

The Springs HOA

2009 Annual Reserve Funds Report

Living Document:

The purpose of the HOA Reserve Fund is to provide sufficient funding for future repair and maintenance of HOA assets such as grounds and facilities, thereby protecting our individual property value and the function and beauty of our community. It was created in 2004 by the Board of Directors with the help of a professional group. At that time they established a Reserve Fund "Cost Base" for each component (asset) and built in an annual inflation factor of 3%.

The management of the reserve fund is a dynamic 30 year projection. Therefore, we can think of it as a living document that needs to be adjusted annually based on estimated and actual costs and the forever fluctuating financial world. These changes are decided by committee consulting with the Treasurer and Finance Oversight Committee. The Reserve Committee reports to the Board of Directors.

Changes in 2010:

It is necessary that we have as accurate as possible cost estimates and calculations in order to project our reserve needs. Therefore, we have made some changes to our reserve fund documents and calculations.

Reserve Committee Resolutions:

1. Combine Account 1006 (N Cristal Park #6A) and Account 1027 (S Cristal Park #6B) into one account. This would be Account 1006 and will have a remaining life of 14 years.
2. Account 912 and Account 913 be combined into one account. Account 912 would be renamed "Office Equipment" and funded to \$2200. At the request of the Office Manager, this resolution will be tabled until 2010 to evaluate the possibility of combining the office copy machine with the printer and fax machines.
3. Wash Cleanout be taken out of the Reserve Account and funded out of the Operating Account on an "as needed" basis.
4. The "crack fill" project should be moved up from 2011 to 2010 based on the current condition of the roads.
5. Taxes on interest in the Reserve Fund are currently being paid out of the Operating Fund. The Committee recommends that this continue until the Reserve is at least 80 percent funded.
6. The Committee discussed interest rate calculations based on the current economy and agreed that projected interest rates will be changed from 3 percent long term to 1.5 percent long term and from 1.5 percent short term to 0.5 percent short term.
7. The Committee agreed that the HOA contributions continue to be a specified amount rather than based on the number of homes paying dues until the Reserve is at least funded to 80 percent. It was also felt that whatever money was left from the 2010 contribution would be added to the June 2010 CD rollover.
8. The Committee strongly recommends to the Board that it consider designating one person on the Building and Streets Committee be primarily in charge of streets. The Chair would continue to oversee all items, including streets, sidewalks, lights, gates, etc. However, because the streets are the biggest single cost account, we felt it important that one person take charge without other distractions. This person would be a permanent member of the Reserve Committee.

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HOA Reserve Components Modifications In 2010					
#	Description	Life	Rem L	Cost	
Common Area					
206	Asphalt - Crack Fill	4	0	22,103	Shortened life, moved up one year from 2011 to 2010
913	Gatehouse - Copier - replace	11	1	650	Extended life, one year
1107	Metal Fences/Gate-Repaint	6	0	975	Shortened life one year to include w/#1115 repair contract
1113	Stucco Walls - repaint	6	0	2,300	Shortened life one year to include w/#1115 repair contract
1115	Gatehouse Stucco-Repair/	6	0	8,000	Extended life one year to 2010
1116	Gatehouse Eaves-Repaint	6	0	982	Extended life one year to include w/#1115 repair contract
Parks & Landscape					
1004	S Viva Park #4	11	1	4,500	Extended life one year to 2010
1027	S Cristal Park #6B Replenish	17	14	16,014	Combine with #1006 & change name to Cristal Park #6
1040	Wash - Clean Out			-3,000	Removed from Reserve Components
The Reserve Committee made the following resolutions:					
1 Combined S Cristal Park #1027 with N Cristal Park #1006 and renamed Cristal Park #1006					
2 Removed Wash - Clean Out #1040					
3 Taxes on Reserve Fund interest income to be paid from operating fund until the fund is 80% funded					
4 Contributions to the Reserve Fund continue to be a specific amount rather than based on dues collected					

Inflation Factor Calculation changes

NO CHANGE

Operating & Reserve Fund Summary Actual & 30 Year Projection

1. Long term interest (Reserve Fund) changed from 3.0% to 1.5% for projections
2. Short term interest (Operating Fund) changed from 1.5% to 0.5% for projections

Respectfully submitted by the Reserve Committee:

Russ Beale

Mike Kearns

Gene McGaughey

Jean McGaughey

With input from:

Joe Barton – Streets & Buildings

Lance Johnson - Grounds

Joe Misinski - Treasurer