



Porto Cima Townhome POA, Inc.
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October 1, 2013

Dear Porto Cima Townhome POA Members,

Enclosed you find a copy of the 2014 Budgets for your neighborhood. These Budgets were approved at the September 21, 2013 Board Meeting. New For 2014 you will see a line item called Contribution to Reserve. This line item was added after many lengthy discussions and consideration in regards to the overall financial status of the Reserve Study. The Reserve Study was conducted by the Board and takes into account the need for Major Future Replacements and Repairs. The Reserve Study is adjusted by neighborhood and takes into account the specific needs of each Neighborhood. For Most neighborhoods, the reserve study takes into account Roof Replacements, Repainting Dryvit, Deck staining and replacing Concrete drives and walkways. Other Neighborhoods have specific items that only relate to them such as seawalls and irrigation pumps. I have enclosed the 2012 reserve study for your neighborhood.

As with any Study, there are varying degrees to which Major Future Replacements can be funded. One extreme is to have 100% of the Funds available once the Replacement is needed, the other being having 0% available and special assessing for the entire replacement need. After much discussion, the Board has settled on the middle ground, trying to establish that 50% or half of the funds be available to fund the replacement of the major needs. The end result will be a reduced special assessment once the need for replacement occurs. Designated Reserve Funds will only be used for items that they are being collected for, they will not be used for items that are not included in the reserve study.

Upon reviewing the reserves study, the Board has added a line item to the budgets called Contribution to the Reserve. The reason for this line item is to help increase the amount of funds available to the Future Replacement and repairs in order to get the reserves closer to the 50% funded mark. It is the Boards intention to reduce this line item once reserves balances have reached the 50% funded mark.

All this information will also be covered at the annual meeting which will be held at the Porto Cima Clubhouse on November 9, 2013 at 9am. Please take the opportunity to make this meeting as it your chance to express your opinions and have any questions answered. As always, this is your association and your involvement is appreciated.

For the Board,