

Special Letter to the Community Concerning Increased Annual Dues and Reserve Funding

The CapEx committee has worked for the better part of 2020 looking at community finances over the next 10 years, and developing a capital plan to address the numerous reserve fund issues facing the Fishing Creek Farm community.

The “reserve fund” is a savings account used by the Homeowners Association to pay for the preservation of various community assets, such as the clubhouse, pool, parking lots, tennis court, walking trails, beaches and common areas etc., but not the marina (which has its own reserve account). Fishing Creek Farm historically has not emphasized reserve funding, but now key amenities are almost 30 years old and are increasingly in need of major repair or replacement.

We are proud to report the committee has completed its due diligence and developed three distinct finance models for consideration and responses from our fellow homeowners:

- Option 1—Status Quo: This model continues the current approach and requires continuous annual dues increases of approximately 10% per year from 2022-2028. Annual dues in 2021 will be \$1738. Projected HOA annual dues in 2030=\$3104.
 - A special assessment of \$450 per lot is needed in 2022.
 - Additional special assessments of approximately \$1000 to \$1500 per lot (or more) will be needed in later years to address capital funding needs.
 - Reserves are almost depleted for at least four years (2023-2026), returning to greater than \$200K by 2027.
 - Some capital improvements or repairs may be deferred due to inadequate funding
- Option 2—Hybrid: This model increases dues to \$2042 in 2022 from the current \$1738, a 17.5% increase. Annual dues increases of 3.0 % are planned from 2023-2030. Projected HOA annual dues in 2030=\$2586.
 - Special assessments of approximately \$800 per lot in 2022 and \$600/lot in 2030 will be necessary to augment reserve funding.
 - Reserves are planned to be maintained at a minimum of \$200K.
 - Capital improvements and repairs are planned to be fully funded
- Option3—Fully Funded: This model increases annual dues to \$2606 in 2022 from the current \$1738. This is a 50 % increase. Projected HOA annual dues in 2030=\$2606.
 - No annual dues increases or special assessments are projected until 2032.
 - Reserves are planned to be maintained at a minimum of \$200K.
 - Capital improvements and repairs are planned to be fully funded
- While nothing in any of the models is guaranteed, each presents a distinct approach to addressing our reserve replacement needs in the next 10 years and beyond.

All three options have the following in common:

- Any increase in annual dues greater than 10% must be approved by a minimum of 51% of the eligible lot owners
 - The board of directors is allowed to increase dues up to 10% per year without a vote
- Any special assessment must be approved by a minimum of 51% of the eligible lot owners
- If no action is taken, our amenities will continue to decline, and ultimately cost more to repair or replace in future years
- Any special assessment runs the risk of non-approval, thereby further impacting reserves and our ability to maintain amenities in the best possible conditions.
- Lack of action will affect quality of life and home value, both now and in the future.

In developing the proposed models, our committee conducted four virtual town hall meetings (November 8, 10, 12, and 17). Thirty percent of the community participated. Feedback at these sessions generally favored Option 3, with Option 2 also receiving positive comments.

Your help is needed

We strongly encourage you to review this important information and provide feedback to the committee as soon as possible. Please use this link to the FCF CapEx webpage, where you will find all the pertinent documents: (<https://social.fishingcreekfarm.org/groups/capex/documents/>)

In the coming months, the FCF board of directors will ask the community to vote for which model to adopt, so your comments in the next few weeks are very important. There will also be a non-binding preference survey in early January 2021 to allow you to register your choice.

A big lesson of 2020 for Fishing Creek Farm Homeowners is that most of us appreciate even more the beauty and unique lifestyle afforded by our community. We are more committed than ever to preserve these valuable assets.

We ask that you please help our committee and the community address this important issue that affects our home values and quality of life both now and in the years to come.

Please feel free to communicate your reactions by contacting the committee at any of the addresses below. We are always available to set up a time to discuss these issues with you.

Sincerely;

The Fishing Creek Farm CapEx Committee

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