

Finance Committee Recommendations in Response to 3/14 Board Directive

Components on Replacement Reserve Plan

Question # 1 Should a member be reimbursed (compensated) for upgrades made by the member prior to the community upgrade program?

| Answer | No | Reasons to Compensate | Reasons Not to Compensate |
|--------|----|---|---|
| | | Members who already replaced items would receive compensation along with savings/comfort from replacing items early. | Such a program would threaten the integrity of the replacement reserve program and increase its cost and nature significantly for all members. |
| | | Members who replaced items early paid for that item and still contribute into the replacement reserves the same amount as everyone else who has not replaced items early. | Exceptions create additional work for staff, not only to determine compensations, but also to track and report it. |
| | | | Tracking changes in the replacement reserve would be too difficult to manage effectively. |
| | | | Determining fair compensation would be complicated and difficult to justify for the small number of members who would benefit. |
| | | | Compensating past members could encourage current members to implement the same approach and exponentially increase the calculating, reporting, and monitoring required by staff. This could result in the need to increase staff even if on a temporary basis. |
| | | | It encourages wastefulness by discarding items that have a significant remaining life. |
| | | | Members made a choice to replace these items. The rest of the membership did not have a say in their decision. |

Question # 2 What upgrades should be eligible for reimbursement (compensation)?

Answer

Question # 3 When should the reimbursement (compensation) occur?

Answer

Question # 4 What method should be used for determining the amount of reimbursement (compensation)?

Answer

Question # 5 Should the components be reimbursed (compensated) for regardless of when they were installed or should there be a specific cut-off installation date if applying for reimbursement (compensation)?

Answer