

**Harbour Towne Owners' Association  
Annual Homeowners Meeting  
October 8, 2011**

The Harbour Towne Owners' Association Annual Meeting was held at 9:00 am on Saturday, October 8, 2011, in the Mediterranean B room at the Country Club Hotel & Spa Board members present were, Spencer Thomas, President; Diane Roush, Vice President; Darrell Barber, Treasurer; and Vince Fargo, Secretary; Dan Galvin, Director. Homeowners in attendance are documented on the official sign in sheet. Pressley Property Management was represented by Ron Pressley, Association Manager.

**OPENING COMMENTS**

Spencer Thomas (E806), President called the meeting to order at 9:00 am. He welcomed all Homeowners to the meeting and thanked them for attending.

**ROLL CALL AND CERTIFICATION OF PROXIES**

The proxies were certified a and confirmation of a quorum present for the meeting (40 units being represented in person and 26 units represented by proxy) was provided by Vince Fargo

**PROOF OF NOTICE OF THE MEETING**

The proof of notice was presented by Ron Pressley and will be entered into the official minutes.

**APPROVAL OF MINUTES OR WAIVER**

A motion was made by, Mike Amendola (E701) to waive the reading of the minutes of the 2010 annual HOA meeting minutes and to accept them as written. The motion was seconded by Barbara Fleming (W507). All owners present expressed their agreement to the motion with a yeh/ney vote, all were in favor and the motion was passed.

**PROPERTY MANAGER'S REPORT**

Ron Pressley, Association Manager presented the 2011 Managers Report.

- **Winter Storm – Dock Damage:** Docks A, B, D, F, G, H, and I suffered damage in the recorded setting snow storm of February 1, 2011. This damage was in the form of cracked perlines, bent vertical supports, about deformed roof panels. A claim with American Family, the Associations insurance carrier, was filed which prompted an inspection by a structural engineer to detailed the scope of repairs. Competitive bids were received based on the scope of repairs and American Family subsequently approved the claim in the amount of \$159,967.64 for repair of the damage. Repairs commenced the week of September 19<sup>th</sup> with completion anticipated around Thanksgiving. These repairs will cover many of the issues identified with the dock prior to the storm damage.
- **Dock A – Replacement of Underwater Bracing:** Installation of the new stronger under water bracing on Dock A was completed prior to the February 1, 2011 snow storm.
- **East Side Retaining Wall:** Installation of the enlarged footing on the retaining wall adjacent to E500-E700, E700-E800, and E800-E900 was completed in early June This enlarged footing will stabilize the base of the retaining wall and minimize any undermining of the footing by erosion of the supporting rock shelf. Total cost of the project was \$29,465.00
- **Lake Side Railing:** Installation of the lakeside railing was completed prior to the 4th of July holiday. Total cost of the project was \$47,107.

- **Building E500- Water Damage:** On February 24, 2011 Building E500 suffered major water damage as a result of a rupture of the air chamber of the water line which served the E505-E508 stack of condos. The extent of the damage necessitated that the units be gutted back to the studs and sub-floor and essentially resulted in the rebuilding of units from the studs in. Through the cooperation and patience of the affected owners and the contractors performing the reconstruction, the majority of the reconstruction was completed and the units suitable for occupation by the Memorial Day holiday. An insurance claim was filed and reimbursed through American Family, the Associations carrier. The total cost of the claim including remediation was \$497,526. As the Association manager, I would like to express my appreciation and thanks to each of the E500 unit owners for their patience and understanding through out the entire process.
- **Deck support Posts/Ban Boards:** During 2011 year to date, the Association has encountered and addressed two situations in the complex where the double ban boards which surround the lakeside deck have rolled out, causing the deck post resting thereon to become destabilized. Both situations have been addressed by taking the weigh off the of post/ban boards, pulling the ban boards back into position, lag bolting of the ban boards together, installation of heavy steel joists hangers to securely attach the ban boards to the deck joists, and installation of steel plates on the exterior of the decks where the ban board and posts meet. Since all of the deck in the complex share this design, an inspection of all of the decks in the complex is currently underway to determine other decks which need repair and the order of priority.
- **Fire Suppression System:** As a result of a leak in a fire suppression line in one of the W900 units, it was discovered that during construction a galvanized reduction fitting had been was used between the copper supply line and the brass sprinkler head. This contact of dissimilar metals caused a galvanic reaction between the metals, which deteriorated the galvanized fitting causing the leak. A spot inspection of other sprinkler heads in the complex indicated that the use of these galvanized fittings was common through the complex. An inspection of all of the sprinkler heads in the complex yielded approximately 12 heads which exhibited signs of previous leakage. These heads were replaced and the galvanized fitting replaced with a brass reduction fitting. IF you not any leakage from a sprinkler head in your unit or if you see any signs of previous leakage please contact Pressley Property management immediately.
- **Lower East Side Mulch:** A mulch fire occurred in mid July in the mulched area on the lake front side of E700. This fire occurred very near a large cedar tree. Fortunately the fire was detected and extinguished while it was in the smoldering stage, thus avoiding it spreading to and beyond the cedar tree. This along with similar occurrences in previous years underscores the fire potential this mulch represents and the need to be extremely careful with light cigarettes, cigars, etc in this area and the need to notify the fire department if a fire is noticed. The Executive Board is currently looking into the cost to replace the mulch in this area with rock, which preferable from a fire danger aspect and while more expensive upfront vs. mulch would have lower on-going maintenance costs.

- 2011-2012 Association Insurance Coverage:** Based on the loss history since inception of the coverage with American Family, American Family increased the cost of the Business Owners coverage by 22.4% (\$77,658.00 to \$95,018.00) and the Umbrella Liability coverage by 14.25% (\$6,381.00 to \$7,287.00) policy effective for June 2011 – May 2012 coverage period. American Family indicated that this increase was driven by the loss history of the complex since the inception of the American Family coverage. During this coverage period, American Family had paid out approximately double in claims than they have collected in premiums. This loss history does not include any claims payments relative to the E500 or dock damage claim. The Executive Board subsequently elected to 1) increase the deductible of the Business Owners policy from \$2,500 to \$10,000, which reduced the annual premium from \$95,018.00 to \$67,518.00 and 2) bid out alternative coverage. Bids were solicited from 2 brokers, AutoOwners, State Farm, and Farmers. One of the brokers indicated that the carriers they represent would not insure docks with the other broker, AutoOwners, and State Farm deferring bids indicating that they could not be competitive with American Families or Farmers rates. Farmers provided a bid of \$68,557.43 for as close to the same coverage as currently carried with American Family. Since the Farmers quote did not represent a significant enough savings to warrant switching carriers, the executive Board elected to retain American family at this time.
- Personal Liability Coverage New - Rule and Regulation:** The Executive Board voted to adopt a new Rule and Regulation requiring that owners maintain personal liability coverage on their unit of at least \$300,000. Those owners who rent their units on a routine or sporadic, short term or long term will also be required to carry coverage which would include the actions of their tenant/renter. Owner were notified of this new Rule and regulation via mail on July 5<sup>th</sup> and given 30 days thereafter to provide proof thereafter. It will be necessary for each owner to resubmit this proof of insurance on an annual basis with payment of their 1<sup>st</sup> quarter assessments.
- Water Pressure Reduction:** The water pressure to the complex was reduced from over 100 psi to ~ 80 psi prior to the 4<sup>th</sup> of July holiday. No complaints of low water pressure were received over what is typically the highest occupancy/water usage holiday of the year. The inoperable pressure reducer valve located between the W800 and W900 is scheduled to be re-built after the Labor Day holiday.
- FERC :** Ron Pressley reported that, unofficially, per Jeff Green of Ameren Shoreline Management, Harbour Towne is not affected by the FERC (Federal Energy Regulatory Commission) 662 level for non-conforming structures. This is a problem at other lakes as well and a petition, initiated by an owner in Virginia, is being circulated. Anyone wishing to view the petition can go to the link: <http://wh.gov/4V0>

### **TREASURER'S REPORT**

Darrell Barber (W1401); Treasurer, presented the Treasurer's report. Included in the report were the following:

- 2010 Year End**

  - Balances as of December 31, 2010

    - Checking: \$ 327.16
    - Passbook \$ 29,112.37
    - CBOLO-BREAKWATER \$ 1,053.29
    - Great Southern - (CDARS) \$ 47,565.75
    - CDARS Investment \$ 47,565.75



3. Year to Date Expenses:

○ Total Income for 2011 (on Page #8):	\$1,294,771.07
Less Breakwater Income (Acct #616):	\$ 39,767.71
Less Misc. Income – Other (Acct #617):	\$ 8,247.52
Less Forfeited Amenity Sales (Acct #650):	\$ 12,000.00
Less Insurance Claim Income (Acct #660):	\$ 617,134.12
	<u>\$ 617,621.72</u>

This is \$8,173.70 more than the \$609,448.02 budgeted for the year.

- #6178 – Violations: \$950 This is resulting from fines that have been levied against unit owners for violations of the Association Rules & Regulations, including failure to provide proof of insurance.
- #617 – Miscellaneous Income – Other: \$8,247.52 YTD This is associated with owner reimbursed expenses.
- #650 – Forfeited Amenity Sales: \$12,000 YTD This is from amenities (dock slips, garages, etc.) that have been forfeited by delinquent owners and then re-sold by the Association.
- #660 – Insurance Claim Income: \$617,134.12 YTD This is insurance proceeds received so far this year for the four claims listed. The claim for \$497,526.01 was for the water damage sustained to the E500 building when a water main ruptured on the fourth floor. The \$83,882.53 is only a partial payment for damage sustained to the docks due to the large snow storm this past winter. As work on the docks is completed, the Association will be receiving additional funds.
- #81427 – Snow Removal: \$4,146.25 over budget YTD. The Association spent over \$5,400 on the February 1<sup>st</sup> snow event that dumped 20+ inches of snow in the lake area.
- #81431 – Pool Supplies: \$10,516.78 YTD This amount includes \$2,452.65 for new pool chairs and replacement sling covers for the pool loungers.
- #815.6 – General Repairs & Maintenance: \$44,818.78 YTD This includes the following major repair & maintenance items:

E108-E105 Water Leak	\$ 6,000.00
W700 Floor repairs	\$ 6,731.49
New Main Entry Signage	\$ 2,600.00
Deck Post Repairs (W800 & E700)	\$ 4,825.00
W1300 Window Repairs	<u>\$ 2,971.00</u>
Subtotal	\$23,127.49
- #820 – Insurance Claims & Expenses: \$562,250.57 YTD This reflects the amounts that the association has paid for repairs associated with the four insurance claims this year. It also includes \$7,500 in deductibles paid on three of the four claims. The deductible on the fourth claim has been charged back to the owner of the unit that caused the damage and wasn't properly insured to cover the actions of their tenant.
- #8275 – Propane Gas: \$1,369.05 over budget YTD and this doesn't include filling the tanks earlier this week.

- #846 – Boat Dock Repairs & Maintenance: \$4,065.72 Over Budget
 

Dock A underwater bracing (final 50%)	\$ 9,520.62
Snow Removal (February storm)	\$ 4,640.00 <sup>1</sup>
Anchor Cable Replacements	\$20,644.43
General Dock Repairs	<u>\$ 5,260.67</u>
<b>Total</b>	<b>\$40,065.72</b>

<sup>1</sup>The \$4,640.00 for Snow Removal will be paid by the insurance claim associated with the dock damage.

If this amount is deducted from the Boat Dock Repair & Maintenance line-item, then we're currently \$574.28 under budget.

- Total Expenses:                   \$1,078,254.71
- Net Income:                       \$216,516.36 <sup>1</sup>

<sup>1</sup>Net Income amount includes approximately \$55,000 in Insurance proceeds for work that remains to be completed.

4. Delinquent Assessments: The number of delinquent assessments has dropped steadily over the previous 2 years from a high of 17 units in November 2009 to a low of 6 units as of the end of September 2011. Of the 6 delinquent units as of September 2011, 3 were on Board approved payment plans and are current on their payments and 2 units were less than 2 quarters in arrears.

**EXCESS FUNDS RESOLUTION**

Darrell Barber explained that given the not for profit status of the Association, the IRS requires any operating excess funds at year's end be transferred into a reserve account or disbursed back to the owners in the percent paid. A motion was made by Joseph Rector (E804) to transfer the excess money to the reserve account. The motion was seconded by Jim Cissna (E305). All owners present expressed their agreement to the motion with a yeh/ney vote, all were in favor and the motion was passed.

**LATE FEE and INTEREST RESOLUTION**

Darrell Barber asked for a motion to adopt a Resolution which would formalize the late fees for delinquent payment of assessments at \$50.00 per quarter and the interest rate to be charged for delinquent assessment payments at 18.0% annually. These amount are consistent with those historically used. The motion to adopt the resolution was made by Larry Fisher (W1203) and seconded by Arnold Schneider (E104). Owners expressed their agreement to the motion in a yeh/ney vote. All were in favor and the motion was passed.

**COMMITTEE REPORTS**

**Landscaping Committee:**

The Landscaping Committee report was given by Vince Fargo (W305). Vince thanked the members and noted a new member of the committee, Diane Miller (W1201). Vince also mentioned that one owner did donate \$100 to the committee. Of the \$15,000 budgeted for 2011, \$ 14,925.41 was spent as follow:

- Mulching of hilltop area \$6,549.45
- Replacement of deteriorated timbers of west side: \$2,885.00
- Installation of W600/W700 berm: \$1,437.75
- Spring tree trimming/removal: \$1,300.00
- Installation of annuals/mulching of planters \$1,680.69
- Purchase of chipper/shredder: \$ 772.50
- Removal of storm damaged tree: \$ 300.00

The Landscape Committee will be doing their annual walk thru in March 2012. If you know of any area which needs attention, please let the Committee know.

**Long-Range Planning Committee:**

The Long-Range Planning Committee report was presented by George Osman (E802). George thanked all the members and made a call out for additional volunteers. Projects completed in 2011 were:

- Sea wall railing
- East end retaining wall and underpinning

Based on recommendations in the Auditor’s Report, the goal for the Committee for 2012 will be to complete a reserve study. Such a study will estimate the remaining life of the major common area components of the complex and their projected replacement costs thus allowing the development of a financial blueprint for future expenditures and budgeting.

**Dock Committee**

The Dock Committee report was presented by Dan Galvin (W1407). The report included the following projects completed 2011.

- The February 2011 winter storm turned out to have a positive side as the insurance claim covered many of the needed repairs which were identified prior to the storm. The repairs are in progress and scheduled for completion prior to Thanksgiving.
- Anchor Cables – A survey of the condition of the dock cables was preformed by Atlantis Diving with the results that 18 cables were recommended for replacement. The Association proceeded with the necessary cable replacement and ultimately replaced 24 cables at a cost of \$20,644.43.
- Dock A Underwater Bracing: Completion of the installation of new underwater bracing on Dock a was completed in early 2011.
- Dock F (PWC). Given the past and ongoing maintenance costs associated with Dock F the Executive Board is considering various options. Options currently under consideration are;
  1. Removing Dock F and not replacing it. This option would be possible only if the existing dock F slip lease holders would be willing to sell back their PWC slip leases to the Association or re-locate to an unused PWC slip on an alternative dock.
  2. Remove Dock F and replace it with a smaller stronger dock. This option would reduce the number of slips from the current 40 slips to approximately 20 slips. This

option would be feasible only if 20 of the existing Dock F slip lease holder would have to be willing sell back their PWC slip leases to the Association or re-locate to an unused PWC slip on an alternative dock.

To gage the feasibility of the options, a survey was sent out to all PWC slip lease holders with their 4<sup>th</sup> quarter 2011 assessments to assess their willingness to either sell back their PWC slip leases to the Association or re-locate to an unused PWC slip on an alternative dock. Once these survey results are available the Executive Board will review and determine the best course of action for the Association.

### **ELECTION OF NEW BOARD MEMBERS**

Dan Galvin's (W1407) and Spencer Thomas's (E308) terms on the Executive Board of Directors will expire this year. Both Dan and Spencer have indicated their willingness to be considered for re-election to another term. As there were no other nominations from the floor, a motion was made by James Flynn (E207) to elect both individuals by acclamation. The motion was seconded by Michael Crow (E101). All owners present expressed their agreement to the motion in a yeh/ney vote, all were in favor. The motion was passed.

### **RATIFICATION OF 2012 BUDGET**

Darrell Barber, Treasurer, presented the attached 2012 budget for the owners' ratification. Salient points mentioned about the budget were:

- #610 – Unit Dues (Income): Unchanged for 2012
- #611 – Condo Dues Insurance (Income): Unchanged for 2012
- #612 – Cable TV Dues (Income): \$1,100.16 increase equating to \$1.44/quarter/unit, to cover cost increases for cable service.
- #613 – Pest Control (Income): Unchanged for 2012
- #6130 – Sewer Fees (Income): Unchanged for 2012
- #640 – Maintenance Reserve (Income): Unchanged for 2012
- #621 – Garage Dues & #622 – Storage Unit Dues: Unchanged for 2012
- #631 – Boat Slip Dues: \$0.015 per sq. foot increase to cover property taxes.
- #633 – PWC Slip Dues: \$0.015 per sq. foot increase to cover property taxes
- #8141 – Labor: This account has been renamed and now contains separate line-items for Grounds Labor, Building Labor, Pool Labor and Snow removal Labor.
- #81427 – Snow Removal: Decreased by \$2,000 since the labor to remove snow from stairs and walkways is now under #8141 – Labor line-item
- #81431 – Pool Supplies: Increased \$2,000.00.
- #815.6 – General Repairs & Maintenance: \$6,500.00 Increase.

- #823 – Management Fees: \$1,920 Increase
- #8272 – Water: \$24,000 Increase. City of Lake Ozark is switching to a “Per Unit” base charge instead of a “Per Meter” base charge.
- #849 – Property Tax: New Line-item to cover property taxes on docks. Miller County just realized this year that Harbour Towne had not been being assessed taxes on the docks.
- #878 – Breakwater Principal and #879 – Stairtower Principle: New Line-items for 2012 to better track loan payments.
- Net Income (Loss): \$524.02

After discussion of budget items, a motion to ratify the budget was made by Don Metzler (E501) to accept the 2012 budget. Mary Lou Johnson (W1104) seconded the motion. All owners present expressed their agreement to the motion in a yeh/ney vote. All were in favor and the motion was passed.

### **UNFINISHED BUSINESS**

There was no unfinished business to be discussed

### **NEW BUSINESS**

- Stair tower refurbishment. The estimate to properly refurbish the remaining 12 stair towers, including replacement of the stairs and the railing is about \$430,000. The Board has not had a chance to review the options and costs, but will report their findings once they have.
- Dock F. The committee needs the questionnaires back and needs to establish a fair market value for the slips. They will research and make their recommendation to the Board.
- Heating of Pools: Given the cost of heating the pools during the month of September and the low utilization the pools have during this time, Darryl Barber poled the owners to gage their feelings about turning the heater off in one pools after Labor Day to reduce this cost. With a show of hands, owners present were in favor of this. The Board will take this under advisement and make a decision for next year.

### **ANNOUNCEMENTS**

- Owner of E305 requests that notice of important happenings be given to all owners. Suggestion made to make important announcements/notices via email. Ron Pressley will be contacting owners who wish to be part of the email notices for their addresses.
- Owner in E500 building praised Ron Pressley for his quick response to the emergency and for action taken to remediate and rebuild in such a timely fashion.
- Spencer Thomas made a call for more owners to make a contribution to the Association by volunteering to serve on one of the committees.
- Announced that the BBQ following the meeting will start at 1:30 pm.

### **ADJOURNMENT**

With no further business, Jim Cissna (E305), made a motion to adjourn the meeting. The motion was seconded by Don Metzler (E501). All owners Present expressed their agreement to the motion in a yeh/ney vote, all were in favor. The motion was passed.

The meeting adjourned at 11:35 P.M.

Approved By:\_\_\_\_\_

Date:\_\_\_\_\_