

HOA Board Special Meeting Minutes – Reserve Overview
Monterey Park Association/VM5,5A
May 10, 2021

Board members present: Maureen Harding, Randy Brenckman, Terry Cargill, Judy Rosenthal, Marsha Cain, Mary Smalle. Board members absent: Wayne Knudson

Meeting called to order 10:12 a.m.

Overview of Reserve provided by Judy Rosenthal:

- What is the purpose of a reserve – money set aside for future acquisitions, repairs, and unknown/unforeseen expenditures; future acquisitions tend to be replacements
- History of reserve – thanks to Sandy Mucci for history of reserve; it was established in Jan 2013 with \$26K; \$10K came from unspent monies leftover from spa assessment done in 2012; additional \$16K was transferred from our operating funds which we had in excess; further, in 2013 we added \$2K, in 2014 we added \$10K+; 2015 we added \$5K, for a total of \$43K plus change
- In the past, the basis for the reserve amount was 90% of the total annual assessment dues
- Last year it was approved to complete a “reserve study”. What is a reserve study – identify the items which will eventually need to be replaced (see the reserve items list); estimate when by year, and how much the replacement costs are and estimate in which year the items will require replacement

Judy reviewed the reserve items list

Judy Reviewed Reserve Fund Analysis

Note all costs and replacement dates provided are estimates

Suggestion: Under ramada paint split out ramada paint exterior and interior, need to add an amount for ramada interior

Suggestion: add an estimate year/year analysis of income to the reserve including existing amount, fees from home sales, annual dues amount needed to assure the reserve

Current Reserve Balance can be seen in the per April Financial Report. We have 3 bank accounts: checking, business savings (unallocated funds) – and reserve account. The unallocated funds can be transferred to the reserve account.

Reserve currently has \$34,600 (\$200 more than what we are supposed to have).

Options to add money to the reserve fund:

- home sales transfer fees are allocated to the reserve fund, but the number of houses sold is unpredictable
- special assessments, which are not desirable,
- build a cushion into our annual dues, other units do this

Randy provided background on his approach for prior reserve amount of 90% of the total annual assessment amount (excludes the \$5K for the “circle” maintenance, controlled by Unit 2)

Input in welcome on the reserve list, life of items and replacement costs

Question raised by Sue Carey: wasn't a motion passed that we are going to automatically raise the dues based on cost-of-living percentage; is this now a policy? Sue said that this approach is documented and posted on our website; It is on the Prospective Buyer Letter.

Judy will verify if the letter indicates that the dues will raise automatically according to COLA and change it if needed.

As a reminder, Board has authority to raise dues by 20%/year.

Next Steps:

Budget meeting is targeted in October, complete pre-work prior (possibly over the summer). Randy suggests a "where are we" meeting in July. Could be Zoom.

Goal is to update the reserve annually in October

Motion to adjourn made by Randy, Maureen seconds; passes unanimously.

Meeting adjourned at 11:19 am.

Minutes submitted by Maureen Harding, Secretary