HARBOUR POINTE HOA BOARD MEETING

JANUARY 22, 2020

PRESENT: Randy Nahvi, Paul Williams, Derek Foreman, Pat Pickett, Chip Slagle

PEGASUS: Sharon and Michael

MAINTENANCE: Mark Livingston not present. (sick)

GUESTS: Victory Pools (VP)

Joan Lawrence

VP: Pat and I looked at your pool. We have priced completely removing it and putting in a new one.

RN: Take me through the pricing please. What does the $220K estimate include and not include?

VP: I does not include your wood deck and fencing. You will have to remove all of that. Concrete around deck of pool will also have to be removed.

PP: We talked about extending the steps into the pool for the entire length of the east end of the pool.

VP: That is included in the estimate.

VP: We will demo the existing concrete around the pool and remove the old pool. We will put in a new gunnite pool and finish it with a coping, add those steps and then pour a new deck around it.

VP: Any soils that we remove will not be taken away by us. You will need to grade around and put the new deck in. That is up to you guys.

PP: We would also remove the trees growing along the chain link fence on the north side of the pool. That would also be on us.

VP: The existing pool structure (shelter) would remain the same. We would just run new plumbing into there. If you are planning on upgrading that building (bathrooms) or painting it, etc., that would be your responsibility. We just handle the plumbing specifically for the pool. We will set the new pool equipment in that space.

RN: Any other questions about pool removal or what we are responsible for?

PW: We will have to take down every bit of fencing bordering up to the tennis court and replace it with new. What we have is not up to current code.

RN: Do we have to replace everything up to code or are we grandfathered?

VP: We replace everything to current codes. There is no way around that. Your new fencing will have to be up to current code for example. Everything in that proposal gets you a brand new pool like the one you have now. Everything up to code.

PP: What about warranties?

VP: That is a slippery slope. We will have to check on manufacturer’s warranties. As long as you maintain your pool properly, most items should be covered for at least a year.

MD: What is the tear down time?

VP: Typically it takes 12 weeks. We assume we will not run into problems like sink holes, etc.

DF: What would the elevation be of the new pool?

VP: Unless you wanted changes, it would remain the same.

VP: We build walls where the exterior of the pool walls will rest. Gunnite is shot up against these walls. It is then back filled with gravel. For the bottom of the pool it will be gravel and re-bar.

PP: What would be the best time to get the old one out and the new one in without losing too much pool time?

VP: This is Indiana. The weather has to be nice enough to start running equipment and digging.

RN: What is the ideal time for you to start?

VP: I would probably start demo-ing the pool in the spring and take it to completion. Exact time would depend on how stable the soil is. Spring rains can affect that. We will minimize the amount of room we will take up with our equipment. Shouldn’t need more than the front row of parking closest to the pool entrance.

RN: What would be your guess on the cost of getting the ground, decking, concrete, fencing, etc. replaced?

VP: I can’t speculate on that. You will have to bring in the appropriate people to give you pricing on that, just like I did for the pool after meeting with Pat.

CS: Is it something you could start in September and finish it through the winter where we could open up in May?

VP: Typically those scenarios don’t go very well. We run into weather and construction problems. There is no way to logistically plan that way. We can’t hold open spots for people. We can do what you are asking for but it definitely escalates the price.

CS: Is there any way you can start in September and have our pool complete by May without escalated costs? Yes or No?

VP: It’s not a yes or no answer. Everyone wants there pool open by Memorial Day. We can try to do that but there are certainly no guarantees.

RN: He told us the best scenario is starting in the spring and finishing in the fall. What kind of lead time do you need from this association to start this project? I’m not confident that we can do this project in 2020. If we wanted to get the pool replaced next year, when would we have to tell you?

VP: I would say as soon as possible. Then we could get pricing from all of our equipment suppliers.

RN: Who does the permitting for this project?

VP: We could get the permitting done for you. We are used to dealing with this. Sometimes you have to wait on permits. Permits through the state usually go smoothly. The individual counties tend to slow things down a bit.

RN: If we decide to do this in 2021, we would be meeting with you again for a new cost. The permitting will be difficult. It starts with Homeland Security.

RN: Mark is not coming today because he is sick, so we will skip that part of the program. We had an email from Kate in #50 regarding sky lights. She is not satisfied with the work done by Mark’s crew. They did not deal with the situation properly. She had to call the emergency two separate times and has had water coming in her condo. She wants the repairs to be done properly by some else. (Probably Barry) I was unable to respond to her latest email. Sharon we can’t continue to deal with problems like this.

PW: What I told her and I didn’t get any response from her was go ahead and contact Barry to get things going quickly but try to get a cost for us prior to our board meeting. I have not seen her or talked to her. I am unaware of any action taken since my last correspondence with her.

MINUTES APPROVED.

FINANCIALS:

MD: 12/31/19: reserve balance of $294,000. Operating account balance of $871.00, largely due to the fact that we were late getting the billing statements out because we were finalizing the budget for 2020. As a result December total income was $10,000. Expenses were $13,000. Receivables at $10,400. The year as a whole; income of $388,000. Expenses of $472,000. (The loss came out of reserves) Expenses of the building for the year $262,000. We finished the building refurb project and started the decks. Major building refurbs were $81,600. Deck refurbs were $91,000. Total delinquencies at $10,400. ($3000+ of that was due to unpaid quarterly assessments) Actual delinquencies at $7000. Number of owners paying since the end of the month brings the total delinquencies down to $2173.

RN: Let’s move on.

OLD BUSINESS:

RN: We have had a couple communications from the FHA people wanting us to make ourselves available to FHA lending. In order to do that we have to provide reports, surveys, and a host of other things. It was presented in a condescending manner and we replied that we didn’t like that and to basically go away. Any other old business?

NEW BUSINESS:

PW: We need to figure out our PSA representation. I am officially resigning by the end of this week.

RN: Derek, can you do that?

DF: Yes.

RN: I want to be able to read your wonderful notes.

DF: From last PSA meeting: Cohoat & O’Neal started management of the golf course on December 1st. Sahm’s will take over F&B on April 1st. Matt is the F&B guy. Tony is the head pro and manages the golf course. \*He shouldn’t ever be mowing. They are working on golf events throughout the season. They are making plans for junior golf. Social membership includes two lessons with a golf pro. Includes water aerobics and workout classes and 24/7 access to the workout facility. Clubhouse pool will open by Memorial Day weekend. 95% of bunkers completely restored, 60-70 bunkers complete. Work on clubhouse has been done. Will be removing 40 trees and cleaning up the golf course. Irrigation on back nine starts in March. Lost $500,000 last year. Working on line of credit with Peoples State Bank. They have sold around 1500 of the new anniversary memberships that are $149 for three years. Social membership is $450 per year.

PP: There was an IN Pool and Spa truck parked at the pool. What is that about?

CS: They are working on our $20,000 improvement project.

RN: I would like to discuss how we should fund a new pool. The budget we sent out is an incomplete budget and I would like the board to approve that budget. That budget does not include any funds for a new pool. The pool project will likely be $300,000. I have thought of several ways to fund this project. Please feel free to comment. It would all have to be done in one year. How do we raise those funds? One way is to levy an additional tax on the population. For example; everyone would have to put in $50 a month for the next two years. Based on 100 families; 50x12=$600. $60,000 per year. Under that scenario it would take five years to pay for the pool. Maybe $100 per month? Something along those lines. My concern is that it is getting expensive to live here. We need to keep that in mind as we move forward.

CS: But we have a healthy HOA, and it’s the best place to live.

RN: Another alternative is to pay it all down from our savings which we can take up 300-400K pretty quickly, and then run the reserves to zero. But if you want to buy a home here the financials would look very poorly, and it could possibly be hard to get a loan.

DF: Being at zero may not hurt us. Harbour Pointe will still remain the place people want to be, plus we will have a new pool. People will know what the money was used for. People will move in to Harbour Pointe regardless. We can companion that with a plan to raise the dues, etc.

RN: We should give our owners a choice of three scenarios to give their preference and work from there. That is how we should do it. If we are going to consider 50% out of reserves, 50% dues, we need to move on this pretty quickly. What if we were to limit our $150,000 for buildings to $50,000, and put $100,000 in the pool? (in 2020)

CS: We still have a lot of capital expenses to deal with in 2020. Decks will continue to be a major project, we have a lot of retaining walls to deal with. I would rather say that each unit pays $1000 per year for three years and not mess with our reserves.

RN: When I first moved here we had a major sewer problem and everyone had to put in $1000 for the problem.

DF: What were the reserves then?

RN: Zero.

DF: Exactly. We are in better shape now and people will want to spend that money (reserves). You’re wanting to know how we get there, spending our reserves is how we get there.

RN: The money we are putting into the pool right now, will that pool last three years?

CS: I think it will. After talking with them I think we may be able to get four or five years. If we have to spend an additional 3 or 4000 to push the replacement date down the road, I think it’s worth it.

DF: In general I agree with you but we would always be putting work into a pool we know we have to replace. There is not one good deck board around the pool. The whole deck needs to be scrapped and replaced. Ultimately we would be putting more money in while still incurring the full expense of a new pool.

RN: It’s important to come to some conclusion by the next board meeting because we have to tell this guy when we want the new pool and know how we are going to fund it. We better start putting the new funds in place right now. Our budget is not a complete budget because of this pool issue.

DF: I would take half of the $300K, or maybe $200K and leave $100K in reserves. And if we would go the route of getting a pool in 12 months, it would cost each homeowner $1000.

CS: But we were $83K over in building maintenance for 2019. If that happens again in 2020 we will have nothing. We wouldn’t have emergency money for major storm damage, etc.

RN: Derek, are you saying to draw reserves down to zero?

DF: Possibly, but another scenario would be to take $200K from reserves and leave $100K for special assessment. $150 per month for a year from every homeowner is quite a kick.

CS: (To guest Joan Lawrence) Would you be willing to pay $1000 towards a new pool?

JL: Yes I would.

CS: At our annual meeting people are expecting something to happen.

DF: People will say spend the money you have, not assess me for more money. We need to raise our dues.

JL: Eagle Bay just had to raise dues 15%.

DF: We’re the only village here sitting on a large sum of money and asking for more. That’s not going to go over well with people. It’s a self imposed restriction.

RN: It is, but we have a responsibility to our shareholders to handle our money properly.

DF: Let me come up with a spread sheet showing the 3 or 4 options we want to offer and we can talk about it at our next meeting.

RN: I want to make that decision at our next board meeting. I want a preliminary approval of our 2020 budget right now. It is a break even budget.

BUDGET APPROVED.

RN: We will finalize it at our next meeting.

CS: I think we should use the time that we will have for the pool to last for 3-4 more years and start a pool fund.

RN: We still need to make our decision.

(All agree)

NEXT MEETING:

FEBRUARY 19TH AT 5:30.

MEETING ADJOURNED.