



2025 Capital Planning Meeting

June 3, 2025

(with Q&A from the Meeting in Addendum)

2023-2025 Board of Directors



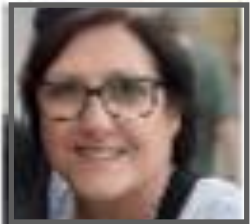
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Kearns Roofing
Mike Kearns
Shawn Dunnigan

Meeting Agenda

- Meeting Call to Order and Board Introductions
- Recap of 2022 and 2024 Capital Plan Communications
- Review of 2022-2025 Association Improvements
- Remaining Capital Projects
 - Roof Plan with Timing (Vendor available to address questions)
 - Road Estimates and Timing
- 2025 Updated Capital Plan and Supplemental Assessments Projection
- Questions
- Adjourn
- **ADDENDUM: Q&A's from June 3rd Meeting**

Purpose of the Meeting:

Informational Session to provide transparency and enable Co-owner financial planning

The Original 10-Year Plan



BLUE HERON POINTE 10 YEAR CAPITAL PLAN

As originally
communicated in 2022

Capital Projects	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	TOTAL
Driveways	281,250	289,688	298,378								869,316
Mail Stations	4,000										4,000
Gazebo Replace	10,000	220,000									230,000
Beach Drainage	105,000										105,000
Retaining Wall			21,388								21,388
Entrance Signs/Landscape	26,000										26,000
Concrete Curb				298,905	307,872						606,777
Asphalt Streets				274,992	283,242						558,234
Catch Basins Repair				32,782							32,782
Guest Parking Spots					7,345					8,515	15,860
Roofs/Gutters						473,739	487,951	502,590	517,667	533,197	2,515,144
Dock Replacement									118,232	121,779	240,011
Ext Lights/Sconces										104,382	104,382
Leach Basins										6,524	6,524
Pedestrian Paths										28,289	28,289
Small Capital Projs	30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,896	38,003	39,143	343,916
TOTAL COST	456,250	540,588	351,593	639,461	632,224	508,517	523,773	539,486	673,902	841,829	5,707,623
Less Current Res Contr	(63,377)	(63,377)	(63,377)	(63,377)	(63,377)	(63,377)	(63,377)	(63,377)	(63,377)	(63,377)	(633,770)
FUNDING RQTS	392,873	477,211	288,216	576,084	568,847	445,140	460,396	476,109	610,525	778,452	5,073,853
Assessment	2,806	3,408	2,059	4,115	4,063	3,180	3,289	3,401	4,361	5,560	36,241

2024 Board Related Capital Plan Communications

- Board committed that future capital decisions would be based on survey feedback and detailed needs analysis:
 - Prioritize roofs over roads due to increased insurance and maintenance risks
 - 2025 landscape beautification improvements include:
 - Replace arborvitaes to address #1 landscape maintenance concerns
- Increasing vendor pricing over the last several years would make all improvements more expensive than originally planned in 2022
- Wood replacement, prior to painting, needed to be added to the 2025 capital plan due to the large effort. (Previous wood replacement was covered by Operating budget)

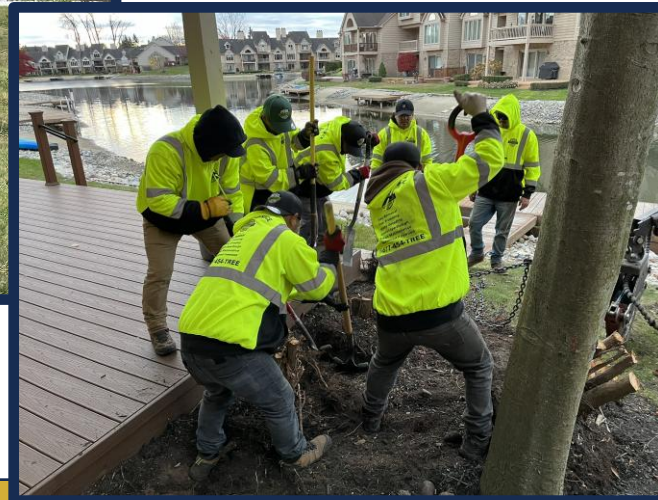
2022-2025 Improvements

2022-2025 Supplemental Assessment Projects - New Pavilion

- Pavilion
- Bridge
- Landscaping
- Lights
- Fascia (2025)



2022 – 2025 Supplemental Assessment Projects



- Driveways and walkways
- Parking pads replaced
- New signage throughout complex
- Beach remediation
- 450+ Arbs replaced to preserve siding and improve aesthetics

BLUE HERON CT



Additional Improvements Paid From Operating Budget (2022-2025)

- Building wood repair (2024)
- All Buildings painted
- Major sprinkler system improvements to protect landscape and lake water levels
- Post caps and lattice repair
- Bi-annual gutter cleaning
- Well motor replacement to fix lake levels (2025)
- Dock painting (2025)



Improved Operations (2022-2025)

- Contract renegotiations resulting in:
 - Stable / reliable management company
 - Lower costs through bid awards
 - Improved service
 - More vendor experience/use of specialists
- More proactive unit maintenance
- Board quality oversight of vendors
- Personal engagement and labor by Board/ Committees
- 2024 Survey to gather Co-Owner feedback
- Improved communications



What's Next? Roofs

Need to Replace Roofs and Gutters

- Current roofs were replaced between years 2002-2006
 - Current roof age ranges from 19 – 23 years
- Average roof lifespan is 23 years based on 2019 Reserve Study
- Insurance companies are generally warning condo associations not to delay roof replacements at risk of insurance cancellation (Compass has real examples!)
- Drone report from 2024 stated the roofs had 2-3 years remaining life
- On-roof inspections by bidding vendors confirm need to replace
- Roof maintenance issues have risen over last couple of years.
- **Important: Delays will get increase future costs - prices are rising 4-6%, year over year**

Bid Process

- Scope:
 - Replacement of all roofs and gutters over a two-year period
 - Use of GAF shingles, 6” gutters; 40-year shingles (prorated after 10 yrs)
 - 10-year labor warranty
 - Replacement of chase caps, plywood, and fascia (as needed)
 - Timing in 3 stages: Fall 2026, Spring 2027 and Fall 2027
- Bid Due Process:
 - Bid to 4 local, highly experienced vendors that specialize in large multi-family dwellings. Compass had previous experience with all.
 - Eliminated one vendor based on initial bid response
 - Board and Compass evaluated remaining three vendors in detailed bid reviews
 - Required all vendors to “sharpen pencils” to gain additional price reductions and improved contract terms
 - Selected Vendor and then further negotiated improved pricing terms

Selected Vendor: Kearns

- Located in Livonia with a division specializing in multi-family dwellings since 1998
- Final pricing was between the two other vendors and close to budget
- Willingness to guarantee price with a reasonable deposit for 2.5 years out
- Compass has positive experience with Kearns in addressing installation incidents and warranty servicing on a timely basis. Kearns also made a commitment to warranty any driveway issues during installation.
- Kearns provided Island Lake and Terraces at Northville Ridge as recent examples of their work in the area
- Kearns made a strong commitment to communication with Board and Homeowners at installation

Overview of Roofing Contract

- \$2.6M fixed price for roof and gutter replacement
- Negotiated pricing for replacement of chases, extra plywood, as needed
- Initial deposit of \$100K at contract signing to hold price for 2026-2027
- First payment of \$450K due May 1st, 2026
- Subsequent billing upon completion of each phase
 - Phase 1 in Fall, 2026
 - Phase 2 in Spring, 2027
 - Phase 3 in Fall, 2027
- GAF Golden Pledge Warranty
- 40-year manufacturer warranty on GAF shingles (prorated after 10 years)
- 10-year warranty on labor

Introduction To Kearns

**[Kearns representatives provided a
company and project overview, followed by
questions]**

Last Major Project - Roads

- Roofs became more critical for replacement based on life expectance and insurance concerns
 - This priority was backed up Co-owner feedback in the 2024 survey
- Multiple road bids received with 2026 pricing that varies between \$2M-\$2.3M. Projected final cost of \$2.7M.
- Delays in replacing roads are expected to increase costs by 5% annually
- Board will pursue short-term patching within the Operating budget to extend the life of the current road

2025 Updated Capital Plan And Supplemental Assessments



Adjusted 10-Year Plan (Year 4)

Capital Projects	2022	2023	2024	2025*	2026*	2027*	2028*	2029*	2030*	2031*	TOTAL	2022 Est.	Difference	% Diff
Driveways	\$298,702	\$336,299	\$430,254								\$1,065,255			
Mail Stations	\$3,650										\$3,650			
Pavillion/Deck/Bridge Replacement	\$5,000	\$271,639	\$87,625	\$3,800							\$368,064			
Beach Remedation/Drainage	\$6,632	\$31,025									\$37,657			
Entrance Signs	\$27,442										\$27,442			
Roadway Signs			\$44,723								\$44,723			
Misc. Equipment			\$5,372								\$5,372			
Wood Siding Replacement on Units				\$463,300							\$463,300			
Arborviate Replacment				\$148,500							\$148,500			
Well Improvements				\$40,000							\$40,000			
Reserve Addition				\$44,400							\$44,400			
Roofs				\$100,000	\$1,400,000	\$1,400,000					\$2,900,000			
Concrete Curbs/Asphalt Streets									\$1,350,000	\$1,350,000	\$2,700,000			
TOTAL COST	\$341,426	\$638,963	\$567,974	\$800,000	\$1,400,000	\$1,400,000	\$0	\$0	\$1,350,000	\$1,350,000	\$7,848,363			
Supplemental Assessment	\$392,840	\$448,000	\$546,000	\$700,000	\$1,400,000	\$1,400,000	\$0	\$0	\$1,260,000	\$1,260,000	\$7,406,840			
Reserve Contribution/(Excess)	(\$51,414)	\$139,549	\$21,974	\$100,000	\$0	\$0	\$0	\$0	\$90,000	\$90,000	\$390,109			

Supplemental Assessments - Per Unit	\$2,806	\$3,200	\$3,900	\$5,000	\$10,000	\$10,000	\$0	\$0	\$9,000	\$9,000	\$52,906	\$36,241	\$16,665	31.5%
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*2025 through 2031 amounts are estimates

ADDENDUM

Q&A's from June 3rd Meeting

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Q: Will the new roofs have leaf guards on the gutters?

A: No. There is a mixed view on the benefits of guards. While they stop the leaves and debris from getting inside the gutters, the debris can still end up laying on top of the gutter. A gutter cleaning service will continue to support cleaning on a bi-annual basis.

Q: What can be expected when the roofing installation process begins? (Multiple questions)

A: Below are a few misc. items discussed during the meeting about the experience during roofing installation:

- Early and frequent communication up front as the time gets closer through newsletters & emails
- Notices will be posted on doors just prior to a building installation that request homeowners to remove outdoor furniture, etc.
- Each building will take approximately 3 days for the full process from removal, to shingle installation and then gutter installation. Each phase is expected to take 5-6 weeks.
- Large lifts will be used to raise pallets of shingles to the roof. If not feasible due to the landscape, shingles will be lifted manually.
- Windows will be boarded up. Any damage will be handled by the roofing vendor.
- The roofing team will be diligent about keeping the landscape clean during the installation process and have multiple tools available to assist them with that effort (e.g. nails, shingles)
- Gutters and downspouts will be replaced. If there are underground drains issues, the Association will deal with that separately.
- Any unexpected issues will be documented by the roofing team and reported back to the Association before action is taken, or costs are incurred.

ADDENDUM: Q&A from June 3rd Meeting

Q: Why did the gutters need to be replaced?

A: There is visible damage to the current gutters due to the nails pulling away from the structure and seams.

Q: There were multiple questions about the roofing products chosen:

A: Additional product information provided in the meeting:

- GAF Timberline HDZ shingles were chosen. These shingles are highly rated for our climate and were the recommended shingle for 3 of our 4 bidding vendors
- 6" gutters were chosen since they are able to manage a significantly higher level of water flowing through them which can be beneficial in a bad storm. The cost between 5" and 6" gutters was negligible.
- Ridge vents will be included although some can vents may also be required.
- In between the sheathing and shingles will be underlayment that will be applied to further protect.

ADDENDUM: Q&A from June 3rd Meeting

Q: Can you explain why there is a change in the capital plan between the 2022 and 2024 communications that are now requiring that roofs be replaced sooner in 2026 and 2027?

A: Prior communications always stated that the plan was subject to change and it would be revised and refined as time progressed and more due diligence was completed. The Board is sensitive to homeowner concerns that timing for roof replacement has been moving around. For example, in the 2019 Reserve Study, the Finance Committee recommended roof replacements begin in 2025. In the 2022 Reserve Study and Capital Plan presented to residents at the 2022 annual meeting, the roofs were projected to begin in 2027, with roads beginning to be replaced 2025. However, recent detailed inspections confirmed the remaining lifespan of the roofs are nearing the end. In addition, roof maintenance costs were rising (\$82,000 over last 5 years), and there's a growing trend of insurers offering limited or no coverage for aged roofs. These factors increased the need for more urgent action on the part of the Association.

Q: Why can't we save up for this major expense and then proceed with the timing communicated at the annual meeting in 2022 (years 2027-2031) similar to what individual homeowners would do?

A: While saving up over several years can be a desired approach to a major expense for an individual homeowner, there were several factors that had to be considered in this situation. The most critical reason that saving up over multiple years was considered risky in this situation was based on the roof lifespan (see question above). There was also consideration for people that may not be living in this community in 5 years who would not want to pay for an assessment that would provide benefits until after they sold. Homeowners may also want to invest the money themselves rather than have the Association hold on to it for a lengthy period.