



## *Mesa Village Homeowners Association*

10540 Caminito Baywood  
San Diego, CA 92126  
[www.mvhoa.org](http://www.mvhoa.org)

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To all homeowners,

The time has come. After about two years of discussion and negotiations, the board of directors has now arrived at a solar agreement we think is good for the association.

There will be an informational meeting on Tuesday, March 12, 2019 at 7PM in the Baywood recreation center. The purpose is to explain the project and answer questions.

If this project is to go forward, we need a maximum number of ballots returned. Please read the enclosed proposal and return your ballot, the sooner the better.

The deadline to get all ballots returned is April 16, 2019, which is the date of the April board meeting. Mail them or drop them off at the office.

On behalf of the Board, I thank you for your attention to this matter.

Jim Webster

President, MVHOA





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### **MESA VILLAGE HOA SOLAR PROPOSAL AND BALLOT**

#### **BACKGROUND:**

Approximately two years ago, the Board began looking into the idea of installing solar. The intent was for solar to provide all the Association's electrical needs. This would result in a threefold return for homeowners. Save our HOA considerable money each year, help with our property values, and help keep our future assessments down that would be tied to rising costs of electricity. The majority of the Board of Directors is in favor of this proposal.

There are utility costs that the Association cannot mitigate through available technology:

Trash is one: While we are constantly going out for competitive bids, the Association still must ensure homeowners trash and recycling is removed, as well as the dumpsters which are used to meet the Association's landscaping and maintenance requirements.

Gas: While the Association upgrades pool heaters for higher efficiency, the only way to mitigate those costs would be to either reduce the pool temperature or not heat them.

Water: The landscape and turf require a lot of watering to maintain them. While there was discussion about possible reduction of turf during the last landscape project, the majority of the Board was against it; therefore, it was decided that no reduction would occur, even with the anticipation of rising costs. Reclaimed water has been explored, but the cost was prohibitive with no guarantee that it will continue to be available.

Solar is an existing technology that is available now, and can be utilized to mitigate costs today.

On behalf of the few against it, there are some "cons". 1) Cost. Approximately \$420,000. That is a lot of money to come out of our reserves, now at approximately \$2,000,000 (2 million). 2) Aesthetics. The project will entail addition of solar panels to roofs of HOA buildings and a few additional structures. There will be a gazebo like structure built at the northwest corner of the Flores pool deck. There will also be extensions added to the west side of both the Baywood and Flores rec halls to accommodate solar panels. See attached pictorials for dimensions.

On behalf of the majority of the Board, who are in favor of the project, the following facts are presented for your consideration:

SDG&E has made it clear those communities who DO NOT have solar will pay increasingly more to offset loss of revenue from those who do have solar. SDG&E will remain Revenue Neutral. Actual future cost of electricity, and savings by going solar, could be greater than forecast at today's rate of increase.

After interviewing and negotiating with numerous vendors, we are now at the point where we have a viable, valid proposal to present to the homeowners. Because of cost and contract requirements, our bylaws dictate that we obtain a majority of qualified homeowners' approval for us to move forward. We are therefore asking all homeowners to submit your ballot on this project as soon as practical. We need many more ballots than we get at annual elections. You will be voting on three elements of the project, all of which must be approved. These elements are presented below.

## **1) THE PROJECT**

Tier Drop Solar is the chosen contractor. The project calls for a 147.18 kw system using 446 LG330AC panels, which is designed to provide 100% of our electrical needs. Solar panels will be installed on the roofs of our Association buildings located at both Baywood and Flores. In addition to the roofs, panels will be installed on extensions adjacent to the Baywood and Flores recreation halls and one gazebo type structure at the northwest corner of the Flores pool. This will double as a shade area for those who prefer it while at the pool.

Attached are architect renderings of the installations.

Because of our sound financial management over the years, the HOA has sufficient reserves to pay for the project without resulting in shortfalls elsewhere. The cost will be \$426,134. This will result in saving approximately \$57,000 per year initially, \$78,000 per year at the ten year point and \$110,000 per year at the twenty year point. The increase in savings at the 10 and 20 year point are based upon forecasts from industry for rising electricity costs. Our investment will break even or be returned to us in 6 to 7 years, depending on the rate of increased energy costs. Over a 30 years period, the Association can save approximately \$3,000,000.

The Board is asking for your approval to move forward with this project.

## **2) THE CONTRACT**

As a non-profit corporation, the HOA cannot benefit from tax advantages offered to private citizens. However, if Tier Drop were to be listed as owner of the equipment, they could benefit from these tax advantages and provide us a 15% discount on the price of the installation. This type of financing requires us to enter into a contract with Tier Drop for services that will extend beyond one year. To do this, the HOA must have a majority of homeowner's approval. The contract is for a six years period in which Tier Drop will install and provide maintenance on the equipment. It includes a workmanship warranty of 10 years and manufacturer warranties up to twenty-five years.

The Board is asking for your approval to enter into this contract.



### **3) REPLENISH RESERVES FUNDS BY SELLING PROPERTY AT 10581 GREENFORD DRIVE**

As stated above, the HOA has sufficient funds to purchase the solar outright. However, the Board believes it would be prudent to replace those funds through the sale of property owned at 10581 Greenford Dr.

Our HOA is a nonprofit corporation. As such, it is not in the business of managing rental units. HOAs with too many rentals can have negative economic impact. Prospective buyers may have difficulty acquiring a loan to purchase a unit and in some cases liability insurance rates can be higher. The primary responsibility of the HOA is to maintain its properties, and in so doing, to maintain the property values for its homeowners. It was never the intent, nor included in the governing documents of our HOA, to own units. But, for various reasons, it has happened over the years. Of those units that the HOA has owned, all but one has been sold.

The Board has considered selling this unit during the past few years, but has decided against it due to rising home values. We now find ourselves in a position where we have two good reasons to sell the property:

- 1) Property values are at their highest levels since the financial crisis. Due to increasing interest rates, property values will likely level off.
- 2) The proceeds from the sale can offset the cost of our proposed solar system.

Even though we have sufficient reserves to fund the solar project, this sale will reimburse our reserve funds, keeping them at current levels. In effect, we would be trading a rental unit for a solar system.

Since the current value of that unit is above 10% of HOA yearly gross expenditures, a majority of the general membership must approve the sale.

The Board, therefore, is asking for your approval to sell the property at 10581 Greenford Drive.

### **ABOUT THE BALLOTS**

On the next pages there are two different ballots. It may seem confusing, but our attorneys advised us to do it this way.

If you know how you want to vote, choose the first ballot.

If you are unsure how to vote and would like the Board of Directors to vote on your behalf, choose the second "Proxy" ballot.



# NEW PROPOSED SOLAR ARRAY WITH INTEGRATED PERGOLAS

EXISTING SITE AT 10550 CAMINITO FLORES

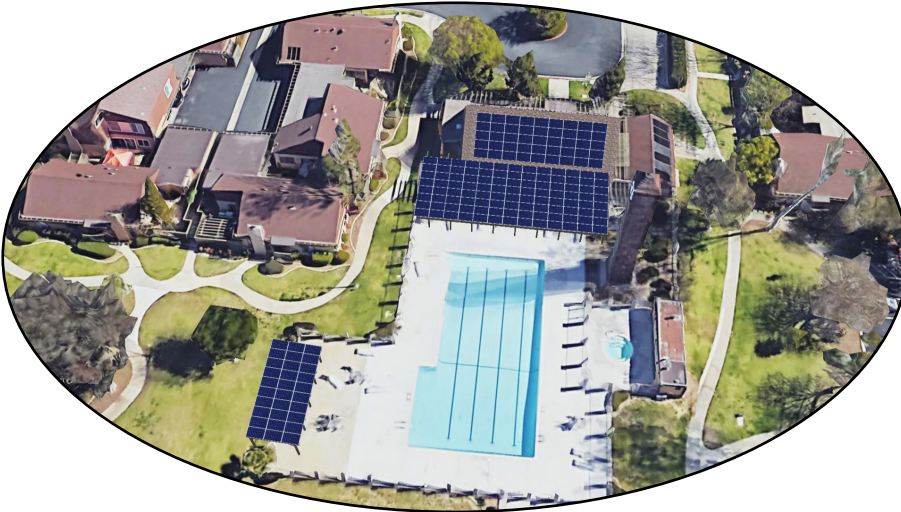


EXISTING SITE AT 10540 CAMINITO BAYWOOD

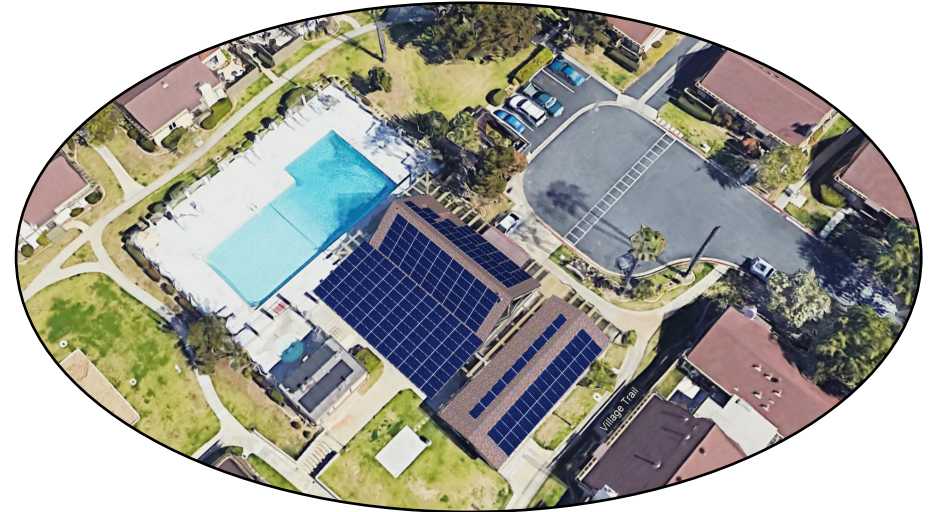


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PROPOSED SOLAR ARRAY AT 10550 CAMINITO FLORES

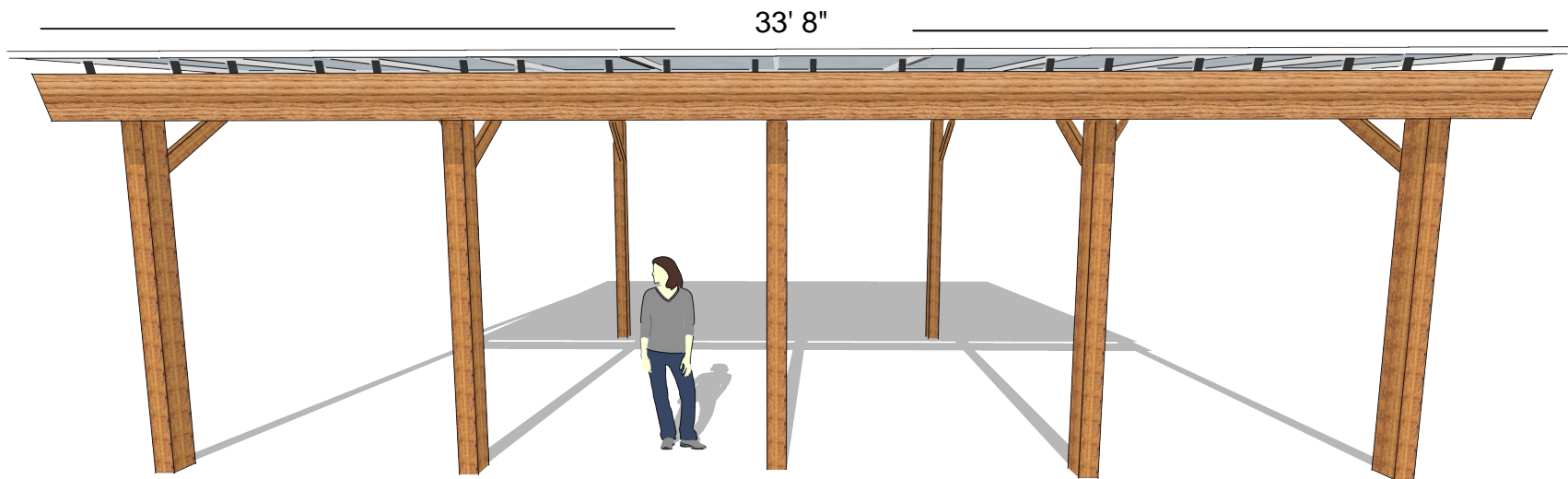
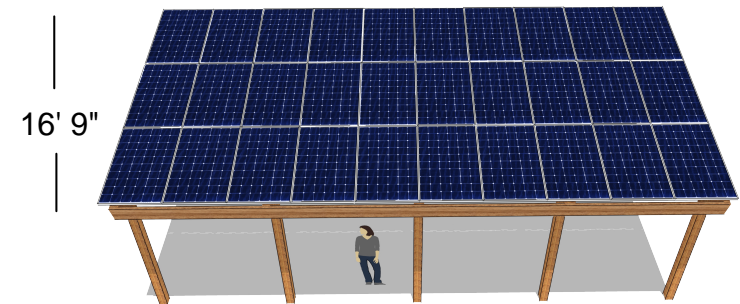
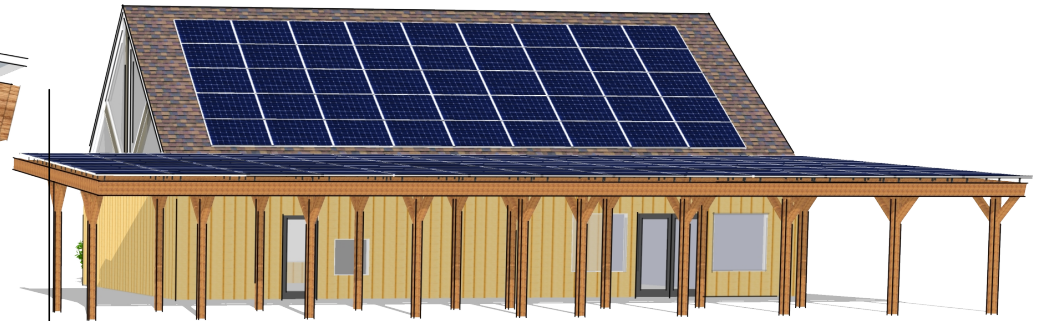
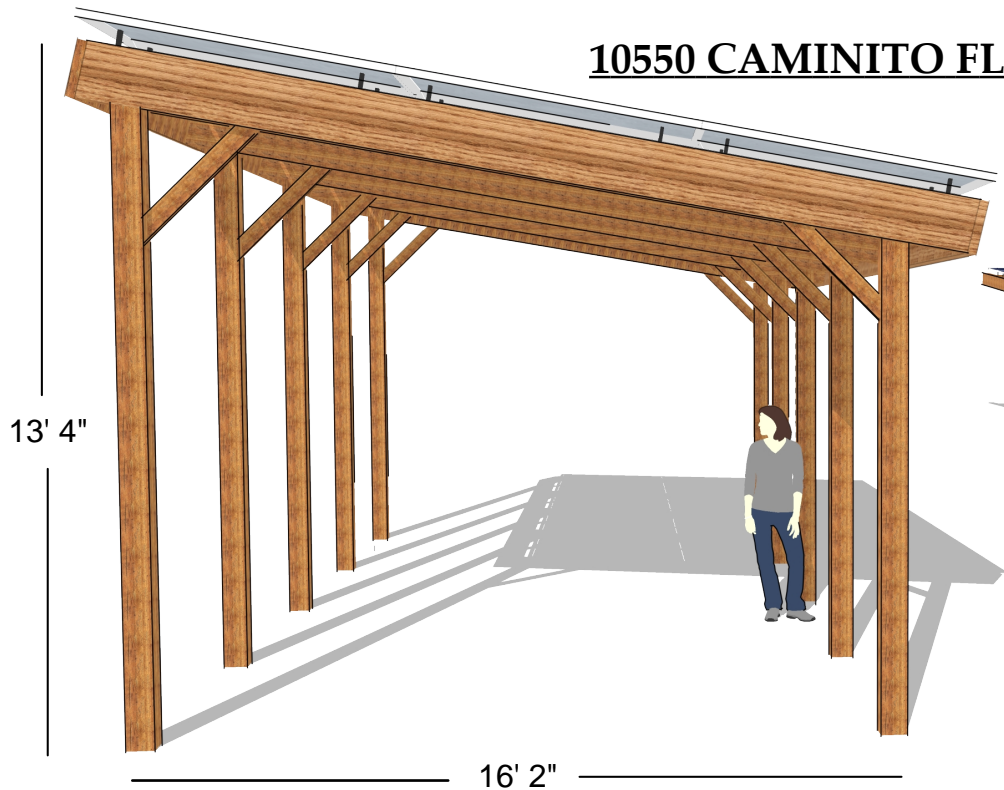


PROPOSED SOLAR ARRAY AT 10540 CAMINITO BAYWOOD



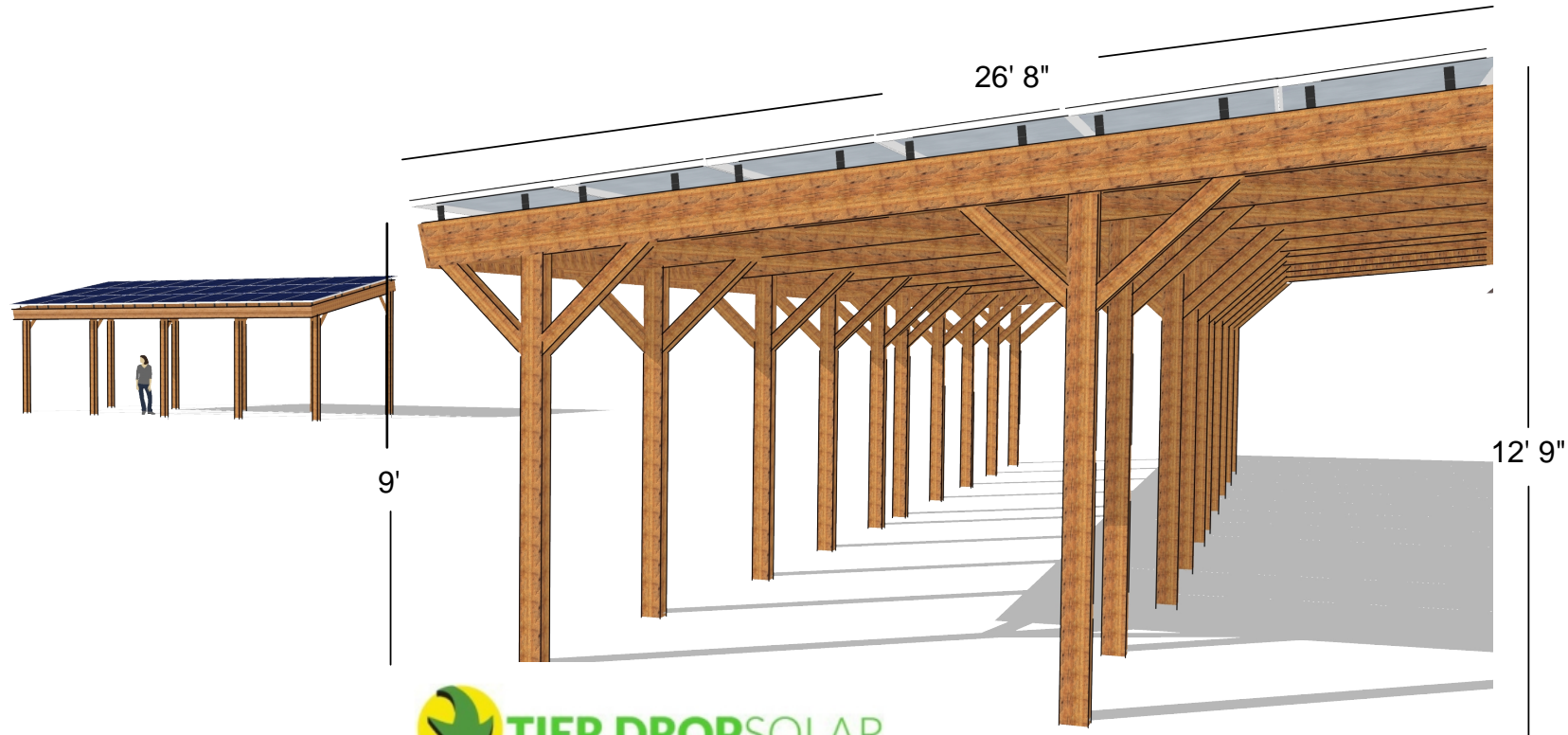
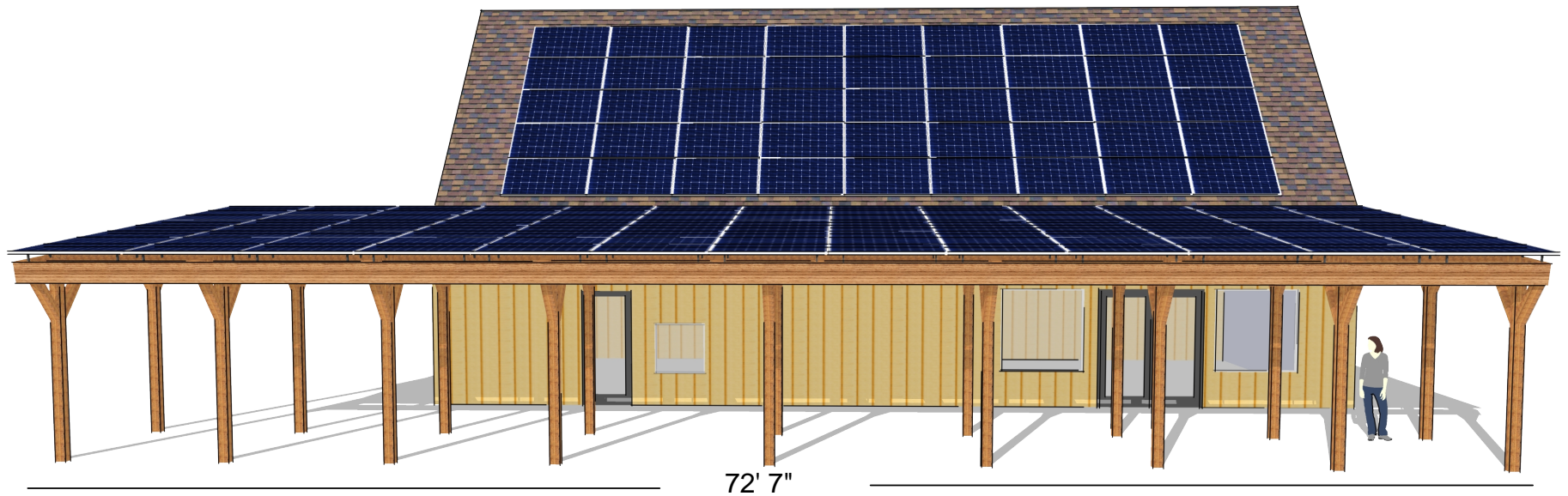


## 10550 CAMINITO FLORES POOLSIDE PERGOLA



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## 10550 CAMINITO FLORES CLUBHOUSE PERGOLA



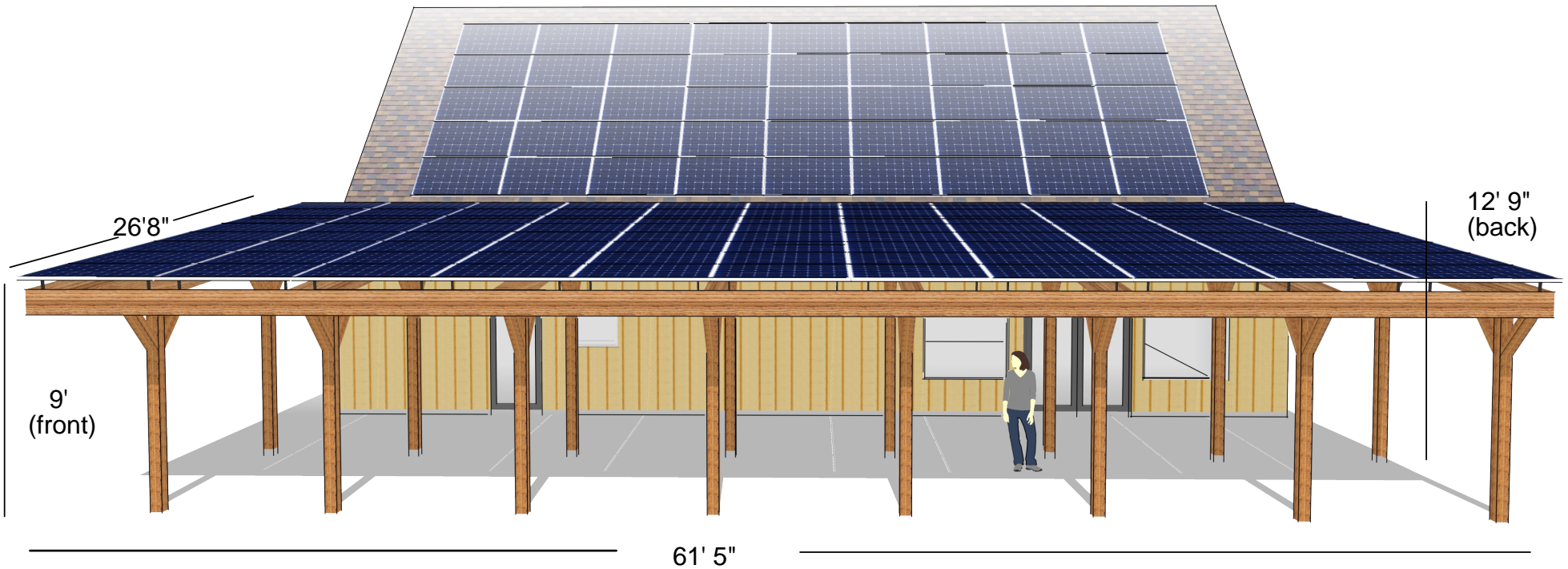
**TIER DROPSOLAR**

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## 10540 CAMINITO BAYWOOD CLUBHOUSE PERGOLA



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