



Hiddenbrooke Property Owners Association, Inc.
c/o Valley Management Services
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June 24, 2010

Finance Department
City of Vallejo
Attn: Robert Stout and Susan Mayer
555 Santa Clara Street
Vallejo, California 94590

Hiddenbrooke Improvement District Bond Fund Levy

The Hiddenbrooke Property Owners Association would like to thank you for the recent meeting with City staff where we discussed the Bond fund levy and the status of the reserve funds. We appreciate the time and thought you have given this matter, and we felt the meeting was very constructive and positive for Hiddenbrooke residents. We understand that you are looking for a timely response to the suggestions for adjusting the bond levy, and we have discussed the matter further with HPOA's Hiddenbrooke Improvement District Advisory Committee which provides input to our Board. On June 24 the full Board of HPOA adopted the following recommendations regarding the Hiddenbrooke Improvement District Bond Fund levy for fiscal 2010/2011:

1. Reduce the Special Tax Levy by the additional amounts scheduled to be applied to the Capital Improvement Reserve fund. For FY 2009/10 this amount was \$494,205. We estimate that this additional reserve would be approximately \$500,000 in FY 10/11 or approximately 25% of the total levy. We recommend that this be a permanent reduction subject to review in future years if the financial condition of the bond fund suffers a significant deterioration.
2. Reduce debt service by calling \$1,000,000 of bonds if this reduction benefits the overall fund. If the called bonds are paying 5.8% and the bond reserve funds earn less than .5%, the savings would be \$53,000 annually and would be used to increase the bond reserve funds. If this assumption is incorrect, we would like to review the details before recommending the call on the bonds.
3. The HPOA has not had sufficient time or information to evaluate other proposals for using reserve funds. HPOA will be happy to work with the City to determine appropriate uses of these funds. The HPOA does believe that any use of reserve funds must directly benefit the Hiddenbrooke community. In particular additional information and financial justification is needed for spending these amounts at this time:
 - a. \$500,000 for LED light replacement
 - b. \$500,000 erosion repair to the utility corridor

If you have any questions or would like to discuss our recommendations further, please contact the HID Advisory Committee Chair: Byrne Conley (925) 932-3600 (work) or HPOA's new President who will take office on July 1, 2010: Chris Brittle 707 731-0056.

Sincerely yours,

Joyce M. Estes
President

C: via email

HPOA Board: HPOA@HiddenbrookeOnline.org

HIDAC Committee: Byrne Conley-Chair, Chris Brittle, Eli Cronbach, Joyce Estes, Nancy Berke, Paul Norberg, Robert Schussel (guest), and Ginger Bryant (guest)

— Working for Hiddenbrooke and CC&R Compliance —