

## Seminar on Funding Reserves – April 28, 2021

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### Fund Reserves in order to

Avoid the higher cost associated with deferred maintenance

Avoid decrease in property values

Avoid owner distrust

Avoid litigation

Avoid loans – the very least cost effective approach

Avoid special assessments –

They are avoidable with proper planning

Unfair to recent purchasers – owners that left have avoided their fair share

They lead to distrust of leadership

Property values decline – realtors very aware

Reserves can be thought of as accounting for asset depreciation

### Test for if it should be included in reserves

Is it part of Common Area

Does it have limited life

Can that lifetime be predicted

Include significant costs not minor maintenance

Update Reserve Studies as recommended.

GG was done July 2020 at cost of \$3,750 –firm recommends redo in 2-3 years

Make adequate contribution to reserves

Roughly 20-25% of budget

GG is at 15% - Total 2021 budget \$722,009 –Budgeted Reserves \$99,500 plus \$10,000

Trouble if less than 70% is funded – not a problem at GG

**GG Reserve Study Recommended Balance at 2021 YE \$452,378** - \$99,500 contributed and \$55,080 spent (Clubhouse exterior walls)

**GG Projected Actual at 2021 YE \$497,716.69** - \$109,500 contributed and \$15,600 spent (Gabion Wall at Chester River)

NOTE: To charge a special assessment in GG – Covenants 6.6 require a meeting held for purpose of vote, quorum, and majority of voters in favor.