

High Point Annual Meeting – January 25, 2024

(Official minutes for the record)

1. Call meeting to order & Welcome - Erica (Slide 1)

- Our meeting was announced by newsletter, entrance signs and Facebook. Last annual meeting was January 26, 2023. Minutes from tonight's meeting will be posted shortly on our website.
- Welcome to our 2024 Annual Meeting. A special welcome to any new resident here for the first time. And welcome to Sharon Gonzalez and Jim Nadolski who are attending their first annual meeting as trustees, having been appointed to the board in 2023.
- We do want to thank Gloria Hehemann, Kevin Walter and Joe Wantz who all served on the board during 2023 and had to step down for personal reasons. We appreciate their service.
- Our meeting will follow the agenda you have in front of you. Trustee Ashley Voorhies was unable to attend the meeting do to a work assignment in California this week.

2. Financial Report - Ken (Slide 2)

- My name is Ken Evans and I took over the treasurer duties when Bob Campobenedetto moved to the East side in 2022.
- Our development continues to be very fortunate as homeowner associations go in Strongsville. We are in good shape financially and our facilities are still among the best in the city, even though we are now well over 50 years old.
- As trustees, we appreciate those residents who pay their dues on time. And assist with in the association. A big thank you to those of you that help with association events and programs.
- This is my second year acting as treasurer for High Point and we completed a Financial Review for 2022 that had no findings or material modifications required for the financial statements to be in accordance with the cash basis of accounting. In short, we passed the review. You can find the complete report on our website under the Information tab, in the Governance, Budget and Administration file. Due to timing issues, the 2021 and 2022 Financial Reviews, at a cost of \$4,000 each, were both billed in the calendar year of 2023. These are important because they present a comprehensive review of our financial operations so residents can have confidence.
- There is a concluding point of the review made by the accountants. That is the absence of supplementary information about future repairs and replacements, which is not required, but recommended for accurate financial accounting. High Point does a ten-year rolling financial projection which is based on our Reserve Asset Analysis. Our most recent published study is from 2021, but an updated report is now in process and expected to be ready first quarter.
- In 2023 we had 7 out of 643 homeowners who did not pay their dues. Two are in foreclosure, and we are a party to those actions, which is a process that has gone on for over two years. Five homeowners have had liens placed on their property. Should those delinquencies not be paid by March 2, the association will initiate foreclosure action on all 5. This is a very expensive and time-consuming process. When these actions are resolved in the courts, the association usually recovers all the fees we have to pay up front for the action to go through the courts. In 2023, one such action resulted in a recovery of fees over \$6,000. It is not a pleasant journey, but a necessary one to respect the financial stability of High Point and our residents.
- We use the law firm Buckley King in Cleveland to act as our counsel and collection agency, as this is a complicated and arduous process.
- Everyone that has purchased a home or cluster in High Point, as part of their escrow closing, is given notice that their home is part of a deed-restricted community and the payment of annual dues is a legal obligation for the owner of the property.
- (Slide 3) Slide of 2023 Actual to Budget (this was published in January newsletter)
- From what we know about other Strongsville homeowner associations, many are challenged with dues collection issues. We attribute our success in collecting dues to the consistent and ongoing efforts of our board to collect dues.
- Our income was pretty much as planned. Thanks to inflation, our \$250,000 CD earned a very respectable amount of interest. Rental income has returned to what it was prior to Covid.

- Overall, our expenses were higher than budgeted in multiple categories, which are mostly the result of unanticipated expenses that we outlined and detailed in the January newsletter.

- To recap the highlights noted in the January newsletter, please observe the following notes:

Association Improvements - Budget did not plan replacement flagpole, drinking fountain, and painting three walking bridge railings.

Recreation Area Repairs – Wood chips needed to be added to meet safety requirements.

Clubhouse Operations - Budget did not plan replacement of party room window blind, banquet tables, chest freezer and kitchen oven.

Groundkeeping Other – We held down tree removal costs and did not do some special landscape projects that will be done in 2024.

Pool Management - Lifeguard hours were reduced after 2023 contract was proposed, resulting in lower cost.

Pool Equipment and Repairs - This category includes funds for pool chair repair and pool leak repairs, which were not needed in 2023.

Accounting Services - Normal tax & payroll services and TWO financial reviews (2021 & 2022 both billed in 2023 – each was \$4,000) Normal single review will hit 2024 budget.

Legal & Bank Fees - HP initiated 2 foreclosure actions in 2023, with significant legal fees and court costs. Also filed 5 liens for delinquent dues. Fees should be recovered as cases are resolved.

Capital Projects - Repairs done to pool basin in 2022 billed in 2023. Budget anticipated paying for engineering drawings for a replacement pool. Delayed at suggestion of the engineering firm until we are closer to the actual project.

- **(Slide 4)** Our association uses a 10-year rolling budget projection, based on our Reserve Asset Analysis, to plan budgets and allocate resources. That can be a two-edged sword, as it shows where we are going and if there are challenges ahead. 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 to raise dues in 2024 to \$590.
- With our 10-year budget calculator, we can project scenarios with many variables. We looked at about a dozen different options with dues amounts and in the end the decision was made to increase the dues \$100 every three years as a plan going forward. In that way, there would be no special assessments for unplanned repairs or replacements of facilities or amenities.
- 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. What you need to know is that a similar pool to ours 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, members have expressed concern their dues might 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 have planned maintenance by 2033, so it is hopeful 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 report cost for other associations ranges between \$8,000 and \$15,000 for what is done in-house by a licensed insurance professional in our development. Association 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 two years ago, 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.
 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. Since 2022 was a year of transition of treasurer duties from Bob Campobenedetto to me, the trustees engaged a financial review for the 2022 calendar year. Hobe & Lucas again did the review and there were no findings. That report is published on our website.
- Lastly, as part of the financial report, I want to address resident complaints from those that live in cluster units that we hear every year. Many of these are seniors and they do not use the recreational facilities in High Point and therefore don't feel they should have to pay dues that support those facilities and amenities. We have 11 cluster associations within High Point with a total of 159 units. Each cluster group not only pays our master association dues, but each has an additional fee for property maintenance, which varies depending on the services provided to residents. Since many may be on fixed incomes, they feel they should not have to pay the master association fee at all or a reduced amount. They have told the trustees our fees are too high and unnecessary. High Point association trustees have a fiduciary responsibility to take care of, and maintain the facilities and amenities that add value to each and every property in this development. When you go to sell your home, each owner realizes the benefit of being in this development by virtue of a faster sale, a higher price, or both. We know this is the case because realtors who sell homes in Strongsville, including a number who live in High Point, will tell you that a well-managed and cared-for recreational community is an attraction for people looking for a place to raise a family or to call home. Association trustees have no power or authority to enact separate dues rates for different classes of owners and many on the board do not believe that would be a good thing even if we could. We hear it regularly and frankly are tired of hearing it. Every one of those cluster residents knew they were part of a larger community when they bought their home and knew there was an associated cost.
- High Point has been and continues to be a community of choice for buyers. I am the only current board member that was on the board when we did the High Point 2000 Development Plan. While dues were locked at \$270 per year for a period of years, we managed to do over a million dollars of renovation and new facilities construction. This board does not waste money and we take very seriously our fiduciary responsibility to run this association to benefit our residents and their families. Unfortunately, this association has aged and with maturity comes increased needs to maintain and keep up with other associations in Strongsville.
- Those of us that sit on this board are not paid, but we volunteer significant personal time and effort to make sure this association is viable and beneficial to those that live here.

(We could try to answer other questions about financials or long-range budget at this point.)

4. Trustee Reports	(Slide 5)
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Pool Operations - Jim (Slide 6)

- We had a great summer last year. Our lifeguard staff, provided under contract by Metropolitan Pool Services, did a fantastic job protecting our swimmers. We had a full staff and were open from Memorial Day weekend to Labor Day weekend without any swimmer incidents and no closings due to fecal contamination. That is a good summer.
- Once again, there were no leaks in the pool basin. Because of issues in 2017 and 2018, we do budget for leak repairs, but as you look at the pool right now with a high water level, we don't have any leaks at this time in the basin.
- 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 one 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 not a viable option. Someone would need to work full-time for free for three months to manage our pool and the lifeguards, and none of the trustees are so inclined.
- Our pool was packed on holidays and busy the rest of the summer. Our Metro area supervisor observed again this past summer that High Point was by far the busiest pool that Metro manages.
- We again passed two inspections by the Cuyahoga County Health Determent.
- Our 2024 bid from Metro is not a large increase from 2023. That is a good thing. There is a very extensive and detailed hourly staffing profile that we build each year, that is based on pool usage by residents. That staffing schedule drives the lifeguard coverage at the pool.
- 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 full season this past summer 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.
- Work that was done on the pool basin floor in the fall of 2022 held up very well and should help to keep our pool in good shape for a number of years until we look at replacement.
- 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 2023 moved within hours of listing for amounts well over asking prices. Although the reality of higher interest rates has now settled in, real estate agents were quick to point out the desirability of High Point is high 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 2024 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 - Sharon (Slide 7)

- Schonhut Landscape Services will be in the third 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 continued to impact 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.

- Challenges continue for our landscaper, as the grass has started growing earlier in the spring and required additional cuts, is growing longer in the fall, which required continued cuts, and the leaves are falling later which extends the work season. This extended season has made it difficult to get additional projects done that were planned by trustees.
- In 2023, 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.
- You can find the maps of all the association properties and the Landscape Requirements on our website. These detailed documents define the responsibilities of our contractor.
- As 2024 is the third year of the contract with Schonhut Landscape, and this is our second three-year contract with them, a decision will need to be made whether to go out to bid for landscape services. Our association, due to the many complexities and unusual requirements, has found limited interest from landscape firms. Over the years, several have walked away from our contract due to a labor-intensive and well-documented requirements list that is part of our contract. That is in addition to the tens of hours necessary for the trustees to engage in a bid process that happens over several months, and falls on one individual trustee.
- 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 - Erica (Slide 8)

- Our 35th 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 36th Scramble is set for Sunday, March 24 at 2:00 pm sharp. If anyone is interested in helping stuff the eggs with candy, we will have our usual social stuffing party and are looking for volunteers to help with that and putting the eggs out on the recreation area on Sunday, March 24.
- 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.
- 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 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 are pretty much back to normal levels and rentals are booking fast for this coming 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 - Ken (Slide 9)

- Back in 2017 and 2018, we had leaks in the pool basin. About a dozen holes needed to be dug in the pool floor to get to PVC pipes under the surface to repair breaks. That was an arduous and expensive process and scared the trustees on the board at the time. We had no idea why the pipes broke and various contractors brought in could not explain that the pipes were not snapped, but striated. We still to this day do not know why.
- That caused the trustees to do a rushed bid for pool replacement in 2019 and with only a few contractors in Northeast Ohio that do commercial pools, the results were not good. Only one bid was received and it was three times what our pool in 1998 had cost.

- We were lucky that the pool held water in 2020, although the pool was closed that summer due to Covid. In 2021 we opened to a small crowd with many residents still hesitant due to the pandemic, as the pool again held water.
- In 2021 we met with three pool contractors to get a feel for where construction costs were going and what we might expect to replace our pool. A number of resident meetings were held to discuss pool options, and the result was that the general opinion was that our pool was a great design and worked for everyone. Based on that outcome, the trustees proceeded to focus on replacing the pool with a similar design.
- Our meetings with the three contractors (one who informed us he was closing his business at the end of the season) told us that prices would continue to rise and the number of commercial pool contractors would continue to fall. Although we do not have firm pricing to work with, we have taken their ballpark and the knowledge of the cost of similar current pool projects and determined that we should anticipate a pool replacement in the range of \$1.2 to \$1.5 million.
- We did surface the name of an engineering firm in Jacksonville, Florida that does work for Cedar Fair and a number of other nationally known water parks and talked to them about doing the design work for a replacement pool. Contractors told us that our best plan would be to do the design work prior to putting the project out to bid. WET Engineering met with us and gave us some good ideas. We thought we might do the plans now and budgeted for that in 2023, but when they found out we were talking about 2032, they suggested we wait until closer to that time to do the engineering work.
- So that is where we now sit. Banking money for the inevitable, since we as an association cannot legally borrow money. It is a lot of money and we don't really know if it will be that much to replace the pool, but we know when it fails we do need to be ready to replace it and we do not want to do that with a forced assessment of members.
- So for now, we just hold our breath and hope there are no additional leaks until we get to 2032.
- 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.
- 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.

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 give us your name and your address before you speak.

Trustee Election Results - Erica (Slide 11)

- Our January newsletter announced two candidates for two trustee positions and indicated that ballots had to be mailed to our post office box by January 24. Only two individuals stepped up to volunteer for those positions. That term runs for two years. Based on the ballots received, we can state that Sharon Gonzalez and Ken Evans were reelected to another term as 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.

5. Thank the audience for attending & Adjournment- Erica (Slide 12)