



SAN SIMEON NEWSLETTER

Clarification Irrigation Pump/Tot Lot

Dear Homeowners of San Simeon,

We've heard questions from some of you about whether canceling or delaying the Tot Lot rejuvenation project could help fund the repairs to our irrigation pump. While this idea might seem like a quick fix, it's important to understand the legal and financial limitations that separate these two issues.

The Tot Lot project is funded by a dedicated reserve account that was specifically set aside and voted on for this purpose. Florida law requires HOA reserve funds to be used only for their designated projects unless the membership votes to reallocate them. Because the Tot Lot already has the funds it needs, and the Board voted to move forward as planned it will not impact other financial areas.

On the other hand, our irrigation pump does not have a dedicated reserve fund. This means any repairs or replacement must be paid from our operational account, which covers day-to-day expenses. Unfortunately, this account has been significantly depleted due to the \$90,000 deposit needed to finance our \$400,000 insurance premium earlier this year. As a result, we currently don't have enough operational funds to cover the irrigation pump project.

As your HOA Board, we are obligated to ensure that all items in our community—such as the irrigation pump, playground, and other amenities—are kept in working order. This is why projects like the Tot Lot rejuvenation are just as important as other maintenance

needs. The Tot Lot is a long-term investment that ensures our community remains safe, enjoyable, and welcoming for families and children. Delaying this project would not address the irrigation pump issue and could lead to increased costs down the road.

Additionally, replacing the irrigation pump isn't a quick process. It involves obtaining and reviewing bids, which takes time. Even if we had the necessary funds in the operational account, this delay would still occur.

We want to assure you that the overall reserve fund for the community remains strong, but legal restrictions prevent us from moving money between reserve accounts—like from the Tot Lot to the irrigation pump—without a membership vote.

In summary, canceling or delaying the Tot Lot project will not free up any money for the irrigation pump repairs. These are two separate financial matters, each with its own challenges. We are committed to addressing the irrigation pump issue as soon as we can, while ensuring the Tot Lot rejuvenation proceeds as planned to benefit our community.

Thank you for your understanding and patience. If you have any questions, please don't hesitate to reach out.

-San Simeon HOA Board of Directors