

Beacon Point POA

Special Meeting Notes March 2, 2024

Special Meeting Agenda: Assessment dues increases driven by maintenance and replacement of POA assets

Sherri Hankins brought the meeting to order at 10 am. She recapped meeting etiquette. There were approximately 22 lots/homeowners represented. Notice was provided to the attendees that the meeting would be recorded to help facilitate note taking.

Sherri welcomed our new neighbors, John and Marcia Beckwith. She reviewed the agenda, which included these topics: the assessment dues increase, a Dock Committee update on the wavebreak research, conclusions and recommendations, and a financial impact review.

Homeowners offered thanks to the BoD and volunteers who were associated with the quick and efficient repairs made to the Clubhouse pursuant to the broken pipe. Marla Obernuefemann also shared her appreciation with the BoD for their efforts.

Sherri explained the dues increase in 2025 will be included in the January statement, due by Jan 31 as usual. However, no penalties will be assessed until March 1, 2025 giving everyone a full year to make the necessary budgetary changes to accommodate the increase in dues beginning Jan 1, 2025.

Kevin introduced and acknowledged the significant time invested by the Dock Committee on their investigation and recommendation regarding the Wavebreak: Brent Simpson, Danny Williams, Larry Buschjost, Greg Lobosky and John Franzeskos. The committee was charged with investigating whether a Wavebreak would improve homeowner safety and usability, extend the life of the dock infrastructure and delay the eventual major capital improvement required to replace the dock.

Brent reviewed the steps of the committee's investigation and due diligence, which began in June 2023: weather impacts, increased boat traffic, wave action, age and configuration of the dock, buying adjacent properties, various types of attenuators and wavebreak designs. They sought advice from various consultants including LOZ Dive, Ameren, and several engineers. They looked at various manufacturers and designs. Greg also explained how some "used" breakwater devices are available, however the cost of moving them is so prohibitive it isn't a viable option. After evaluating all the information, the Committee's final proposal includes purchasing a new 140' long concrete wavebreak, manufactured by a local company, Concrete Modular Docks. Members of the Dock Committee and Board visited the facility during the due diligence process. Based on all the information exchanged, the consensus was that we need to move forward with the purchase of the wavebreak. His presentation is summarized in the attached documentation.

The design of the wavebreak involves adjoining several anchored cement blocks, approximately each 20' long x 8.5' deep (extending above the water by 18" and 7' below water line), illuminated by solar lights. Maintenance is expected to be minimal once installed. During the meeting the Dock Committee took an action to investigate the need for buoys and signage.

Location of the wavebreak is determined by Ameren regulations. It will be positioned parallel to the shore, according to Ameren's current regulations, which are becoming progressively stiffer. There is concern that if we do not act soon, we may miss the window of opportunity to build a wavebreak, which will hasten the dock damage and associated costs of repair and replacement. In the Committee's mind and the opinions of the experts they consulted, there is no doubt having a breakwater will reduce the wear and tear on our dock and personal property. Discussion from the floor ensued around the advantages of having done this years ago verses now, and the advantage of having a wavebreak in place once we replace the old dock. While Ameren reserves the right to reinspect the wavebreak, generally the permits they issue are "grandfathered in", as evidenced by the older designs still visible on the lake. The Dock Committee will reconfirm with our consultant and Ameren if a reinspection is triggered when we replace the old dock.

The expense of purchasing and installing the wavebreak is approximately \$140K. Entering the manufacturing queue requires a deposit of 10%, or approximately \$14K. That fee also covers the engineering time related to the approved wavebreak design. In parallel, we need to secure a permit from Ameren. Manufacturing would only begin after we secure the permit from Ameren. If Ameren denies the permit we will get our money back from Concrete Modular Docks, less the engineering fees. The non-refundable Ameren permit fee is \$1K. Given the manufacturing and installation queue, if we make a deposit today, installation will likely occur in the Spring of 2025. Our insurance carrier confirmed the cost of ensuring the new breakwater will be negligible, as our current policy can cover it. We do not want to replace our existing policy since it has lower cost and has advantages over any new policy.

Various methods of paying for the wavebreak were discussed. The increased assessments beginning in 2025 should give us the reserve funds we need to pay for the wave break and allow us to accumulate funds for replacing part or all of the main channel dock in 7 – 10 years. The 2024 expenditures on the breakwater would include \$15K to start the process, then another approximately \$60K once we receive the Ameren permit and manufacturing begins, decreasing our POA budget reserves significantly. While those reserves would again be increased by the collection of dues in January 2025, we would have only \$18K of cushion at the end of 2024 against unforeseen events. As a result, the \$15K set aside in the 2024 budget for projects related to lot maintenance, including repair of Beacon Pointe signage, will be paused along with other discretionary projects in 2024 to increase our reserves to around \$30K.

Homeowner Association accounting and tax rules require the assessments to be billed only once a year. Invoicing the dock assessments more frequently will cause them to be taxable income to the POA. We will continue to invoice all assessments annually in January.

Special assessments are not an option since our covenants restrict any Special Assessment to 1x the current rate. (Ex: if you pay \$500 today, the Special Assessment is limited to another \$500.) While covenants can be changed in theory to allow for larger Special Assessments, doing it is an expensive and difficult process requiring 2/3 membership votes in favor and would not be undertaken lightly. Taking out a loan for even \$50,000 over 10 years at 7% increases the amount we all need to pay, adding interest of approximately \$20K over the life of the loan. Raising dues to create a pool of money we can earn interest on makes the most fiscal sense, since that reduces the overall burden on the POA membership.

Bobbi provided copies of the financial report as homeowners arrived. She explained we have received all the 2024 annual dues, save one. We ended 2024 with \$62K in reserves. Barring unforeseen impacts to our 2024 Budget, we will generate another \$31K in reserves totaling \$93K, which would be made available to cover the costs of the breakwater. The increase in annual dues is not just to cover the breakwater costs, it is also intended to cover anticipated future maintenance and repairs related to the Pool and replacement of B Dock. The estimates on the pool are about \$30K, and replacement of B dock could exceed \$1M. Raising dues verses securing a \$500K loan at current rates would save homeowners over \$200K in increased costs.

All dues paid, regardless of how they are bucketed financially for ease of reporting, are used to cover the costs of maintenance, replacement, taxes, insurance, pest control, lighting, etc or Capital Projects. The docks are owned by the POA and leased back to the homeowners, and the agreement specifies the annual dues assessed must cover the cost of maintaining them, so reporting on the fees separately makes that traceability easier.

Prior to 2 years ago, assessments had not increased for many years. Dues were increased to cover the gaps that began to emerge as assets aged and maintenance costs began to rise. As a POA we are required to maintain an adequate financial reserve to cover predicted costs. Based on prior surveys, the BoD is aware that most homeowners would be opposed to receiving special assessments and would prefer making smaller incremental adjustments verses larger more dramatic changes over shorter periods of time. Several methods of increases were considered. Larger increases to the Dock fees made the most sense because users of the docks gain the biggest benefit, and the increased fees are still within norms paid at the lake. The lot fees are also increasing since the

cost of insurance and maintaining the pool and landscape has also seen significant increases. The projected increases paid over 10 years (estimated life expectancy of the existing B dock) would allow the POA to generate nearly \$1M in reserves to apply toward the purchase of a new B dock. A portion of those reserves would be held in a Capital Reserve account, separate from normal budgetary expenses. That account will generate some interest income as well.

Going forward, when non-discretionary expenditures are required, the BoD will take action. As opportunities for discretionary improvements arise, the BoD will continue to survey our homeowners to seek their inputs. Those opportunities will be presented at scheduled meetings so discussion can occur before the BoD makes decisions that reflect the majority of the property owners' requests. Homeowners requested that the BoD not make any major discretionary expenditures that would deplete the reserves to avoid future increases in annual dues. An example was discussed, suggesting the replacement of the PWC slips and enclosing a portion of the clubhouse was a unilateral decision by the BoD and could have been avoided. Facts were offered and discussion had which clarified several misperceptions. Homeowners shared some research that they conducted that indicated how other HOAs operate, questioning why this POA is different. Historical perspectives were shared, and several discussions initiated by various homeowners, concluding that while our covenants do not conform to other HOA entities, our covenants as adopted do control this POA and we cannot change history. While the minority opinion may not always agree with decisions that have been made, decisions will continue to be influenced by a consensus of property owners, balanced with the BoD's charge of maintaining the POA. The BoD will continue to maintain notes related to those decisions for transparency.

While some homeowners expressed disagreement over the decisions made historically by prior BoDs, the current BoD has pursued projects in response to interest expressed by the property owners and have been able to complete them at a significant savings due to the many volunteer hours donated by skilled members of our community. Bringing more visibility to those offsets, as well as sharing information more frequently, would be helpful and appreciated. The BoD will continue to share complete information, and more frequent updates as applicable.

An open invitation was extended to all homeowners to bring committee ideas forward, to contribute by joining new committees, volunteering to help keep maintenance costs lower and leveraging the expertise of our homeowners. Several suggestions were made, including Beacon Pointe signage, Spring and seasonal landscaping, and a review of the covenants.

A request was made for advance notice of BoD meetings and agendas, as well as minutes following the meetings, throughout the year. The BoD has promised to provide that information and will formalize the process at the next BoD meeting. If you have any agenda topics you would like us to consider, please send those ideas to the Beaconpointepoa@gmail.com.

While this BoD functions no differently than prior BoDs, a discussion was had about the duties of the BoD members. An allegation was made that the BoD was acting in secret, which prompted a request for prior notice of BoD meeting times and agenda items. Sherri explained this was a very recent request of this BoD and the BoD has every intention of being transparent, which was followed by several retorts from other homeowners who dismissed the accusation. Sherri quickly agreed the BoD will share agenda items and notes more frequently. She emphasized that alleging the BoD's intentions are not pure is not in keeping with the neighborliness and courtesy we have come to expect from one another.

Prior to the meeting conclusion, a few final announcements were made:

- A reminder to all – do not to adjust the wenchers that attach the docks to the anchors; contact the BoD if a situation exists where adjustments are required.
- Entrance plate to A dock was damaged by the low water event and will be repaired. In the meantime, please be careful when traversing the entrance.

- The St. Patrick's Day golf cart parade is scheduled for Friday, March 15th. Meet at the clubhouse at 6:30pm, the parade starts at 6:45pm, with an opportunity for fellowship afterward.

Meeting adjourned at 11:10 am.