

## **How RBCA's management decisions created the "Gate Crisis"**

- 1) For almost 10 years RBCA's management failed to renegotiate RBCC's share of the gate costs. Per \$1000 of real estate value the golf course is paying 22x the rate the Rio Bravo behind-the-gate resident pays i.e., \$37.95 vs \$1.71. RBCC was the #1 contributor to the gate. RBCA Annexed HOAs hold 28 golf memberships, 14 of which these members' golf revenues are consumed by the gate cost.
  
- 2) RBCA's management in 2019 rather than renegotiate a more reasonable and equitable cost-sharing agreement with RBCC instead:
  - a) Used its capital reserves as a source of operating funds
  - b) Failed to develop alternate plans while depleting its cash
  - c) Special assessed the Annexed HOAs in 2020 to build cash
  - d) Liened RBCC as their plan to recover cash

Note: MHOA retains cash reserves in MHOA cash accounts, meaning none of the cash consumed by RBCA belonged to MHOA. Regardless, RBCA is demanding that MHOA replenish RBCA's capital reserves.

- 3) RBCA's coercive act of liening RBCC to force RBCC to resume making payments that it cannot justify or afford backfired leaving RBCA cash strapped.

## Implementing Fixes

- 1) RBCA should:
  - a) Immediately remove the lien on RBCC's property. This is a red flag to any purchaser interested in buying the golf course.
  - b) Negotiate a reasonable gate-use charge for RBCC's non-behind-the-gate patrons accessing the gate and turn over the common area gardening and landscaping efforts to RBCC which lowers the common facility costs of the HOA fee.
  - c) Reduce the Annexed HOAs' gate fee by RBCC's gate-use quarterly collections until RBCA's cash reserve balance is replenished to pre-RBCC payment exit. Upon meeting RBCA's pre-exit reserve balance any gate-use collections will be shared by both Annexed and Non-Annexed HOAs.
  - d) Reduce the 2021 Security Gate Budget's contingency to \$3,000 from \$58,176, and any other costs assumed by RBCC.
  - e) Revise the 2021 Security Gate Budget revenue requirements from the 377 Annexed and Non-Annexed HOA residential lots based solely on the gate's operational costs.
  - f) Develop a separate 2021 Budget for Annexed HOAs which includes RBCA's G&A costs and the fee to replenish RBCA's reserves over a 5 to 7-year period less the quarterly collections from RBCC's gate-use.

**Proforma Gate and Common Facility Costs**  
**RBCA HOA and Casa Club, Fairways, and the Master HOA lots**

**Proforma Cost Allocation**

1	Typical budget for RBCA G&A and Gate, Common Facilities	\$ 279,080
	Back out G&A which is specific to managing affairs of the subsidiary HOAs under RBCA pursuant to RBCA's CCRs	\$ (38,500)
3 = 1 - 2	Net Typical "community" budget for Gate, Common Facilities	\$ 240,580
4	Community Residential Lot Count	377
5 = 3 / 4	Annual cost per lot	\$ 638
6 = 5 / 12 mos	Monthly cost per lot	\$ 53
7 = 6 x 3	Casa Club, Fairways, MHOA Quarterly cost per lot	<u>\$ 160</u>
8	RBCA HOAs' Lot Count	216
9 = 2 / 8	RBCA HOAs' G&A Adder/month	\$ 15
10 = 7 + 9 x 3mos	RBCA HOAs' Quarterly cost per lot	<u>\$ 204</u>

Had RBCA implemented actions consistent with 1 (a) and (b) in the "Implementing Fixes" section the costs reflected in the above table of \$159/Qtr and \$204/Qtr could be in place allowing for smooth operation of the gate without concern or threat of closure.

**Net Typical "Community" Budget for Gate & Common Facilities**

Guard Staffing	\$ 190,000
Web Hosting	14,950
Landscaping - Guard Station, Common Areas	14,500
Utilities - Electricity, Water, Phone	12,080
Guard Station Operations	4,050
Contingency	3,000
Common Area R & M	1,000
Management Fee	1,000
<b>Total Security Gate, Station, Grounds</b>	<b><u>\$ 240,580</u></b>