

HERITAGE HARBOUR COMMUNITY ASSOCIATION

ADMINISTRATIVE RESOLUTION NO. 11

POLICIES AND PROCEDURES FOR CAPITAL IMPROVEMENTS

WHEREAS, improvement of the community amenities are necessary to meet the continuing and future needs of Heritage Harbour Association members; and

WHEREAS, funds available for capital improvements must be allocated to meet the priority needs of the Association members.

NOW, THEREFORE, BE IT RESOLVED THAT the following policies and procedures are hereby established for the management of proposals for capital improvement projects.

I. GENERAL

A. As set forth in Article VII, Section 4 of the Declaration, "The capital improvement reserve may be expended for the purpose of effecting upgrades, improvements and additions to the grounds, capital facilities and equipment associated with the Common Area and for contingencies with regard to capital improvements."

B. The recurring sources of funding for the Capital Improvement Reserve are:

1. The allocation of an amount not to exceed 6% of the prior year's Class A members' assessments;
2. Amounts received from Recreational Facilities Fees established by Policy Resolution No. 8; and
3. Payments received under the agreement dated April 25, 2005, between Heritage Harbour Community Association, Inc. and South River Associates LLC.

C. The Treasurer shall maintain a Capital Improvement Fund Accounting and Planning Support System in accordance with Attachment A of this Resolution.

D. Proposals for projects may be submitted by: Board Chartered Committees for projects within the scope of their charters, Directors, and the General Manager. Other members of the Association may recommend projects to the appropriate Board Chartered Committee.

E. Capital improvement projects estimated to cost \$5,000 or less are considered an Operating Expense, and are not subject to these provisions.

II. PROPOSALS FOR CAPITAL IMPROVEMENT PROJECTS

A. Each year the General Manager shall send a notice to each Chartered Committee of the requirements for the submission of proposed capital improvements. The notice shall include the

RECORDING FEE 25.00
TAX 25.00
Rept # 48997
RFD JJ Bk # 648
Dec 16, 2009 03:51 PM

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date proposals are due to the General Manager and the documentation required for each proposal. The notice must also advise that any proposal that had been submitted previously but not recommended for funding may be resubmitted for funding. Except that, projects which meet the following criteria may be submitted to the General Manager as needed. The General Manager will present these projects to the Board of Directors to approve funding.

1. During construction or installation of a capital improvement, an opportunity presents itself to further enhance that improvement.
2. During construction or installation of a capital improvement, additional work is discovered to meet permit or code requirements.

B. Proposals must contain the following information.

1. A description of the project to include location and dimensions.
2. A justification for the need of the project to include what segment of the residents will benefit.
3. The estimated cost of the project and how the estimate was derived.

C. The General Manager shall carry out the following functions.

1. Determine whether the proposal is for a capital improvement, subject to this Resolution.
2. Review each proposal to assure that the information provided is complete, and return any that are not complete.
3. Add comments on each proposal related to its practicality, feasibility, and costs.
4. Forward all proposals received for consideration by the ad hoc Capital Improvements Committee not later than the date the draft annual budget is submitted to the Treasurer.

III. THE CAPITAL IMPROVEMENTS COMMITTEE

A. Not later than August 15 of each year, the President shall appoint an ad hoc Capital Improvements Committee (the Committee) to consider proposed capital improvement projects and to make recommendations to the Board of Directors.

1. The Committee shall be composed of seven (7) Class A members of the Association, one member from each of the Election Districts. The Treasurer shall serve as ex officio member of the Committee.
2. The President shall appoint one member to serve as Chairperson. The Committee members shall select a person to serve as Secretary to record the decisions of the Committee.

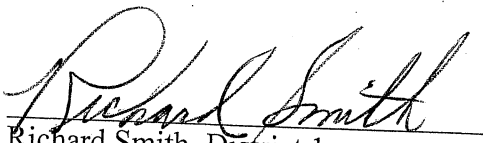
3. Meetings of the Committee shall be open to all members of the Association and be advertised in *Harbour Lights*, on the Heritage Harbour television channel, or by some other appropriate means.


B. The Committee shall evaluate all current proposals and re-evaluate all projects scheduled for future years. The Committee shall evaluate proposals based upon the following criteria.

1. Whether the project is considered to be feasible and meets the identified need.
2. Whether the estimated costs of the project are commensurate with the projected benefits to the community.
3. Whether funds in the Capital Improvement Reserve will become available within a reasonable period of time.

C. Considering the result of its evaluation and the estimate of available funds in the next calendar year and the subsequent four (4) years, the Committee will submit its recommendations to the Board of Directors. The Committee must submit its recommendations not later than November 30. The recommendations shall include the following.

1. Projects recommended for funding in the following calendar year. If the estimated costs of the projects exceed the balance of funds in the Capital Improvement Fund, the Committee will arrange the projects in a priority order. The Committee has the option to not recommend any projects for funding in the following year in order to allow for the accumulation of funds for use in future years.
2. Projects recommended for funding in each of the subsequent four (4) years. The total estimated cost of projects recommended for funding in each year cannot exceed the estimated funds available in that year. However, the Committee may recommend that the Board of Directors exercise its prerogative to temporarily advance funds from other Association funds for a project that is considered to meet such a high priority need that it should not be postponed until funding becomes available.
3. Those other projects evaluated but not considered for funding during the current project planning period. The Committee shall also recommend no further consideration of those projects that are not feasible or for which the estimated costs exceed the availability of funds in the foreseeable future.


Richard Smith, District 1


Bernard Rosenberg, District 2

Yes	No	Abstain
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Ray Keeler

Ray Keeler, District 3

Yes

No

Abstain

✓

Percy Sussex

Percy Sussex, District 4

✓

Earl Kehr

Earl Kehr, District 5

✓

Patricia Garrahy

Patricia Garrahy, District 6

✓

Joseph Laidley

Joseph Laidley, District 7

✓

Administrative Resolution No. 11 was duly approved at a regular meeting of the Board of Directors on December 9, 2009.

Patricia Garrahy

Patricia Garrahy, Secretary, Heritage Harbour Community Association, Inc.

ATTACHMENT A

CAPITAL IMPROVEMENT FUND ACCOUNTING AND PROJECTING SYSTEM

A. With the support of the General Manager, the Treasurer shall set up and maintain a Capital Improvement Fund Accounting and Planning Support System (the System) to account for and project income and expenditures of the Capital Improvement Fund. The purpose of the System is to present current and accurate financial data needed to plan, authorize, and execute capital improvement projects.

B. The System shall be firmly rooted in and reconciled monthly to the regular Association Accounting System. The System shall meet the following requirements:

1. It shall show both reconciled and projected income and expenditures.
 - a. Income includes: (1) Class A Member contributions, (2) Recreational Facilities Fees, and (3) any payments from settlement of home units in The Reserve Condominium.
 - b. Expenditures include: (1) payments of regular interest and principal of any loans, (2) expenditures for specific capital improvement projects authorized by the Board of Directors, (3) repayment of funds temporarily advanced by other Association Funds (e.g., Replacements Reserve), and (4) any early repayment of any loans specifically authorized by the Board.
2. It shall present monthly data for the current year, monthly data for each of the next two years, and quarterly data for each of the following three years. For example, during 2009, the System would show monthly data for 2009, 2010, and 2011 and show quarterly data for 2012, 2013, and 2014.
3. It shall include data for all designated capital improvement candidates. For each candidate within the funding horizon, such data shall include the estimated total expenditures and the planned expenditures by month. For each designated but not yet authorized candidate, such data shall include at least the estimated total expenditures.

C. The System shall be made available for review by the Association Auditor as part of the annual audit.

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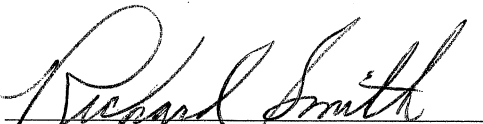
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✓ _____ _____


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Percy Sussex

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