

MIRAGE HEIGHTS CONDOMINIUMS HOMEOWNERS' ASSOCIATION  
Fountain Hills, Arizona 85268

January 24, 2022

Dear Owners:

This is an update on what's happening at Mirage Heights HOA because many of you have been unable to attend our regular Board Meetings since January 2020 due to the pandemic forcing us to conduct virtual meetings.

A lot has happened during the past two years. We have many new owners, we have had to confront multiple issues, and we need to plan for future contingencies. So here is a rundown of current issues that you should be aware of:

1. Our HOA Board's primary goals have always been and should continue to be maintaining and preserving our HOA property in tip-top shape, and promoting fiscal responsibility. Our success in meeting or exceeding those goals is evidenced by our HOA's recent unit sales that are in high demand.
2. The Board lost two members in the past four months when two directors resigned after selling their units. We will have three Director positions to fill at our 2022 annual meeting in March 2022. Please give serious consideration to serve at least one term on the Board to better understand what happens "behind the scenes" operating our HOA.
3. Owners (and renters) who might be unfamiliar with how our HOA operates in accordance with Arizona's strict condominium laws should review our governing documents: the CC&R's, By-Laws, and Rules and Regulations. Those governing documents, Board meeting minutes, owner directory, and other important information can be found on our HOA website at [www.mirageheights.com](http://www.mirageheights.com). Check it out! The website is password-protected, so please do not share the password except with other owners.
4. As many of you already know, cul-de-sac addresses changed in 2021 after the city of Fountain Hills finally took responsibility for maintaining and owning those streets (a 25-year-old mistake on the city's part). Unfortunately, the city has informed us that cul-de-sac pavement repairs are not going to happen for at least a few years due to lack of funds and other reasons.
5. Landscape issues: We are continually confronting erosion and landscape issues due to our location on a hillside and Arizona's unpredictable weather. We have had to spend many thousands of dollars the past few years to mitigate and control erosion along the hillside and on the backside trenches of the duplexes. Last year's monsoons made matters worse. Annual mitigation projects now include trenching, tree trimming, and clean-up where rains wash away rock and gravel. We have limited options because the hillside is protected land.
6. Maintenance issues: Recent big maintenance projects have been fixing leaks in roofs and resurfacing/recoating walkout decks over garages on the four-plex units. Unfortunately, finding vendors who are either capable of properly doing the necessary work or who are willing to even consider doing the work has been a challenging process. Future projects include painting the exteriors of all the buildings and resurfacing the pool.

7. Budget: Current finances are balanced and enough to get us through the coming year if no major unplanned contingencies occur that require the use of reserve funds. Maintaining and preserving our HOA property is expensive because our buildings and property are now 26 years old. For example, we just paid \$52,000 (budgeted from reserves) to recoat all of the flat roofs. Future exterior painting is expected to cost no less than \$80,000 and possibly more due to inflation. Unfortunately, we seem to be having unplanned and unexpected major expenses more often. When that happens, we might have to pull money out of reserves, which means smaller projects that owners might request and we'd like to do (e.g., gravel replenishment, plant replacement, etc.) aren't done because no spare dollars are available. If that happens, please accept our apologies.
8. Reserves: Part of the Board's fiscal responsibility is conducting a professional reserve study, which we did a couple years ago. The reserve study looks forward about 20 years to determine if the HOA will have enough funds each year to cover maintenance and unplanned contingencies. A portion of our monthly dues collection (about \$3,700) is paid into the reserves. The outside reserve study consultant recommended that we have between \$350,000 and \$500,000 (the amounts vary by year) in reserves through 2040 to be fully funded in "the green." We currently have about \$218,000.00 in reserves, which will decrease to about \$174,000 because of anticipated capital expenditures by the end of 2022. Those amounts will put us in "the yellow." Projected reserve decreases between 2023 through 2033 will put us in "the red." See the attached reserve study.
9. Monthly Dues and Special Assessments: Compared to other HOA's in Fountain Hills, our monthly dues are still relatively low considering all of our community benefits (e.g., heated pool/spa, cable TV, Internet, landscaping, exterior maintenance, etc.). Unfortunately, a proposed amendment to increase monthly dues by a small amount (5%) in addition to the Consumer Price Index failed in 2021. The amendment's extra dollars would have been used to increase our reserves gradually over a period of years rather than to rely solely on special assessments. Our HOA has had two special assessments in the past 26 years. At the annual meeting in March 2022 all owners will be asked to vote on a \$1,000 special assessment to help pay for a current maintenance project that will help build up our reserves. To be clear: Owners, not the Board, decide whether a special assessment is passed or not.
10. The best way to make suggestions or complaints is to use the HOA Portal on the Trestle Management Company website, or to contact our Trestle Property Manager Jennifer Jenkins at (480) 422-0888 or email: [communications@trestleproperty.com](mailto:communications@trestleproperty.com).

We have a great property, tremendous views, and wonderful owners, but we need to plan ahead for the next five to ten years. We need every owner's help and engagement to ensure that Mirage Heights continues to be the best HOA in Fountain Hills.

Sincerely,

*Tess Sufka*

Tess Sufka  
President



# Mirage Heights Condominiums

## Projections

### Directed Cash Flow Calculation Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2019	\$196,892	\$33,893	\$3,904	\$39,101	\$195,588	\$354,042	55%
2020	\$195,588	\$36,435	\$3,805	\$43,344	\$192,483	\$374,135	51%
2021	\$192,483	\$39,168	\$4,336	\$17,895	\$218,092	\$421,810	52%
2022	\$218,092	\$42,105	\$3,080	\$100,585	\$162,693	\$385,860	42%
2023	\$162,693	\$45,263	\$1,745	\$105,914	\$103,786	\$344,189	30%
2024	\$103,786	\$48,658	\$1,199	\$72,775	\$80,868	\$337,283	24%
2025	\$80,868	\$52,307	\$1,399	\$42,646	\$91,928	\$362,304	25%
2026	\$91,928	\$56,230	\$2,524	\$5,566	\$145,116	\$427,522	34%
2027	\$145,116	\$60,447	\$1,530	\$104,784	\$102,310	\$394,229	26%
2028	\$102,310	\$64,981	\$2,142	\$36,898	\$132,535	\$431,209	31%
2029	\$132,535	\$69,855	\$2,946	\$33,659	\$171,677	\$474,106	36%
2030	\$171,677	\$75,094	\$3,322	\$58,525	\$191,566	\$494,289	39%
2031	\$191,566	\$80,726	\$1,758	\$150,384	\$123,666	\$422,573	29%
2032	\$123,666	\$86,780	\$1,157	\$111,906	\$99,697	\$390,269	26%
2033	\$99,697	\$93,289	\$3,056	\$6,638	\$189,404	\$466,922	41%
2034	\$189,404	\$100,285	\$3,732	\$69,542	\$223,879	\$483,083	46%
2035	\$223,879	\$107,807	\$220	\$263,344	\$68,561	\$302,840	23%
2036	\$68,561	\$113,000	\$2,399	\$13,680	\$170,280	\$376,006	45%
2037	\$170,280	\$113,000	\$1,731	\$145,015	\$139,996	\$318,381	44%
2038	\$139,996	\$113,000	\$3,847	\$20,841	\$236,002	\$388,705	61%
2039	\$236,002	\$113,000	\$2,521	\$175,671	\$175,852	\$304,176	58%
2040	\$175,852	\$113,000	\$4,735	\$17,251	\$276,337	\$382,137	72%
2041	\$276,337	\$113,000	\$7,205	\$8,120	\$388,422	\$473,690	82%
2042	\$388,422	\$113,000	\$6,549	\$149,304	\$358,668	\$425,093	84%
2043	\$358,668	\$113,000	\$8,370	\$38,735	\$441,303	\$491,002	90%
2044	\$441,303	\$113,000	\$9,787	\$58,489	\$505,601	\$540,751	93%
2045	\$505,601	\$113,000	\$10,811	\$77,302	\$552,111	\$574,955	96%
2046	\$552,111	\$113,000	\$13,327	\$12,170	\$666,267	\$679,365	98%
2047	\$666,267	\$113,000	\$8,847	\$325,179	\$462,935	\$468,054	99%
2048	\$462,935	\$113,000	\$10,034	\$69,150	\$516,819	\$516,586	100%

The Member Contribution column above reflects the client's 2019 budgeted reserve contribution of \$33,893. Based on the schedule of reserve expenses detailed in this report, we are recommending a 7.50% annual increase to the reserve contribution from 2020 - 2035. In 2036, we are recommending a 4.817% increase to \$113,000, and then holding the reserve contribution at \$113,000 through 2048.