



Possum Kingdom Property Owners Association

19669 N. State Highway 16
Graford, Texas 76449

Dear Property Owner,

Over the last couple of months, the Board of Directors has held meetings via zoom to prepare and review options for the budget for the upcoming year. Unfortunately, expenses have risen to outpace current incoming dues. While there is enough to cover remaining expenses for the remainder of this budget year, our reserve fund has been significantly reduced.

This year, as in the past 4 years, we have had major expenses including road repairs in the amount of \$250,000, along with the installation of a new gate entry system \$49,221.28, COVID-19 related expenses \$10,000, Hog Trapping System \$7,787.76, Additional mailboxes \$5,000 and Ritchie Cabin Rd. resurfacing \$20,000.

Since our development is a gated community, all roads are private. Therefore, the association is responsible for the repairs and maintenance of the roads. Since the development was turned over to the owners, it has been determined that the roads were not originally installed properly causing the association to spend an exorbitant amount of money to repair and maintain them. Since 2017, the association has spent \$770,182.75 on road repairs which has significantly reduced our reserve funds. In 2021, we will have the expense for the remainder of 2020 identified asphalt road repairs. This delayed chip seal repair to the existing asphalt failure is in the amount of \$300,000. In addition to these road repairs, there will be an ongoing yearly chip seal maintenance for the roads. As is evident from the attached schedule, it will cost \$963,416 to complete the chip seal maintenance for all the roads. Obviously, we will not be able to complete that amount in one year but will need to be spread this expense over multiple years. This rotating chip seal maintenance will now become part of the ongoing operating budget.

Another major expense will be the purchase and installation of a new fence. This expense has been estimated at approximately \$500,000 for a metal fence. This along with any future enhancements to the community must be addressed by the board.

Board members have a challenging task in striking a balance between containing costs to help maintain steady assessments and making conscientious investments to enhance the community. Dues must be adjusted to meet evolving needs or risks the community running out of cash. At the very least, a community's operating budget must keep up with inflation and the rising costs for services and, operation and maintenance of amenities. The Board is also aware of the loss of revenue due to the replating of lots by owners which affects the total amount invoiced for the assessments. The Board is investigating options to address this issue.

For these reasons, the Board has voted to raise membership dues to offset rising costs and loss of revenue. The Board of Director's has not raised dues in 3 years, and due to the expenses mentioned above it is necessary to increase the dues for 2021. The annual dues for 2021, will be \$800.00. Per the Declaration of Covenants, Conditions and Restrictions for the Hills above Possum Kingdom, Article VII Assessments; Section 7.7 Obligation to Pay Assessments, "Each Owner shall be personally obligated to pay its share of all Assessments duly established pursuant to this Declaration to the Association." All assessments are payable by January 1st of the year.

The Board will consider moderate annual increases to maintain an adequate operating budget and reserve account which provides the fiscal maneuverability to turn expectations into realities in due time while maintaining the community for the benefit of everyone

If you have any questions, please reach out to Brian Mason at Castle Group: bmason@castlegroup.com

PK POA Board of Directors

| Road Repairs Payment Detail | | | | | | | | | | | |
|--|----------|--|------------------|----------------------------------|--|--|--|----------------------------------|--------------------------|---------------------------------|--|
| | | <u>Total Patchwork completed</u> | <u>Year</u> | <u>SQFT</u> | <u>Unit Price</u> | <u>Cost</u> | | | | | |
| | | | 2017 | 15,425 | \$4.75 | \$73,268.75 | | | | | |
| | | | 2018 | 41,200 | \$5.00 | \$206,000.00 | | | | | |
| | | | 2019 | 48182 | \$5.00 | \$240,910.00 | | | | | |
| | | | 2020 | 62501 | \$4.00 | \$250,004.00 | | | | | |
| | | Total Cost for Patchwork since 2017 | | | | \$770,182.75 | | | | | |
| Chip Seal Repair: Recycled Asphalt Base Repair with Chip Seal | | | | | | | | | | | |
| Roads by Gates | Sections | Total Miles of Road | Total Sq Ft | Chip Seal Repair (\$4.00/sq ft) | 2017 Road Repair Completed (Total Sq Ft) | 2018 Road Repair Completed (Total Sq Ft) | 2019 Road Repair Completed (Total Sq Ft) | Feb 2020 Completed (Total Sq Ft) | Net Sq Ft to be Repaired | Chip Seal Repair (\$4.00/sq ft) | |
| Gate 1 & 3 | 1, 3, 5 | 15.50 | 1,964,160 | \$7,856,640 | 15,425 | 41,200 | 47,687 | 59,897 | 1,859,848 | \$7,439,392 | |
| Gate 2 | 2 | 0.80 | 101,376 | \$405,504 | | - | 495 | | 100,881 | \$403,524 | |
| Gate 4 | 4 | 2.40 | 304,128 | \$1,216,512 | | - | | 1,604 | 304,128 | \$1,216,512 | |
| Gate 5 | 5A | 0.80 | 101,376 | \$405,504 | | - | | | 101,376 | \$405,504 | |
| | | 19.50 | 2,471,040 | \$9,884,160 | 15,425 | 41,200 | 48,182 | 61,501 | 2,366,233 | \$9,464,932 | |
| Chip Seal Maintenance: Once course Chip seal | | | | | | | | | | | |
| Roads by Gates | Sections | Total Miles of Road | Total Sq Ft | Feb 2020 Completed (Total Sq Ft) | Chip Seal Maintenance (\$40/sq ft) | | | | | | |
| Gate 1 & 3 | 1, 3, 5 | 15.50 | 1,964,160 | 59,897 | 1,904,263 | \$761,705 | | | | | |
| Gate 2 | 2 | 0.80 | 101,376 | | 101,376 | \$40,550 | | | | | |
| Gate 4 | 4 | 2.40 | 304,128 | 1,604 | 302,524 | \$121,010 | | | | | |
| Gate 5 | 5A | 0.80 | 101,376 | | 101,376 | \$40,550 | | | | | |
| | | 19.50 | 2,471,040 | 61,501 | 2,409,539 | \$963,816 | | | | | |
| 5 Year Plan for Complete Road Maintenance | | | | | | | | | | | |
| Year | | | | Yearly Budget | | | | | | | |
| 2021 | | | | \$0 | | | | | | | |
| 2022 | | | | \$300,000 | | | | | | | |
| 2023 | | | | \$300,000 | | | | | | | |
| 2024 | | | | \$300,000 | | | | | | | |
| 2025 | | | | \$63,816 | | | | | | | |
| | | | | | \$963,816 | | | | | | |