

## PRCA FUNDING ISSUE

### Background:

The Port Royal Community Association (PRCA) is charged with the responsibility for the gates and surrounding area, the street up to the pool, and the pool area inside the pool fence.

### Problem:

Our infrastructure is approaching 35 years old. Within the next few years, PRCA faces the likely need for large (\$50,000 or more) capital improvements. Examples include:

- Sewer and water line replacement
- Pool rejuvenation

There are insufficient funds currently available within PRCA coffers to undertake capital improvements of this magnitude. The PRCA Board of Directors wishes to help its members understand the potential for significant future costs and to begin to explore how those costs can be met.

### Potential Solutions:

1) Special Assessments to address problems when they arise.

- PRCA governing documents limit Special Assessments to no more than one year's assessment at current rates, or \$77,333 for 2018. Special Assessments require a 2/3 vote of all PRCA members (i.e., homeowners in Phase 1 and Phase 2), or 51 homeowners.

Problems with this solution:

- a lengthy timeline is required to request a Special Assessment, which could create a delay in repairing something critical such as sewer/water line breaks
- difficulty of achieving agreement of 51 homeowners

2) Special Assessment(s) to establish a Contingency or Reserve Fund within PRCA ahead of a critical need.

Problems with this solution:

- difficulty of achieving agreement of 51 homeowners, especially when there is not an immediate issue.

3) Additional assessment within the Phase I and Phase II HOA's to create a Contingency or Reserve Fund that can be used to help pay that portion of the PRCA expenditure when it becomes necessary. (Phase I pays 70%, Phase II pays 30% of PRCA funding requirements.) Note: this approach is currently in use within Phase II.

Problems with this solution:

- difficulty of achieving agreement of required number of homeowners, especially when there is not an immediate critical need.

2-24-2018  
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PHASE II