

SUNDANCE (San Antonio) HOME OWNERS ASSOCIATION

A Plea from the 2017 Board of Directors

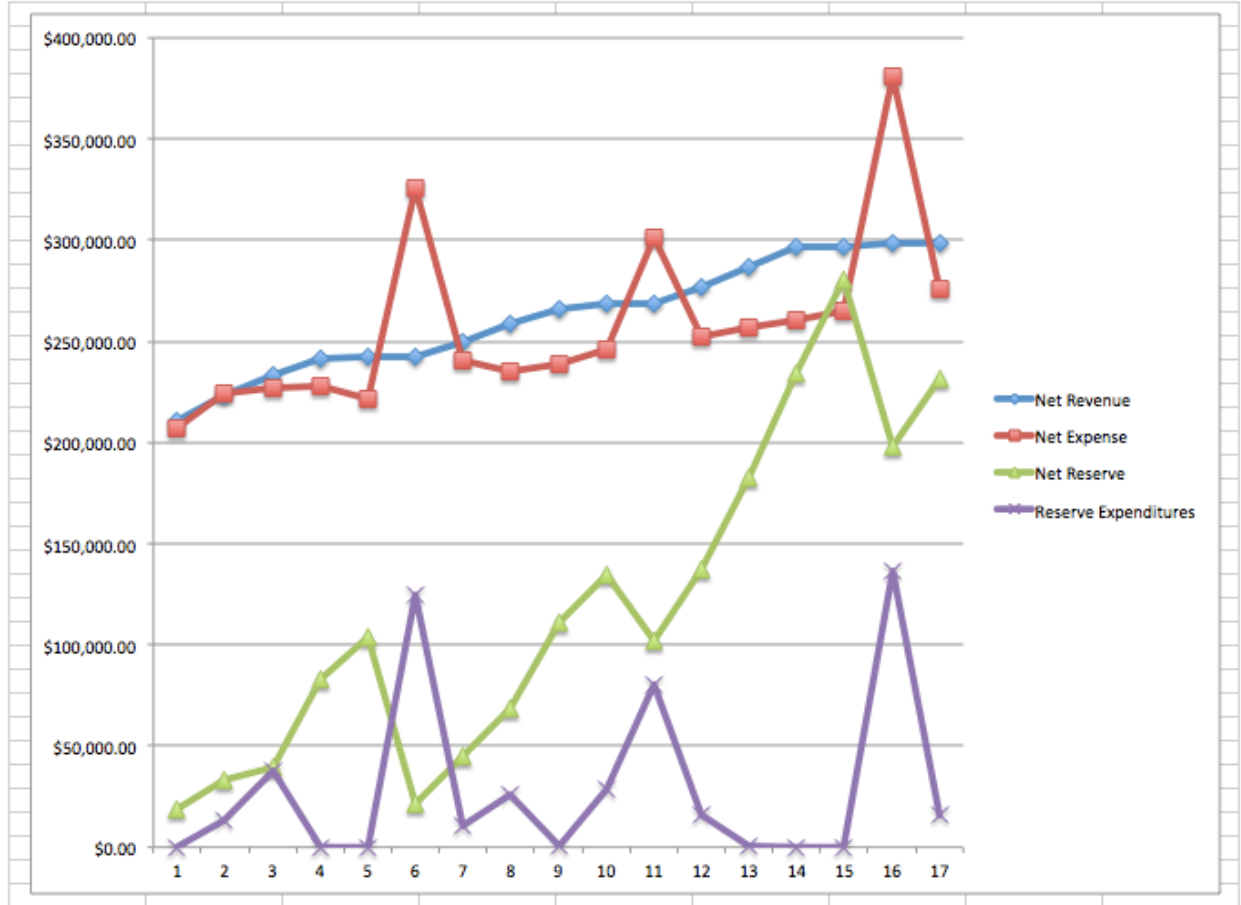
The Sundance Board of Directors seeks to gain an economic advantage with the membership's help, please. We ask those that can, contribute 3 years of advance assessments by the end of 2017. In addition, remain current for the next 3 successive year's obligations. Repayment will then commence for the following 3 consecutive years, depleting the CD balance.

The economic advantage that the Board of Directors (BOD) expects to gain is as follows. The advance assessments will be maintained in a CD & treated as reserve funds. This helps us maintain our mandate "never expend more than 50% of any annual balance". This frees the current reserve balance to accomplish our needed pool repairs. This will also spread out the time base for a reserve account recovery period. The eminent project funding will be deliberately negotiated to be payable in 3 annual budget periods thereby leveling the impact on the existing available reserve dollars.

Let us illustrate in a chart why we make this request. In 2015, the BOD built this plan and expanded it for a 17-year duration. The information was based on a current reserve study dated 8/5/2014 our previous Management Company (ProComm) provided. The study gave us a baseline guide to help us plan for the future renovations; illustrate minimum financial responsibilities required to meet the aging needs of the existing recreational equipment, and Club House upkeep. In 2015, the study had an ideal number of \$179,400 as a 33% funded reserve account and then proposed a 15-year plan to reach a fully funded account of \$374,400. The study did not however discuss revenue. The BOD then made some correlating funding projections producing the following curves.

The exit of the declarant (KB Homes), left us with a very small reserve and the BOD made a pact to never spend more than ½ of the existing reserve in any one period. In 2015, we set aside \$15,000 and we have now reached \$47,000 and plan to add \$10,000 by January 1, 2017.

2015 D 10-Year Plan



With this in mind, we hope you see that a pool renovation by 2020 (point 5) violates our pact and exceeds our budgeting assumptions.

As simply as possible, the top blue curve is the anticipated revenue from assessments. The red line is total anticipated expense including reserve expenditures (purple) to repair or replace equipment such as the pool (the largest spikes) at the anticipated periods. Last is the green line, representing the anticipated reserve balance.

It is the BOD's opinion that our pool is becoming a liability from its existing state. We have acquired 3 bids from pool contractors who have extremely differing approaches and of course, quotations. In the end, we are preparing to budget for \$125,000 and anticipate a 2018/2019 project performance target to start.

Our plea, is for 10% of the 405 homeowners (41) to advance pay 3 years at the current 2017 assessment (\$616/yr = \$1,848), (41 * 1,848=\$75,768). This amount will be required to be left on account until December 31, 2020 where these funds will then be returned as paid assessments for 2021, 2022, & 2023. Each participant will be expected to maintain his or her regular assessment balance at the current rates for 2018, 2019, & 2020. More details are below.

We are at the cross roads of a choice. The pool will be managed effectively, so the BOD is working to reject the Management Company request to develop a special assessment of \$100,000 collected over the years this process will target. Special financing we believe strangles our efforts to responsibly prepare for the next round of repairs and upgrades our neighbors deserve. Please consider participating in this endeavor.

From a single homeowner's perspective by year end 2017 and 5% annual increases:

Year 2017	Paid Assessment	\$616	
	Plan Participation	1848	\$1848
Year 2018	Paid Assessment	\$647	
	Plan Participation	0	\$1848
Year 2019	Paid Assessment	\$680	
	Plan Participation	0	\$1848
Year 2020	Paid Assessment	\$713	
	Plan Participation	0	\$1848
Year 2021	Plan Benefit Credit	\$134	
	Plan Disbursement	\$616	\$1232
Year 2022	Plan Benefit Credit	\$170	
	Plan Disbursement	\$616	\$ 616
Year 2023	Plan Benefit Credit	\$209	
	Plan Disbursement	\$616	\$0