

High Point Annual Meeting – January 26, 2023

(Official minutes for the record)

1. Call meeting to order & Welcome - Ashley

- Our meeting was announced by newsletter, entrance signs and Facebook. Last annual meeting was January 27, 2022. Minutes from this meeting will be posted in a few days on our website.
- Welcome to our 2023 Annual Meeting. A special welcome to any new resident here for the first time. And a special welcome to Erica Penick, who will be elected as a trustee tonight.
- Trustee Joe Wantz was unable to be here due to a family commitment. Gloria Hehemann is unable to attend because she and her kids all have the flu today.
- Our meeting will follow the agenda you have in front of you. We also welcome any residents that are joining our meeting on the live feed. Please be aware that we do not have two-way communication for the electronic audience, but we are glad to have you listen to the meeting.

2. Financial Report - Ken

- Bob Campobenedetto, a CPA and resident who served as a trustee for over 32 years, was treasurer up until he moved out of High Point to Chagrin Falls to be closer to his grandkids. I took over that duty in May of 2022. While I was aware of the work Bob performed on a daily basis for this development, I now appreciate even more all that he did for our association.
- This was a year of contrast and transition for High Point. This development is now well over 50 years old, developed by Parkview Homes and site of two Home-a-rama events. We enjoy a wealth of amenities. As with anything that grows old, High Point requires more maintenance and care to preserve and support the comforts and conveniences we enjoy.
- **(Slide 3)** Slide of 2022 Actual to Budget (this was published in January newsletter)
- Dues were collected from 639 of 643 residents. Two are in foreclosure proceedings. Two others are in the collection process. From what we know about other Strongsville homeowner associations, many are not as fortunate as High Point. We attribute this to the consistent and ongoing efforts of our board to collect dues.
- Our income was pretty much as planned. Rental income in 2022 did move more toward normal, as Covid has still impacted our party rentals. Interest on deposits was still in 2022 an oxymoron.
- Overall, our expenses were higher than budgeted in ten categories, which are mostly the result of ongoing pandemic impacts and an aging development. Notes in the January newsletter detailed these expenses.

Association Improvements were higher due to replacing fluorescent lights with LED bulbs. As we got to a point where growing numbers of ballasts needed to be replaced, we determined it was better to replace all with LED bulbs. We did that in the bathrooms first, then the kitchen and then the party rooms. We had two of the five parking lots go out and rebuilding the sodium units or retrofitting for LED bulbs was more expensive than replacing the entire fixture. Which we did.

Clubhouse Operations included an unplanned refurbishment of 30 pool lounge chairs by a company in Michigan that did it for one fourth of the cost of new chairs. And they look brand new. We are doing another 30 this winter.

Printing, post office and clubhouse categories all saw increased costs that combined for and overage in that grouping. While we understand we could save postage by not mailing newsletters, our experience in consistent enforcement of the Covenants and Restrictions has been supported by our ability to demonstrate that information is regularly mailed to residents. Any other distribution system would be hit or miss and might compromise our defense in a court case. Using street captains to pass them out is not practical.

Landscape Other Projects is a combination of lawn fertilization, pond management and tree maintenance and removal. As trees grow older and bigger, the cost to take them down is a very high percentage of this category. Although we try to use different contractors and bid the work as much as we can, the number of trees is the problem.

Pool Management Services also took a bit hit in 2022. We projected the cost for operating the pool at \$65,000 based on previous years. Covid took the hourly wage of lifeguards from starting

at \$10 per hour to \$15. As we explained in the January newsletter, there are only 3 contractors in Cleveland and we would only consider one of them. Residents have suggested the trustees volunteer to do the management and hiring of guards and do pool chemicals, which would be a full-time job for someone. None of the trustees are dumb enough to do that. Our proposal for managing the pool by Metro Pools was over \$85,000 for 2023. We are adjusting hours as much as we can to reduce that cost, but that will likely only save a few thousand dollars. Many of our residents in cluster homes (who also pay a cluster fee for landscape, snow plowing and repair of the exterior unit) choose to not use the pool and have asked for many years for a two-tier dues structure for those that use and those that don't use the pools. Our Bylaws don't allow for a multi-tier dues structure and the trustees believe that a pool is an important amenity that was here when everyone in High Point moved in and it is necessary to be here for the future.

Utilities is the last category that was significantly over. Despite having fixed rates through the PUCO programs, our total utility cost went up 20%. Most of that is due to our association being considered a commercial, not residential, user and therefore we pay higher rates and fees. We have spent a lot of time and energy trying to change the commercial status with no success. A total of 8 electric meters belong to High Point throughout the development, many for entrance signs. Each of them has a base cost per month of \$80 in addition to electricity used.

- **(Slide 4)** We know we are the only association using a 10-year rolling budget projection, based on our Reserve Asset Analysis. Rather than guessing, this allows for planned budgets. That can be a two-edged sword, as it shows where we are going and if there are challenges ahead. We disclosed in our 2022 projection for 10-years that we may needed to increase dues in 2023. That is not a decision that we take lightly, but we have to maintain our recreational assets and the cost of that continues to go up. Not properly maintaining equipment costs more down the road. We continue to work hard to keep our expenses as low as possible. After much discussion the trustees decided not to raise the dues for 2023. Our November newsletter had information that the dues in 2024 would go to \$520. That turned out to be too optimistic. We now have a 2023 proposed pool management contract that went up this time not because of hourly wages, but because of chemical costs. We knew that was an issue in 2022, but with the war in Ukraine, it became much worse for 2023. With our 10-year budget calculator, we can change our scenario with many variables. We looked at about a dozen different options with dues amounts and in the end \$30 per year increase was not the best result. And our experience with residents in the past has been a strong preference not to have an increase every year. There has been complete agreement by trustees that an assessment is not an option we would consider.
- We can say with absolute certainty that our pool will have to be replaced. At some point. COVID has taken away the option for private borrowing sources that we explored. Our Bylaws do not give the trustees explicit authority to borrow money, which is necessary to get a loan. That means the association will have to have the funds on hand when the pool needs to be replaced. And that explains why we are building up the funds on hand as you look at 2031 when we would have a balance on hand of over a million dollars. We will talk more about the pool in a few minutes, but for now what you need to know is that a similar pool done this year in Northeast Ohio was \$1.2 million dollars.
- Our last Asset Reserve Analysis was done in 2021. That is on our website. We will do an updated version in the first quarter and it will be on our website when completed. There will be changes since 2021, but the majority of the report should be the same. This drives our long-range spending projections for maintenance and replacement of our amenities and facilities.
- A number of residents have asked how high the annual dues might go? Since the trustees have indicated a \$100 increase every three years and projected through 2033, they have expressed concern that it could be more than their mortgage payment. Our most valuable assets are the pool, the clubhouse, the playground, the tennis courts and the basketball court. All of these are on our asset reserve analysis and all of them would have had planned maintenance by 2033, so it is conceivable that a dues increase beyond the \$790 might not be necessary. Thankfully, those on the board now will likely not be around to make those decisions.

- An increasing number of associations in Strongsville are using a management company because of residents not volunteering to do the work it takes to run their association. We are very familiar with this option. There is an annual per unit fee and additional individual fees charged for many of the services offered. An average base cost of \$40 to \$50 per unit is charged, which has to be passed on to homeowners. Paying for services now provided by volunteers does not seem to be a prudent option. A good example of this is the Asset Reserve Analysis that is done by management companies. That cost ranges between \$8,000 and \$15,000 for what is done pro-bono by professionals who are residents in High Point. Trustees looked at examples of the different levels of reports and are satisfied that the results would be no different than what is planned by our residents. When we went out for bids with insurance underwriters last summer, Erie Insurance and others confirmed the validity of our Asset Reserve Analysis and commented on the professional presentation and accuracy.
- There are two additional matters that need to be included in the financial report section.
 1. Association trustees implemented a Transfer Fee as of January 1, 2022. When a property in High Point is sold, the escrow or title company knows the association is deed-restricted and controlled by Covenants & Restrictions. Their search requires knowing the status of dues. High Point has to respond to the document requests and we have our own form that details the acceptance by the buyer of the C&R. Our transfer fee of \$100 is paid by the seller. We typically have 60 sale transactions in a year. Owners pay nothing until they sell their home.
 2. In November of 2021, we had a resident that posted false claims on social media charging two trustees with mismanagement of funds. An open association meeting was held on November 30, 2021 to prove the claims were unfounded and untrue. One of the points of defense was the independent financial review performed by a local accountant. In May of 2022 three trustees met with our accountant to present 2021 documents for review and we were told that would be done, according to the signed Engagement Letter. When I went to pick up the documents when the report was done, I asked if the documents were in order. Our accountant responded that he did not review the documentation. I went to the other trustees to make sure I had understood that documents were to be reviewed according to the Engagement Letter. In an email exchange with our accountant, I was informed that it was not his practice to review documents, just the year-end financial statement. That was absolutely contrary to what the Engagement Letter spelled out and what we were told. We believed our accountant was reviewing records, although we knew there was no formal report. I immediately reported this to the other trustees, including those that heard the accountant, and immediately began a search for a firm that could perform an independent financial review that would examine our documentation of financial operations. I sent an RFP to 23 firms in Northeast Ohio and had one single bid to do the report. It is specialized work, and requires a distinct certification. We agreed and accepted that bid and submitted the 2021 documentation to the firm in November. A report was issued and it is posted on our website. Hobe & Lucas was the firm that completed the review and issued a written report. **There were no findings.** None. All of the documentation was in order and properly supported every deposit, expense transaction, payment and reimbursement that was made. Since 2022 was a year of transition from Bob Campobenedetto to me, the trustees have agreed to again do a financial review for the calendar year of 2022. Hobe & Lucas will again be the firm to do the review later this year. That report will be published on our website when complete. One additional note is that the Review did disclose that the association's assets (bank accounts) were concentrated (over FDIC insurance) at Citizens Bank. We immediately rectified that situation by opening a CD for \$250,000 at Fifth Third Bank.
(We could try to answer other questions about the long-range budget at this point.)

4. Trustee Reports (Slide 5)
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Pool Operations - Ashley (Slide 6)
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- Last summer the good news was that our pool had no leaks and was ready to open Memorial Day weekend and we not only had good weather, but we had a full staff of lifeguards. Metro

- Pools was again our pool management company, as they have been for over 25 years.
- Questions have been asked why we use Metropolitan Pools for our lifeguards and pool service needs. It is a simple answer. There are only three service companies in Cleveland. A company called Hastings Waterworks, American Pools from Pittsburgh, or Metro Pools. Hastings has been around for a number of years and they usually have clients for term and no renewal, which is not a good track record. American Pools pulled out of Cleveland at the start of the pandemic, but have come back. But they are based out of Pittsburgh. Doing it ourselves is just plain not an option. Unless someone wants to work full-time for free and manage our pool and the lifeguards, none of the trustees are so inclined.
 - We enjoyed a good summer last year. Our pool was packed on holidays and busy the rest of the summer. Our Metro area supervisor, who was new, could not believe how many people we had at the pool on weekdays and especially weekends. He said we were by far the busiest pool that Metro manages.
 - Best of all, there were no fecal incidents that closed our pool and there were no safety incidents during the summer. We passed two inspections by the Cuyahoga County Health Determent.
 - Our 2023 bid from Metro was a whopping \$85,500, with the 13% increase over 2022 all due to the cost of pool chemicals. We are looking at modifying the number of guards where we can, to shave some of the cost. There is a very extensive and detailed hourly staffing profile that we build each year, that is based on pool usage by residents.
 - Our pool will again open on Saturday and Sunday at 11 am. Swim team will be practicing in the pool during the first half of the summer from 8 am to 11 am on weekdays with toddler time from 11 am to noon. Closing times will remain the same as last year. Closing Sunday, Monday, Tuesday, Wednesday and Thursday at 8 pm, and on Friday and Saturday at 9 pm.
 - Our swim team was able to have a modified season as part of the Strongsville Swim League. On Memorial Day weekend, the swim team will be selling food at the clubhouse as a fundraiser for the team. Watch for more information in the May newsletter.
 - Our 2023 budget does have \$16,000 allocated for repairs as a precaution. There were no leaks in 2022 and we hope our luck holds out this summer. But we are prepared just in case.
 - Over the past two years, the trustees have plotted many options regarding the current pool and what we believe will be a necessary replacement. This past fall the trustees determined that in order to make the pool last several more years (because we have not had any leaks since 2018), it was necessary to do some work on the floor of the pool. Metro Pools maintenance team resurfaced 900 square feet of the interior floor of the pool with Diamondbrite. These rough areas were a concern to the board and these repairs will make a more pleasant visit to the pool. It was not a complete resurfacing, but the areas that were rough.
 - It should also be noted that the main sewer line from the clubhouse and pool was compromised by unknown circumstances and a complete backup was averted. It was determined that a disposable diaper was flushed down the toilet and caused a blockage in the line. A contractor felt the sewer line had settled, adding to the situation. A number of excavation contractors were brought in to assess the situation and thanks to the work of a company from Wooster, we were able to conclude that the sewer line had not sunk and the blockage was removed with a sewer jet, saving a tremendous amount of expense and work.
 - We understand not all residents may use the pool, but every resident benefits from the value that amenities add to home prices in the development. Real estate sales for High Point for most of 2022 moved within hours of listing for amounts of \$50,000 over asking. Although reality has now settled in since last fall, real estate agents were quick to point out the desirability of High Point based on recreation facilities and quality of preservation. Maintaining the pool as a recreational facility is a responsibility of the trustees. Homeowners moved into High Point with a pool as an important asset and that needs to be preserved.
 - Pool pass distribution for 2023 will be done on scheduled dates in May, announced in our May newsletter and online. This is the same process we used last year. Please plan to pick up your passes on these dates so you are ready when the pool opens Memorial Day Weekend. This worked really well and we appreciated the cooperation of residents using this procedure.

Landscape Contractor - Kevin (Slide 7)

- Schonhut Landscape Services is now in the second year of a three-year contract. We believe the services provided by Schonhut have been the best of the last five landscapers, although there is always room for improvement. Labor shortages have impacted Schonhut, but they have worked hard to deliver quality work, based on our Landscape Requirements. Overall, they have done an excellent job. And they have responded to help with special needs on a timely basis. Their team has also handled our tree needs, especially emergencies. They have been very reasonable for special services, and responded quickly when we need them.
- In 2022, we again spent a great deal of money taking care of dead and damaged trees in the common area. As an older development, we can expect this to continue as we age. While the trustees try to be proactive and regularly review the over 40 acres of woods and grass in the development, we appreciate residents letting us know when they see problems and concerns.
- One additional note is that High Point does not do snow removal from City streets. Our cluster groups are responsible for their own streets, which are not dedicated. We have encouraged the City to plow into and out of cul-de-sacs first, and clean end circles after all streets are done.

Social - Ashely (Slide 8)

- Our 34th Annual Easter Egg Scramble was held on Palm Sunday with hundreds of youngsters participating in the event. We appreciate the people who gathered for a stuffing party that loaded candy in the thousands of bright plastic eggs. Our 35th Scramble is set for April 2 at 2:00 pm sharp. If anyone is interested in helping stuff the eggs with candy, we will have our usual social evening and are looking for volunteers to help on Tuesday, March 28 at 7:00 pm.
- Our Strongsville Police officers escorted the July Fourth Parade through the development and popsicle treats were distributed at the end of the parade. A large group of kids, parents and pets enjoyed a beautiful day with decorated bikes, scooters, wagon, and electric cars.
- Two Outdoor Family Movie Nights were done at the pool with good crowds. These are always very popular on Friday nights in the summer.
- We tried hosting an Oktoberfest at the clubhouse for residents. There was a small turnout, which may have been due to the lack of publicity or the fact there are so many Oktoberfest options all around the county. A decision has not been made whether to do this again.
- We did have food trucks several times at the clubhouse and residents seemed to like this option. While it is difficult to get vendors to come to a homeowner association, we have proven that there is business to be had at High Point. We will be working to do this again next summer.
- A great crowd attended the Kid's Christmas Party as we tried some different things for the event. Two balloon clowns crafted creations for kids and family photos were provided to all that attended. Face painting was done and kids could also make ornaments. Each child went home with a goody bag of treats.
- Association trustees are working on plans for social activities for this year and are always interested in ideas for events that residents may propose, so long as there is a coordinating committee willing to take the lead with the activity.
- Clubhouse rentals returned to normal last summer and rentals are booking fast for this summer. Our online calendar shows available dates and we suggest if you are thinking about a date that you make your plans before the dates are all gone.

Replacement of the Pool - Kevin (Slide 9)

- A number of homeowners have expressed their opinion that investing in a replacement pool is a waste of money. As home sales in our development have happened very quickly and mostly for significant amounts over asking prices, real estate agents have made no secret that our amenities have a lot to do with young families finding our pool and clubhouse very attractive for raising a family. When we opened our new pool in 1997, the clock was already ticking on the time that we would need to replace the pool. Here in Northeast Ohio, Mother Nature is cruel to outdoor inground pools. It is not unusual that the lifetime of an inground pool can be 20 years. Any life beyond that is a gift. While the trustees planned for that project, the estimates for costs

that we relied on were lower than reality. In 2019 we went out to bid with 7 firms. Only one responded with a bid and that number was almost \$700,000. That number was significantly higher than the \$400,000 cost estimated by a pool company who did 2015 repairs on our pool.

- Our 2019 bid solicitation was for work to begin within a few months, as we were not sure how long we had left. We knew the sole bid was higher because we asked for a quick turnaround. But it told us the original costs of \$283,000 in 1997 was going to be very low.
- We again went out to bid last summer, this time looking for a date of 2025-26. We were again disappointed that we could not draw interest. None of the 9 contractors we contacted were interested in providing a bid. Some blamed the soaring construction material and labor costs. Some cited that we lacked concrete plans for the new pool.
- We know several pools in Northeast Ohio done in the last two years that were similar design to ours cost between 1.2 and 1.5 million dollars.
- As stated earlier tonight, High Point cannot borrow money from a lending institution. In 2010 the Legislature in the State of Ohio changed the law requiring homeowner associations have an explicit authority to borrow money. High Point's Covenants and Restrictions do not have that spelled out. It would take a change to the By Laws to create that authority. We tried for four years to obtain 318 votes to make changes to the Bylaws, and were only able to get 205 residents to vote on the changes. So High Point cannot borrow money.
- Until the pool replacement, it is possible we will need to do repairs each year. We have budgeted for that. It is not a perfect solution, but it will work.
- Two open resident focus groups were held this past summer. Residents in the first meeting agreed that our current pool design was favorable. Our second meeting focused on the option chosen by the trustees to perform repairs last fall to stretch the life of the current pool.
- In the meantime, the trustees will move forward with an engineering design firm, based in Jacksonville, Florida that has a national reputation, to do the drawings and plans for a new pool. Design plans for the current pool built in 1997 no longer meet the required State of Ohio standards and requirements. WET Engineering has done many of the Soak City projects for Cedar Point. This is a necessary step in moving forward for a new pool. Although we don't know exactly when we will need to look for contractors, our ten year projection gives an idea when we might be able to afford it. Our agreement will assure us that WET will update any plans as may be necessary between now and that time.

Audience Questions – Ken & all (Slide 10)

(Repeat each question or comment from microphone before responding so everyone can hear.)

- There were no questions submitted prior to the meeting. We will take questions at this time.
- Please note that we will have a 3-minute time limit on each individual, using a timer so we are the same for everyone. Please give us your name and your address before you speak.

Trustee Election Results - Ashley (Slide 11)

- Our January newsletter announced three candidates for three trustee positions and indicated that ballots had to be mailed to our post office box by January 24. Only three individuals stepped up to volunteer for those positions. That term runs for two years. Based on the ballots received, we can state that Ashley Voorhies and Kevin Walter were reelected to another term as trustee and Erica Penick has been elected to her first term as an association trustee. Congratulations to each of them and thanks for their hard work and efforts.
- Thank you to residents who took the time to submit a ballot for this election. We appreciate the support and cooperation of those who voted for candidates in this election.
- We should note that our Bylaws call for the trustees to be elected by residents. Those with the highest number of votes shall be elected. Congratulations to our new trustees. .

5. Thank the live and online audience for attending & Adjournment- Ashley (Slide 12)