

## **Summary of Significant Issues at Recent Board Meetings**

At our two recent Board meetings, a few issues were discussed that we thought would be of interest to the Community: cost savings; reserve funds; and social events.

### **Cost Savings**

We are always looking for ways to keep our monthly fees in check. In the coming year, we have been able to squeeze some savings out of our budget.

1. We were able to reduce our monthly fees with Action by \$100 per month which is a savings of \$1200 per year.
2. We canceled our monthly contract for path and uplighting. Street lights are a separate contract with SCE. With our own experimentation with LED path lights (up-lights already use LEDs), there is no longer a need for a monthly lighting contract. The rep from the lighting company agreed we do not need monthly maintenance if we use LEDs everywhere. Board members will replace the path lights with LEDs as they burn out. Send an email to management or tell one of us if you see a path light out. The cancelation of the lighting contract combined with slightly lower electric consumption will result in an annual savings of about \$800.
3. A good portion of our operating and reserve funds is now invested in CDs. Not all funds were invested as we need some funds on hand for our monthly expenses. We explored different investment options but CDs were our only reasonable alternative. Our net investment earnings, after taxes, which must be paid despite being a non-profit, will be close to \$1000 per year. Our net may be higher depending on the applicable federal tax rate which can be as high as 30%.
4. In sum, we will have about \$3000 more for the next budget year. However, these funds should not be considered excess for many reasons — landscape needs are always underfunded, it is certain that inflation will increase our costs in coming years, and most notably, our reserve funds for fence maintenance is deficient by about \$20,000. See below.

### **Reserve Funds**

In recent weeks, after review of the scope of our reserve study, we determined that the study and therefore our reserve funds do not include the wrought iron fences along Regency, Osterman, and behind the homes on Silver Spruce. We don't know why the reserve study set up by KB only included the hill fence, but the missing reserve component was only identified by the Board recently. In any event, we must now address how to fund this reserve shortfall in the coming months. For purposes of estimating how much our reserves must be increased, we can use the recent estimate of about \$12,000 for painting the hill fence as a benchmark. The portions of fence excluded from the reserve study are about twice the length of the hill fence (give or take) though some parts are only half height. Accordingly, we estimate our reserve shortfall in the range of \$20,000.

We will soon have someone assess the maintenance needs of the fence on Regency, Osterman and behind Silver Spruce. Once we know the condition of these fence areas, we will be able to identify the needed timeline for funding additional reserves properly. The Board will then undertake to determine whether other reserves can be partially reallocated or whether we will need to adjust our monthly fees.

Fortunately, this year, we will likely not need to access reserves for the hill fence as Josh and a couple volunteers will try to scrape and paint particularly vulnerable areas. This likely will allow us to put off full painting of the hill fence for at least a year.

### **Social Events**

As the topic of social events is now being discussed on Facebook, we thought we should summarize our Board discussions. Among Board members, there was a general view that social events are valuable to the community – letting us get to know our old and new neighbors and their families and providing a degree of social cohesion in our small community. However, varying points of view were expressed about the appropriate number of events, the cost for each event, whether to have outside entertainment or our own entertainment, and whether to pay for food or ask people to bring their own. Also considered was the fact that some members of the Community do not attend these events and some have objected to paying for events they do not attend. One approach discussed in the past was to have events that entice more adults to attend along with kids. Last year, Sarah did a nice job setting up an event with music that appealed more to adults and, at the same time, there was a bounce house for the kids and a kids' parade. With both types of entertainment and relatively inexpensive catered food, the event was attractive to a broad group of Residents and their families.

The Board wants to strike the appropriate balance for social events when considering the various competing factors. We discussed putting a poll on Facebook to gather input on how to best balance the differing ideas for social events but, in light of the recent Facebook posts, the differing points of view have likely been sufficiently explored maybe better to discuss at the HOA meetings, instead. Some of the questions the Board is faced with considering are: Is \$1500 too much or too little to spend on social events annually? How many events should we sponsor? Should those who don't attend be paying for those of us who do attend? How much is reasonable to spend on kids' entertainment? For those without kids, is there still support for funding kids' activities? Are some funds better spent on landscaping, reserves, or other costs? With input from all, the Board will try to find the appropriate balance for future events.

Please join us at our next Board meeting to provide input on any issue of interest or email Scot at [scool@actionlife.com](mailto:scool@actionlife.com) or talk to one of the Board members to express your views. Also we would very much welcome additional volunteers to run the social committee.