

Palisair Home Owners Association
A NON-PROFIT CORPORATION
P.O. Box 901
Pacific Palisades, CA 90272
www.palisair.org
palisair@gmail.com

The association itself is a "Tract Committee"
under the Declaration of Restrictions covering
Tracts 15944, 15948 and 19890, and operates as
such through its Board of directors and its Officers

November 1, 2016

Dear Palisair Homeowner,

As in recent years, this last year continues to be an exceptionally busy one for our Association. We continue to have significant volume in building activity within our community. In addition, the plans that have been submitted for our review continue to be complex in nature, necessitating professional architectural resources for plans interpretation as well as paid administrative assistance in managing a multi-faceted plans review process. For the third time in recent years, in order to fund these plans review expenses we have increased the plans fee structure for those planning work on their homes. Please refer to our recently revised and renamed "Application Process, Rules & Fees for Alteration or Construction" on our website, Palisair.org.

Kim Bantle continues as our professional administrator who functions as the PHOA Plans Chair, and architect Richard Blumenberg continues to evaluate building plans for CC&R compliances and follows these evaluations with recommendations to the Board on matters of Board discretion and final Board approval.

Based on the high legal expenses we had in 2015 and the threat of future litigation, the Board anticipated similar high expenses for 2016. Fortunately legal threats did not materialize and our legal expenses as a result have been significantly lower this year. However, this year it has been necessary to add significantly to our ongoing annual budget expenses. First, in line with protecting our PHOA against potential litigation the Board has been required to purchase a General Liability insurance policy, now an ongoing annual expense. This policy is in addition to our Directors and Officers Insurance policy that carries an exceedingly high premium, more than double prior premium costs. Second, starting in 2017 we will be hiring a professional bookkeeper. Until now we have been lucky to have a Board Treasurer who is a retired CPA. Going forward we cannot rely on a volunteer Board Treasurer to know the complex computer financial program that is needed to implement mandatory dues billing. Third, although a one time expense, before this year is concluded we anticipate incurring a significant bill for our CC&R rewrite, the results of which will be shared with you soon.

We anticipate ending the 2016-year again with a budget deficit that has already required us to tap into our Reserve Fund, a fund set aside to be used for unexpected expenses. Our projected 2017 Budget will continue to show a deficit.

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For these reasons, the Board has been forced to again approve a 10% increase in the 2017 annual dues to \$266. We are choosing to increase annual dues rather than levy a Special Assessment on our Association homeowners in the hopes we will eventually be able to replenish our dangerously depleted Reserve Fund from operating budget surplus. Please see enclosed in this mailing our 2017 Budget and Annual Budget Report for more detailed information.

The annual dues for our homeowners are payable January 1, 2017 and are considered late if paid more than one month following that date. Your statement and return envelope are enclosed. Late fees are imposed for late payments subsequent to February 1, 2017. Please reference the PHOA Collection Policy on our website, Palisair.org.

In addition to our 2017 Budget and Budget Report, also enclosed in this mailing is our Annual Policy Statement. These reports, as well as a 2016 Budget to Actuals Report, will be discussed at the Annual Meeting to be held early next year. You will be receiving a separate invitation to that meeting which we hope you will attend.

We request that you read the enclosed documents carefully. If you have any questions or concerns in any regard, please do not hesitate to contact us by mail or email using the contact information provided above.

Warm regards,

A handwritten signature in blue ink, appearing to read 'F. Kirkpatrick', is written over a light blue horizontal line.

Francine Kirkpatrick
PHOA President