

**Heidelberg Beach Association**  
**2017 Annual Meeting**

The Annual Meeting for the leaseholders in the Heidelberg Beach Association is scheduled for **Saturday, July 15<sup>th</sup>, at the Pavilion at 10:00 AM.** There are 3 Ballot Issues this year.

*If you are unable to attend and wish to designate your vote, please fill out the Proxy Form at the bottom of this page. Business cannot be transacted without a quorum. You may (e)mail the Proxy to the Secretary: [tomeselman@outlook.com](mailto:tomeselman@outlook.com) or Tom Eshelman, 7510 Maxtown Road, Westerville, OH 43082.*

**Ballot Issue #1: Election to Board of Trustees**

**Four** positions on the Board of Trustees need to be filled. The 2017-2020 nominees are:

Jane Chidester (incumbent)	Carol Dunkle	Valerie Murray
Scott Welch (incumbent)	Aaron Hamilton	

**Ballot Issue #2: Proposed change to Building Rule #12**

The Board of Trustees unanimously voted to approve this rule, and asks for the membership's approval.

**Current Rule:**

All new buildings must be placed on at least two lots and must be constructed for the use of one family. Duplexes and multi-family dwellings are not permitted.

**Proposed Rule (with new text highlighted):**

All new buildings must be placed on at least two lots and must be constructed for the use of one family. Duplexes and multi-family dwellings are not permitted. The leaseholder must remit a "tap in" fee equal to the cost that each existing cottage leaseholder paid for the new infrastructure (starting with the collection of money for the new Infrastructure Reserve Fund in 2017). Building Committee approval of the new building plan is contingent on the up-front payment of this fee.

**Ballot Issue #3: Approval to Replace the Water Line**

The Board of Trustees has unanimously voted to focus on replacing the water line as our first infrastructure project. We ask the community for your approval as well.

**Note:** The Board is refining a plan to collect the money for this project in a way that provides a path forward for everyone to pay their share, without creating undue hardship. A draft of this proposal will be shared, and will be open for discussion and feedback at the Annual Meeting. At the fall budget meeting, the assessment will be voted on by the Board.

---

**Heidelberg Beach Association Proxy**

*To be valid, proxies must be received by the Secretary before the meeting begins.*

We hereby appoint: \_\_\_\_\_  
as our lawful attorney and proxy for the 2017 Annual Meeting of the Heidelberg Beach Association to vote for us in our name(s) as we would do if we were personally present.

Signed: \_\_\_\_\_

Lot #'s: \_\_\_\_\_ Number of votes: \_\_\_\_\_

## Assessment Method Review & Summary

As a reminder, the Board spent last summer gathering your feedback, and reviewing the assessment method for our operating expenses—as well as deciding what assessment method should be used for Infrastructure projects.

As a refresher, 8 years ago, the Board modified the assessment formula because the lakefront land values had increased at a dramatically disproportionate rate to the rest of the property. Land valuations were removed from the assessment formula. Cottage tax valuations had been left in as a method moderating between smaller cottages and larger ones. The expectation was that it would roughly mirror market value proportions.

Last summer, as the Board was reviewing the cottage tax valuations to make sure that this premise held true, it became clear as it did with the land values, the cottage values were skewing dramatically. When appraisers come into the neighborhood, they do not do a whole scale, sorted, evaluation. They generally focus on the cottages that have had some work done. They have never adjusted the neighborhood as a whole, for inflation or other factors. We are left with little correspondence to a logical ranking system in our neighborhood, and therefore the Board voted to remove that component of the formula as well.

The Board also agreed it was still important to maintain some charges for empty lots in our operational expenses.

### The assessment method for Operating Expenses is:

**1/3 divided by 98 lots**  
**2/3 divided by 48 cottages**

After hearing feedback from the community, and much discussion and debate, the Board agreed the financial burden for any future maintenance on our existing lines, or future replacement of water or storm lines, or any addition of a new sanitary line, should be shared equally by each cottage.

### The assessment method for the Infrastructure Reserve is:

**Equal division by the 48 cottages**

The Board also felt it was better to impose a fee on the “buildable” lots only in the case that they are ever used to build upon. We did not want to penalize anyone for holding on to their greenspace and skew the assessment collection for a capital improvement we all share.

The Board has submitted a change to the Building Rules and Regulations that would institute a “tap-in fee” for any new construction.

To make it clear how any money collected for our Infrastructure projects will be used, the Board voted in the following binding resolution.

#### October 2016 Board Resolution

**Resolved**, in 2017, the Board shall impose an assessment of \$25,000 for an “Infrastructure Reserve.” By making this assessment, the Board of Trustees is affirming that we are beginning to collect funds with an eye towards replacing our 86-year-old (1930) infrastructure.

**Further Resolved**, this “Infrastructure Reserve” shall be collected equally from each of the 48 cottage leaseholders. The “Infrastructure Reserve” may only be used for any or all the following purposes: repair of existing water and storm sewer lines; replacement of existing water and storm sewer lines; addition of sanitary sewer lines and a pump station; or fees for professional services, such as engineers, consultants, or attorneys.

**Further Resolved**, that over the next year, the Board shall continue to gather information, get input from the community, and look for outside funding sources. At the 2017 budget meeting of the Board, we plan to set a target date for the next phase of this project. Using that target date, the Board will determine the amount needed to be assessed annually for our “Infrastructure Reserve” for 2018, and the years until the target is achieved.

**Further Resolved**, the Board will propose an amendment to the Building Rules and Regulations to be voted on at the 2017 Annual Membership Meeting to institute a “tap-in fee” for any new construction on the Heidelberg Beach property.

# Draft Water Line Assessment Proposal

In trying to find a path forward together, as a community, the Board is considering the following assessment proposal. The plan depends on the good faith of the whole community to pay their full share, and the kindness of those members that can pay at a faster rate.

Using the current water line replacement estimate of \$720,000, and an individual cottage liability of \$15,000, we may be able to get the water lines replaced within 3-5 years. After the bidding process takes place, we'll have a more accurate cost figure, and will adjust the assessment accordingly.

Put simply:

- We'd set \$3,000/year, for 5 years, as the water line assessment.
- We'd ask anyone that could pay at a higher rate than \$3,000/year, or the full cost up front, to help "front load" the collection.
- For those that need more time, we'll allow a 10-year payback period, with a minimum annual installment of \$1,000/year. \$15,000 would still be required by the end of the 10-year period. Assuming you paid \$1,000/year for the first 5 years, the second 5 years would have to be paid at a \$2,000/year rate. Or, you could pay \$1,500/year, for 10 years.

The Board is hoping this longer term will give those on a tight budget more time to plan, or get a personal loan, or get help from other family members.

The table shows an example of how this could work. The numbers of cottages indicated at each level of commitment is just for the use of illustrating this example—and loosely based on the survey results.

The Board will look forward to everyone's feedback—or further ideas—at the Annual Meeting.

Estimated Cost of Water Line: **\$720,000**

Each Cottage Owes: **\$15,000**

*Phases of Project*

*Start Designing*

*Bidding*

*Implementation*

Annual Assessment	Year 1 # cottages	Year 2 # cottages	Year 3 # cottages	Year 4 # cottages	Year 5 # cottages	Years 6-10 # cottages	Totals
\$1,000	12	\$12,000	12	\$12,000	12	\$12,000	\$60,000
<b>\$2,000</b> * For 10-year plan cottages where first 5 years is at \$1,000/year						<b>12</b>	<b>\$120,000</b>
\$3,000	20	\$60,000	20	\$60,000	20	\$60,000	\$300,000
\$7,500	10	\$75,000	10	\$75,000			\$150,000
\$15,000	6	\$90,000					\$90,000
Annual Totals		\$237,000	\$147,000	\$72,000	\$72,000	\$72,000	\$120,000
Current Reserve		<b>\$100,000</b>					<b>\$720,000</b>
Running Totals		\$337,000	\$484,000	\$556,000	\$628,000	\$700,000	\$820,000
Future Reserve (Repairs & Maintenance)							<b>\$100,000-120,000</b>