

Notes from Community Input session on deed restriction changes
Held on April 10,2008

Next meeting is May 14,2007 at City Council Chambers at 6:45pm

Mike Halligan will try and schedule one future meeting per month at City council chambers for the months of June through September 2008. Wednesdays are preferable.

All committees will work towards having final proposals for presentation to the entire community in the July and August meetings.

Mike Halligan reviewed a letter form the attorney from August 2007 which approved the mechanism for voting on proposed deed restriction changes. The proposed changes mentioned in this letter are NOT currently in the plans for upcoming changes. The focus of this letter should be the proposed voting method. The referenced letter is attachment #1.

Mike Halligan reviewed a spreadsheet of the financial history of NBHA. This spreadsheet is attachment #2 and Mike's opinion is that this shows that NBHA in FY07 reached a point where the annual expenditures, including an annual reserve for major maintenance items for the pool and marina, is balanced with the annual income. More than half of NBHA's income is based on the annual mill tax which is capped the deed restrictions. This implies that the association is starting a period of spending beyond it means. This will be mitigated by the ~\$180,000 balance NBHA has in the bank.

Gene Smith suggested that NBHA's core responsibility is not associated with recreational facilities,(ie the pool and marina) and that maybe they should be privatized to relieve NBHA of their financial responsibility and allow the board to not be distracted by them.

Attachment #1

Proposal to Increase the NBHA Tax Rate
as of 8/26/07

Dear NBHA Members:

As you might know, the Homes Association is responsible for many things in our neighborhood. That includes: the marina, pool, finger docks off Upper Bay Road, and the neighborhood entry monuments or walls. In addition, we are responsible for enforcing the deed restrictions which can get quite costly sometimes.

We would like to initiate several new projects for the benefit of our neighborhood. Some of the many possibilities for these new projects could be: 1) modernizing the entry ways with beautiful new features, 2) doing some much needed major repairs to the marina, and 3) upgrading our pool with more entertainment for the kids. Unfortunately, all of these options cost money, which we don't have at this time.

Background

The maximum maintenance fund mil tax rate of 10 mils per square foot was set in 1965 and has not been raised since then. Inflation has risen more than 650% since then. NBHA has survived by transferring responsibility and costs to the City of Nassau Bay for the following: maintenance of streets and street lights; trash pickup; insect fogging; and other miscellaneous items. NBHA's last year and current year budgets call for spending beyond the annual income in order to meet our current obligations. This shortfall is being taken out of savings from the past years and cannot be continued for more than another year or two. The situation is about to become very serious and we will have no choice but to begin eliminating benefits for our members in order to continue to operate as a homeowners association.

In order to change the amount of the assessment, or any other item in our deed restrictions, it will require a vote of at least 75% of the real property in the subdivision.

Proposals

- 1) Increase the maximum maintenance fund mil tax rate from 10 mils per square foot of lot area to 11 mils per square foot of lot area starting with the budget in November 2008. This would increase the average annual tax by ~\$13 per lot.
- 2) Increase the amount of the maximum maintenance fund mil tax by an amount equal to the rate of inflation for each fiscal year starting in November 2008. This rate increase will continue for each successive year after the first year. Inflation shall be equal to the Consumer Price Index for Urban Customers (all items) as defined by the U.S Department of Labor for the previous calendar year. If both proposals are adopted by the voters then the maximum mil tax subject to inflation increases starting November 2008 shall be 11 mils per square foot.

- 3) After a lot owner has reached retirement age their annual maintenance fund shall not be subject to inflation increases until the property is transferred to a new owner. When the property is transferred the mil rate shall be adjusted for the inflation that has been deferred up to the time of the sale. If the new owner is above retirement age, then inflation after the sale is deferred until it is transferred to a new owner. Retirement age is defined as “full retirement age” by the US Department of Social Security.

Voting

Voting shall be conducted between January 1, 2008 through August 31, 2008.

Each lot owner shall have two votes and votes may be cast in four ways:

- A. Votes may be cast by mailing them in with the annual mil tax statements;
- B. Voting in person at the NBHA office during normal business hours;
- C. Voting during the annual election in April 2008; and
- D. Voting solicited door to door, by a NBHA board member or designee.

Each lot owner may only vote by one method and for the purposes of this election (only) all lots shall be deemed to be of the same approximate size. NBHA will keep a log of those who have voted to facilitate voting by method D.