Finance Committee Recommendations to the Board of Directors

The members of the Finance Committee have been working diligently ever since we received the shocking cost guesstimate to replace our failed drainfield. Among us, we have read our governing documents, reviewed our Reserve Study, explored other potential sources of funding, talked with the leadership of other communities like ours who have worked through large scale construction projects and created many spreadsheet models to explore our ideas.

We love our community and will move heaven and earth to preserve it for current and future generations. In addition, we understand that our community members have a wide variation in financial resources and we support the efforts and love of our Grassroots Committee and donors in helping to assure that we all can stay in our homes. We recognize we will likely need some angels to help some of us through this crisis and that it is not within the role of the Finance Committee to address fundraising for those who need assistance.

The Finance Committee makes the following recommendations to the Board of Directors regarding the financing of our septic drainfield replacement.

1. Given the currently available information, we project that the cost of replacement could go as high as $1,350,000 or more. We hope it will be less, but choose to plan for unforeseen and unknown costs as best as we are able. This projection was arrived at using the following assumptions:
    a. $1,000,000 guesstimate from our septic engineer
    b. 10-15% probable cost overruns inherent in any project
    c. Other professional fees such as professional project management (10-15% of total project cost), legal fees for contracts, liability insurance, etc.
2. Our Reserve fund currently has $817,284.47. We are budgeted to contribute an additional $87,900 by year end. Even if we took our Reserve Fund to $0, this is insufficient to cover projected costs. Additionally, needed maintenance in other parts of the park would have to be deferred.
3. We propose two SAs (Special Assessments).
    a. An immediate $5,000 per lot SA. This, combined with available Reserve funds, would give us the cash flow needed to initiate the drainfield project.
    b. A second SA, hopefully in 2027, will be inevitable. We anticipate this second SA will be at least $5,000 per lot, and warn that it could be higher.

4. We encourage all leaseholders who are capable of paying the full amount of this first SA to immediately do so. Our cash flow will be challenging as we embark on this project and we depend on as many leaseholders as possible paying the full amount. For those who cannot pay the full amount immediately, we offer the following options.
    a. Installments: Per our own governing documents (CCR 5.7), SAs are due and payable in monthly installments on the first of the month. The amount of the installment is determined by the remaining months in the calendar year. So, if a SA were passed with an effective date of June 1, the total amount of the SA would be divided by the remaining months of the year. The $5,000 would be payable in 7 equal payments. Leaseholders choosing this option would have to pay $714.29 per lot from June to December.
    b. Payment plan: CCR 5.13 allows us to provide payment terms including interest for those who are unable to pay the full amount by the end of the calendar year. We recommend offering a 12 month or 24 month payment plan with 4% interest. Leaseholders who require a payment plan must declare this need on or before the effective date of the SA.

Payment Plans	
12 months	$425.75
24 months	$217.12

    c. Normal penalties apply for late payments.