or in part, the costs incurred or to be incurred by the Association which cannot be paid for through other types of Assessments (a "Special Assessment"). The Management Committee may authorize a Special Assessment for any lawful purpose provided, however, that any Special Assessment levied within 12 months of a prior Special Assessment, and any Special Assessment greater than Five Thousand Dollars (\$5,000.00) per Owner (based on their Percentage Interest) may only be levied if it is first voted upon by the Owners as follows: (1) a quorum of Owners holding 30% of the total Percentage Interest is present (as provided in the Bylaws); and (2) once a quorum has been established, if the votes cast favoring the Special Assessment exceed the votes cast opposing it. Voting shall be permitted pursuant to any method allowed in the Bylaws.

THE LONG, COMPLETE VERSION:

8.1 Covenant for Assessments. Each Owner, by acceptance of a deed conveying any Unit to such Owner, whether or not so expressed in the deed or other conveyance, shall be deemed to have covenanted and agreed to pay the Association the following types of assessments, as provided for and defined below: Annual Assessments, Special Assessments, and Individual Assessments. No Owner may exempt itself from liability for Assessments by abandonment of a Unit or non-use of the Common Areas. No offsets against Assessment amounts shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers.

8.2 Reinvestment Fee Covenant. Upon the transfer of title to each Unit, a reinvestment fee, shall be charged and payable to the Association in an amount not to exceed two times the then current monthly assessment. A separate Notice of Reinvestment Fee will be recorded providing additional notice. The parties to the transaction are responsible to negotiate who pays this fee.

8.3 Annual Budget and Assessment.

(a) Adoption of Budget. The Management Committee shall prepare and adopt an annual budget for the Association which shall provide, without limitation, for the maintenance of the Common Areas and for the administration, management and operation of the Association. The budget shall contain a line item for the estimated contribution to the reserve fund of the Association. If the Management Committee fails to adopt an annual budget, the last adopted budget shall continue in effect.

(b) Determination of Annual Assessment.

(1) The Management Committee shall fix the amount of the annual assessment (“Annual Assessment”) which may be assessed monthly against each Unit for each assessment period at least thirty (30) days in advance of the beginning of the period. Written notice of the Annual Assessments shall be sent to all members of the Association at least thirty (30) days in advance of the beginning of any assessment period, or thirty (30) days in advance of any increase in the Annual Assessment that is to take effect during any assessment period.

(2) The omission by the Management Committee, before the expiration of any assessment period, to fix the amount of the Annual Assessment for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this article or a release of any member from the obligation to pay the Annual Assessment, or any installment thereof, for that or any subsequent assessment period. In the event of such omission, the Annual Assessment fixed for the preceding period shall continue until a new assessment is fixed.

(3) If the Annual Assessments levied at any time are, or will become, inadequate to meet all expenses incurred by the Association for any reason, including nonpayment of any Owner’s Assessments on a current basis, the Management Committee may, at any time,

determine the approximate amount of the inadequacy and adopt a supplemental budget which establishes the equitable change in the amount of the Annual Assessment.

8.4 Apportionment of Assessments. All Units shall be assessed Annual Assessments and Special Assessments based upon the Percentage Interests of the Units (See Exhibit B). Individual Assessments shall be apportioned exclusively against the Units benefitted or to which the expenses are attributable as provided for below.

8.5 Purpose of Assessments. The Assessments levied by the Association shall be used for carrying out the purposes and obligations of the Association, including, but not limited to: (a) The improvement, maintenance, operation, care, and services related to the Common Areas; (b) The payment of insurance premiums; (c) The costs of utilities and other services which may be provided by the Association for the Community; (d) The cost of labor, equipment, insurance, materials, management, legal and administrative fees incurred or expended in performing the duties under this Declaration or the Bylaws; (e) The cost of funding reserves established by the Association, including a general operating excess and a reserve for replacements; and (f) Any other items properly chargeable as a Common Expense of the Association.

8.6 Special Assessments. In addition to the Annual Assessments authorized in this Article, the Association may levy a special assessment from time to time for the purpose of defraying, in whole or in part, the costs incurred or to be incurred by the Association which cannot be paid for through other types of Assessments (a "Special Assessment"). The Management Committee may authorize a Special Assessment for any lawful purpose provided, however, that any Special Assessment levied within 12 months of a prior Special Assessment, and any Special Assessment greater than Five Thousand Dollars (\$5,000.00) per Owner (based on their Percentage Interest) may only be levied if it is first voted upon by the Owners as follows: (1) a quorum of Owners holding 30% of the total Percentage Interest is present (as provided in the Bylaws); and (2) once a quorum has been established, if the votes cast favoring the Special Assessment exceed the votes cast opposing it. Voting shall be permitted pursuant to any method allowed in the Bylaws.

8.7 Individual Assessments. Any expenses benefitting or attributable to fewer than all of the Units may be assessed exclusively against the Units affected or benefitted ("Individual Assessments"). Individual Assessments shall include, but are not limited to: (1) Assessments levied against any Unit to reimburse the Association for costs or attorney fees incurred in bringing the Unit or its Owner into compliance with, or to otherwise defend or uphold, or carry out, the provisions of the Governing Documents and for fines or other charges, including attorney fees, imposed pursuant to this Declaration for violation of the Governing Documents; (2) Expenses incurred by the Association relating to the cost of maintenance, repair, or replacement of the individual Units.

8.8 Capital Improvements. In assessing Unit Owners for Capital Improvements (as defined) to the Common Areas for which there are not sufficient funds, there shall be no assessments for a single improvement in the nature of a capital expenditure exceeding the sum of ten percent (10%) of the annual budget without the same having been first voted on and approved by at least a majority of the total voting power of the Association. Capital Improvement Assessments shall be approved in the same manner as a Special Assessment.

8.9 Reserve Analysis. (a) Reserve Analysis Required. The Management Committee shall cause a reserve analysis to be conducted at least every six years. The Management Committee shall review its reserve analysis every three years and, if necessary, update the formal analysis to reflect the current condition of the components described herein and in the analysis. (b) Reserve Analysis Defined. "Reserve analysis" means an analysis to determine the need for a reserve fund and the estimated amount of money needed to reasonably fund the reserve fund. A reserve analysis shall include:

- (1) a list of the components identified in the reserve analysis that will reasonably require reserve funds that cannot be reasonably funded from the operating budget and have an estimated remaining useful life between three (3) and thirty (30) years as set forth in the Act;
- (2) a statement of the probable remaining useful life, as of the date of the reserve analysis, of each component identified in the reserve analysis;
- (3) an estimate of the cost to repair, replace, or restore each component identified in the reserve analysis;
- (4) an estimate of the total annual contribution to a reserve fund necessary to meet the cost to repair, replace, or restore each component identified in the reserve analysis during the component's useful life and at the end of the component's useful life; and
- (5) a reserve funding plan that recommends how the Association may fund the annual contribution described in subsection (4) above.

(c) Reserve Analysis Summary Provided to Owners. The Association shall: (a) annually provide Owners a summary of the most recent reserve analysis or update; and (b) provide a copy of the complete reserve analysis or update to an Owner who requests a copy.

8.10 Reserve Fund. The Association shall establish and maintain a reserve fund (also known as "reserve account"), separate from other Association funds, for repairs and replacement of the Common Areas, for any emergency, unforeseen, unusual, or unanticipated expenditure, and for any other purpose determined from time to time by the Management Committee. As stated above, in formulating the budget each year, the Association shall include a reserve fund line item in an amount the Management Committee determines, based on the reserve analysis, to be prudent. The Management Committee may not use money in a reserve fund for daily maintenance expenses, unless a majority of the total voting Percentage Interests of the Owners, vote to approve the use of reserve fund money for that purpose.

The Management Committee's reasonable determination with respect to the amount of the reserve fund contribution shall be conclusively deemed appropriate absent intentional misconduct or gross mismanagement of Association funds. Except in such instances, individual Management Committee members shall not be held liable for any potential or alleged underfunding of the reserve account.

8.11 Nonpayment of Assessments. Unless otherwise provided by resolution of the Management Committee, the Annual Assessments shall be levied and due and payable on a monthly basis on the first calendar day of each month and shall be delinquent if not paid within ten (10) days after the due date or such other date established by the Management Committee (the "date of delinquency"). The due date of any Special Assessment or other Assessment shall be fixed in the resolution authorizing the Assessment or in the notice of the Assessment. (a) Interest. Delinquent

payments shall bear interest at the rate of eighteen percent (18%) per annum, or such other lower rate established by the Association by Rule, from time to time. (b) Late Charge. Each delinquent payment shall be subject to a late charge in the amount established by the Association, by Rule, from time to time. (c) Acceleration. If the delinquent installments of Annual Assessments and any charges thereon are not paid in full, the Management Committee, or its authorized agent, may declare all of the unpaid balance of the Annual Assessment to be immediately due and payable upon not less than ten (10) days' written notice to the Owner, and may enforce the collection of the full Annual Assessment and all charges thereon in any manner authorized by law and this Declaration. If, however, the Assessment is accelerated and an Owner subsequently files bankruptcy or the Management Committee otherwise decides acceleration is not in its best interest, the Management Committee, at its option and in its sole discretion, may elect to decelerate the obligation. d) Rent Payments by Tenant to Association. If the Owner of a Unit who is leasing the Unit fails to pay an assessment for more than sixty (60) days after the assessment is due, the Management Committee may demand that the tenant pay to the Association all future lease payments due to the Owner, beginning with the next monthly other periodic payment, until all amounts due to the Association are paid. Such demand to the tenant shall be made in accordance with the law and the written procedures of the Association. The Management Committee, or its agent, shall give the Owner written notice of its intent to demand full payment from the tenant and such notice shall be made in accordance with the law and the written procedures of the Association. (e) Termination of Common Service and Facility Use. If an Owner fails or refuses to pay an assessment when due, the Management Committee may, after giving notice and an opportunity to request a hearing in accordance with the law and any written procedures of the Association, terminate an Owner's right: (1) to receive any service paid as a common expense, including but not limited to utility services; and (2) of access and use of recreational facilities. If a hearing is requested, utility services or right of access and use of the recreational facilities may not be terminated until after the hearing has been conducted and a final decision has been rendered by the Management Committee. In the event that the Association incurs costs to terminate any such utility service, the defaulting Owner shall be responsible for all such costs. Upon payment of the assessment due, including any interest, late charge, and costs of collection, the Management Committee shall immediately take action to reinstate the terminated utility services to the Unit. (f) Remedies under the Act and Other Law. The Association shall have each and every remedy for collection of assessments provided in the Utah Condominium Ownership Act, and Utah law.

8.12 Lien. All Assessments and charges imposed, together with damages, fines, interest, costs of collection, late charges, and attorneys' fees provided for in this Declaration (whether or not a legal proceeding is initiated) or by the Act, Utah law, or awarded by a court for enforcement of the Governing Documents shall be a charge and continuing lien upon each of the Units against which the Assessment is made and shall be construed as a real covenant running with the land. The recording of this Declaration constitutes record notice and perfection of the lien established herein. If an assessment is payable in installments, the lien is for the amount of each installment as such becomes due and this provision shall be deemed a notice of assessment.

8.13 Personal Obligation and Costs of Collection. Assessments imposed under this Declaration, together with interest and costs and reasonable attorneys' fees incurred or expended by the Association in the collection thereof (whether or not a lawsuit is initiated), shall also be

the personal obligation of the Owner holding title to any Unit and in a voluntary conveyance, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the latter up to the time of the grant or conveyance, without prejudice to the grantee's rights to recover from the grantor the amounts paid by the grantee.

8.14 Appointment of Trustee. By acceptance of a deed for a Unit, each Owner as trustor conveys and warrants to trustee in trust for the Association, as beneficiary, with power of sale, the Owner's Unit and all improvements thereon for the purpose of securing payment of all Assessments (including basis of collection) provided for in this Declaration. For purposes of this Section, the Act, and Utah Code Ann. §§57-1-19, et seq., as amended from time to time, the trustee shall mean the attorney for the Association, and the Association may provide notice and disclosure of the trustee, or substitution thereof, by recording an appointment or substitution of trustee in the records of the local County Recorder. Each Owner hereby also grants to the Association and trustee all powers and rights of non-judicial trust deed foreclosure provided for in Utah Code Ann. §§57-1-19, et seq.

8.15 Enforcement of Lien. The lien provided for in this Article may be enforced by the Association by causing a Unit to be sold through non-judicial foreclosure as though the lien were a deed of trust, or by foreclosing the lien through a judicial foreclosure, all in the manner provided by the Act and by the laws of the state of Utah for the non-judicial foreclosure of deeds of trusts or the law for the foreclosure of a mortgage, as the case may be. The Association shall have the power to bid on the Unit at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Upon completion of the foreclosure sale, the defaulting Owner shall be required to pay the reasonable rental value of such Unit during any period of continued occupancy by the defaulting Owner or any persons claiming under the defaulting Owner, and an action may be brought by the Association or the purchaser at the sale in order to secure occupancy of the defaulting Owner's Unit, the costs and attorney fees associated with which shall be awarded to the Association or the purchaser, as the case may be. The Association shall be entitled to the appointment of a receiver to collect the rental income or the reasonable rental value without regard to the value of the security.

8.16 Subordination of Lien to Mortgages. The lien provided for in this Article has priority over each other lien and encumbrance on a Unit except a first or second security interest on the Unit secured by a mortgage or deed of trust that is recorded before a recorded notice of lien by or on behalf of the Association, or a lien for real estate taxes or other governmental assessments or charges against the Unit. The sale or transfer of any Unit pursuant to mortgage or deed of trust foreclosure (but not a proceeding in lieu thereof) shall extinguish the lien provided for herein as to payments which became due prior to such sale or transfer. Such sale or transfer shall not relieve the Unit from liability or lien for any Assessments or charges thereafter becoming due and shall not relieve any Owner of his or her personal obligation for such amounts.

8.17 Statement of Unpaid Assessment & Payoff Information. The Association shall, upon demand at any time, furnish to any Owner liable for assessment a certificate in writing signed by an officer of the Association setting forth whether Assessments have been paid. The certificate shall be conclusive evidence of payment of any assessment therein stated as having been paid. A reasonable charge, determined by the Association, or the Act, may be levied in advance by the

Association for each certificate so delivered. The Association may charge a fee for providing Association payoff information needed in connection with the financing, refinancing, or closing of an Owner's sale of the Owner's Unit up to the maximum amount allowed by the Act.

8.18 Application of Payments. Payments upon an Owner's account shall be applied first to costs and attorney fees, then to the oldest charges (regardless of type) on the Owner's account.

APPENDIX II – 2023 budget results

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APPENDIX III -- Approved 2024 operating Budget

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APPENDIX IV – 2024 Reserve Study & Proposed Projects

In 2020, the HOA board first commissioned a “Reserve Study” in order to comply with a change in state law regulating Home Owners Associations. The purpose of the study was to inform members of the HOA (the homeowners) of the projected costs to replace and/or maintain the common area components of the property as they reached the end of their useful lives. The 2020 Reserve Study found that the amount of money the HOA should be planning for (and ideally setting aside as reserves) each year for such replacements / major maintenance projects was approximately \$120,000 per year, which is about \$3,000 per unit per year, or about \$254 per unit per month. Because the HOA has not been regularly accumulating such a reserve, the study found that our reserve account in 2020 was under-funded by about \$750,000, or about \$20,000 per unit.

No action was taken at that time to cure that deficiency by implementing a regular assessment for capital reserves. Instead, capital and maintenance projects have been de-prioritized & deferred in an effort to keep monthly HOA fees low.

Over the past 4 years, the effect of deferring capital and maintenance projects has become increasingly evident. For example, the roof on the south building began to fail 3-4 years ago, resulting in roof leaks affecting multiple units. The situation reached such a critical stage that the HOA had no choice but to impose special assessments of \$3,000 per unit in both 2022 and 2023 respectively in order to re-roof both the flat and pitched roof sections of the building. The majority of other regularly scheduled replacements/improvements have likewise been deferred due to lack of funds. With the south building turning 20 years old and the north building reaching 15 years old, deferred capital and maintenance projects will take an increasingly visible toll on the property. In order to finally address deferred projects and to begin building up a healthy reserves account, the Board directly its Finance Committee to update its reserve study and recommend a course of action. A copy of this updated 2024 reserve study is posted to the Association webpage at <http://tpmhoa.com> and will be emailed to all owners with the annual report,

The 2024 Reserve Study highlights the projects that are scheduled to be funded and completed in each of 2024 and 2025 and forecasts reserve requirements for the next 50 years.

According to the 2024 Reserve Study, using the low end of the estimated cost ranges, the minimum annual reserve accrual rate should be \$255 per unit per month per year. Because we have not regularly plan for and fund this reserve requirement, our reserve account is now underfunded by at least \$1.1 million, which is about \$27,500 per unit.

Schedules:

[Rich to insert PDF schedules]

APPENDIX V – Summary of Finance Committee Recommendations’ effect on HOA 2024 Assessments

With regard to building up an appropriate reserve for capital improvements and paying for this years unfunded capital projects, it is the STRONG recommendation of the Finance Committee that the Board take the following actions as soon as possible:

- 1) Assess each unit \$255 per month to begin accumulating a reserve fund as directed by Article 8.3 and 8.5 of the CCR’s.
- 2) Assess each unit a special assessment of \$5,000, for 2024 capital projects which is the maximum amount of special assessment annually allowable within the Board’s authority under Article 8.6 of the CCR’s.
- 3) Solicit approval from the HOA general membership to assess the full \$27,500 shortfall now, but make it payable in annual (or other) installments of \$5,000 per year until the reserve account is 100% funded.