



Harbor Pointe HOA Board of Directors Meeting Minutes: September 17, 2018

President Jim Carmany called the meeting to order at 7:04p. Other Board Members present: Gary Rafool, Sue McGill, Mike Kiernan, and Anne Dickison. Mike Childers and Core3 Property Manager Mark Fetzer were not present. Two additional homeowners attended this meeting.

Approval of Prior Minutes:

President Carmany asked for corrections to the August HOA Board Meeting Minutes, but none were offered. Gary Rafool made a motion to accept the Minutes as written, Mike Kiernan seconded, and the Minutes were approved unanimously.

Property Manager's Report:

No report

Treasurer's Report:

Sue McGill emailed the Board the August financials and a draft of the 2019 Budget in advance of this meeting. Additional copies of the proposed budget were provided tonight for review and discussion.

The starting figure for the Reserve Balance carried forward to 2018 was **\$155,832.78**. As per the 2018 Budget, **\$6250** per month from dues income is transferred each month from Operations to Reserves, and **\$15,000** was transferred from Operations to Reserves in January. September's Year-To-Date Reserves balance is **\$194,156.37**. YTD, **\$18,070** of roadwork was completed, with no additional road expenses is planned for 2018. YTD, **\$9,800** deck replacements were completed, with no more planned for this year. Roof replacements are scheduled for October with a budgeted amount of **\$82,000**.

The Operational Budget Checking account contains **\$74,386.79**. This is further broken down to: 1) Prior year brought forward (retained) from 2017: **\$69,365.16**. This number remains constant all year and compares to **\$49,493.89** brought forward from 2016; 2) Pre-paid dues: **\$15,740.32**; 3) Net (Income Minus Expenses) Year-To-Date: **Minus \$10,718.69**. The Treasurer notes that the expected Year End *Net Income* is **-\$14,996** due to moving \$15,000 to Reserves in January 2018 as planned.

Operations YTD Actual versus YTD Budgeted: Operations were expected to be at a net of **-\$22,082** at this point in the year, but are instead **-\$10,718.69**, a swing of **+\$11,363.31**.

The **2019 Budget** includes a planned move of **\$10,000** from Operations to Reserves.

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Treasurer's Notes:

Significant expense transactions this month included:

*Budgeted expenses for normal landscaping maintenance over seven months of the fiscal year in progress.

*Landscaping and Grounds: **\$6991.85** bringing the total for the year to **\$8600** against a total yearly budget of **\$8500**.

All major landscaping projects have been completed.

*Maintenance – buildings and general (spot painting fences, decks, coronas, & door jambs): **\$4806**.

Gary Rafool moved to accept the Treasurer's Report as presented, Mike Kiernan seconded it, and it passed unanimously.

Parliamentarian's Report:

No report.

Landscaping Report:

Until a new Director for Landscaping is appointed, Jim Carmany and Sue McGill will serve as the Landscaping Liaisons. Jim will concentrate on grass issues, and Sue will focus on plant and tree concerns.

Major landscaping projects: Sue McGill reported that all landscaping projects for the year are completed or nearing completion. King Tree Service is treating our pines for Pine Scale, and will be evaluating and addressing the maples as well

Fungus or something else has affected vegetation by the front gate, seems to be killing a lot of daisies, and may have damaged or killed a tree. Kelly Seed suggests waiting to spring to see if the problem comes back before taking definitive steps to address it. This area will be evaluated and discussed before front gate asphalt work is initiated next year.

Spot **Pressure Washing** was done to address dark discoloration on the front façade of #108 plus several of the driveway and sidewalk low spot areas in the 100s and 200s.

Grubs have been seen in front of #602 and #610, and were brought to the attention of our provider.

Cuttin' It Close had to alter its mowing and end of season work schedule due to all the rainfall.

Building Report:

Mike Kiernan reported that the bug guy reported a smell of gas that was then investigated. A gas leak in the 500s was quickly found and fixed without incident.

Community Relations:

Core3 sent out notices about the City's plan to do a water diversion project this fall up by Route 116. Harbor Pointe's water supply will be briefly interrupted during the course of the project.

Concerns were raised about the tall grasses near Jonah's reducing driver visibility. An email was sent to the City of East Peoria to report the issue and request trimming.

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Old Business:

City Coal submitted a bid for replacing the frontage road in front of the 200s and 300s. Jim Carmany made a motion to approve City Coal's bid for **road resurfacing** to not exceed **\$21,000**. Sue McGill seconded the motion, and it passed unanimously. The work will be done in two stages starting next spring. More details and instructions will be sent out when the time comes.

Roofs: The insurance company dealing with last year's hail event gave Massey Roofing a one-year deadline for completion of damage repairs or replacements, so their schedule has been very busy. Harbor Pointe roof replacements are anticipated (and budgeted) this fall, and four additional sets of roof replacements are set for 2019.

New Business:

2019 Budget: The Board was provided copies of 2019's revised draft budget and an updated spreadsheet for projected capital improvements. The latter is now being reviewed annually as an important part of the budgeting process. Projection of long-term capital expenses and the timetable for repairs or replacements are based on current bids, inflation, and our maintenance experiences as Harbor Pointe accumulates history.

In the proposed budget for 2019, Operational Expenses remain approximately the same as they were in 2018. Long-term budget expenses, however, draw down our Reserves to a concerning level as we complete this current cycle of roof replacements, road resurfacing, and gate and fence maintenance. To date, Harbor Pointe has not resorted to any Special Assessments to stay on top of capital expenses or needed repairs. To attempt to preserve this approach, the upcoming low point in the Reserves must be forded, and the Reserves must be built back up to get ready for the next cycles of staged capital expenditures.

Several models were projected and discussed. Treasurer Sue McGill projected that an infusion into the Reserves of \$90,000 per year for the next three years would potentially afford us the ability to ride out the low point without having to resort to Special Assessments, Loans, or falling off anticipated replacement cycles. What comes down the pike after 2019 will depend on the economy, climate, interest rates, and other factors. The \$90,000 per year Reserves infusion figure may need to be adjusted along the way, but at this point it would appear to meet the trajectory.

To meet the \$90,000 per year Reserves infusion rate for 2019, the Board proposes a modest increase in HOA dues paid into the Operational budget. Most of the dues increase is then to be transferred on a monthly basis to the Reserves. Currently, our monthly transfer between Operations and Reserves is **\$6250**. Annually, the Board also determines how much Operational Budget overage (or cushion) is to be transferred to the Reserves. The proposed budget for 2019 includes an HOA dues increase of approximately 3% per unit, and a transfer from Operations to Reserves of \$10,000. The Board discussed that most likely this will be the same position needing to be taken for 2020 and 2021, but decisions on additional dues increases these years will be predicated on financial developments as they come up during the annual budget reviews.

Gary Rafool made a motion to approve the presented draft of the 2019 proposed Budget. Mike Kiernan seconded the motion, and it passed unanimously. The approved draft will be distributed to all owners prior to the October meeting. After revisions (if any are recommended and agreed upon), the Board will vote on adopting the proposed Budget at October's HOA meeting.

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Motion to Adjourn:

A motion to adjourn the September meeting was made at 7:41p by Mike Kiernan, seconded by Sue McGill, and approved by all. The next Board meeting will take place at Jonah's on Monday, October 15, at 7:00p.

Respectfully submitted,
Anne Dickison, Secretary

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