

Questions/Considerations

1. Is the \$239k in reserves earmarked for something else and, therefore, can't be used to cover the \$40k leach field project?
 - a. The reserves are mostly planned for the leach field replacement but could be used for any number of things if the proposed budget does not cover the needed expense in any given year. For example, more trees in common land need to be removed than budgeted amount, insurance premiums are higher than budgeted, etc. The main issue is that we have not put ANY money into the reserves for the last number of years and now we have leach fields failing due to the age of the development.
2. Has a formal reserve study been performed/considered?
 - a. I am not sure what you mean by a formal reserve study but we have a detailed Excel file by year installed, expected cost to replace, when the replacement could potential happen, etc. This is used for our long-term projection and budget planning. Example below:

	Expected Replacement Costs		2024	2025	2026	2027	2028	2029
Sherman Pines Systems								
Triple	35,000		3	1	3	2	1	3
Double	22,400		1	0	0	0	1	0
Single	11,340		2	3	4	3	0	0
Triple	735,000		105,000	35,000	105,000	70,000	35,000	105,000
Double	44,800		22,400	0	0	0	22,400	0
Single	181,440		22,680	34,020	45,360	34,020	0	0
Expected Costs			150,080	69,020	150,360	104,020	57,400	105,000

3. What's the minimum reserve level we're trying to maintain?
 - a. We do not have a set percentage or minimum level. We use the Excel file mentioned above to try to forecast the expected costs per year. The good thing is that this is a 30-year projection and our leach fields in some cases are going on 32 years. With that said, we also had some leach fields fail as early as 15 years, so this is not an exact science.
4. Is increasing the dues in phases considered rather than a sudden, 36% jump? If the leach fields are expected to fail in the "next couple of years", is that increase required imminently?
 - a. We have two options for raising money as a HOA. Monthly dues each year or special assessment. We built our house in 1999 and early on we had to have a special assessment (on top of monthly dues) for \$255 since the HOA did not have the required money available. We are a not-for-profit corporation in the state of New York so we have certain corporate guidelines that we must follow as a HOA.

5. Maybe we could look into just doing a more appropriate pumping/ cost effective pumping schedules vs every two years to save money on homeowners for some of the leach field repairs.
 - a. We can certainly investigate this and maybe go to a three-year pumping cycle. The reservation around doing this is a possible backup into a home if the leach field does fail, not getting a good indication of other tank issues like baffle replacement, etc. and the fact that the HOA is not single leach fields but a lot of double and triple leach fields so your neighbors usage has an impact on your house as well in a lot of cases. For those homes on single tanks to leach fields this might be an easier change but then if I was a homeowner only getting pumped every third year instead of every second year I would expect my monthly costs to be cheaper than the other homeowner. We have 16 out of our 39 leach fields that are single.
6. Also maybe look into other businesses like IBS and others vs Stone.
 - a. For any HOA expenses we have at least two vendors/quotes. In some cases, we round robin vendors like the tree companies since having vendors come out to quote and never win any business, then the vendor is hesitant to quote again. For the pumping, Stone was the cheapest option when we went out for bid, and we signed a three-year contract with a fixed yearly increase of 7%. Some will do long term contracts, and some will not since their costs may unexpectedly rise over the years in labor, fuel, health insurance costs, etc. The longer-term contracts usually have a mutual out clause including the contract we have in place with Edgewater. The Edgewater contract has built in cost increases per year as well.
7. We had different homeowners comment that they have friends who would be willing to do things cheaper, etc. Please send any possible contacts to Kelly at Edgewater so they can be considered for future bidding.