

JACK'S POINT RESIDENTS & OWNERS ASSOCIATION INC CHAIRPERSON'S ANNUAL REPORT (1 July 2021 - 30 June 2022)

It is my pleasure to present the 15th Annual Report for the Jack's Point Residents & Owners Association (JPROA) for the financial year 1 July 2021- 30 June 2022.

Introduction

The last twelve months have been one of continued growth at Jack's Point with the Village construction well underway.

Current developments are:

	Residential Precinct Dwellings	Village Precincts			Stand-alone Commercial Developments
		Village Dwellings	Mixed-use Apartments	Commercial Units	
Completed	578	50			2
Under Construction	48	78	52	19	
DRB Approval not started	46	8	80		

- In addition to the above are DRB approvals for those of the 33 new lots being created within the Northern Village.
- The Jack's Point Village Comprehensive Development Plan (CDP) has been approved and is in effect.
- The Area Committee is reviewing the Constitution with a view to combining the 3 Precincts, updating the bylaws and reducing the role of the Controlling Member. The new Societies Act is expected to be enacted within the next two years and will also require further changes to the Constitution.
- The Wastewater Sub-Committee has recommended a significant upgrade to the wastewater treatment plants to ensure compliance with ORC Discharge Permits.

JPROA Overview

Our Team

Steve Murch and Kezia Evans form the JPROA management team and on your behalf, I extend our appreciation for their efforts in ensuring our organisation runs smoothly and efficiently.

Your Committee

The JPROA is governed by an Area Committee and individual Precinct Committees who hold joint meetings. I would like to take this opportunity, on your behalf, to thank the Committee Members for their significant contribution to the effective governance of the JPROA.

Sub-Committees

There are currently two sub-committees: The Jack's Point Well Being subcommittee, (chaired by Ilse Erasmus) and the Wastewater Infrastructure subcommittee (chaired by Neville Andrews). A report from the Wastewater Sub-Committee is included as part of this report.

Honorarium

Historically Residential Precinct committee members who attend a minimum of 75% of all meetings are offered an honorarium of \$1,000, once again it is proposed that the same honorarium be offered for the current year, subject to Member's approval.

Constitution and Bylaws

With the development closer to completion, your committee is reviewing the Jack's Point Constitution with a view to combining and simplifying the 3 precincts, Bylaws and governance structures along with restricting the role of the Controlling Member in those areas where that still applies. A single new Committee will be formed as part of the simplification of the Precincts with 3 members to be from the residential and Preserve Precincts and 3 from the Village Precinct with the Chair elected by all.

The proposed amendments will also address amendments to the Bylaws and Constitution deferred from the 2020 AGM. We anticipate that consultation on draft amendments will occur during 2023.

The upcoming AGM will include amendments to the Constitution relating to Precincts and Visitor Accommodation required to allow ongoing development to continue. More details of these are in the explanatory notes attached to the AGM notice.

During the past year, the Society has voted at a SGM to amend the Constitution to remove Jack's Point water access rights from those connected to QLDC water systems.

Leviable Properties

	Residential Precinct	Residential & Mixed Use	Village Precincts		Total
			Commercial Units	Development Lots	
Oct 2022	795	80	1	13	889
Nov 2021	780	33	0	4	816

The JPROA takes a conservative position and does not budget for an increase in leviable properties until those are under construction.

Finance & Accounting

Financial Reports

The audited Annual Report for the year ending 30 June 2022 is included with this report.

The Association is required to prepare its Annual Report in accordance with various accounting standards. The application of accounting standards can lead to the reporting of

results that are different from underlying operating results, which the Committee and Management use for decision making purposes.

For the year ended 30 June 2022, comprehensive income of \$1,553,231 (prior year deficit of \$807,622) was recorded in the Annual Report. For the same reporting period, an underlying operating profit of \$207,312 (prior year operating profit of \$165,822) was recorded. The operating profit is calculated by adjusting for non-cash items such as deducting the vesting income of \$2,530,000 (prior year \$110,088), which is non-cash income required to be recorded for the receipt of open space land associated with the North Villas Subdivision, adding back non-cash depreciation of \$1,518,111 (prior year \$1,535,671) and deducting other non-cash accounting adjustments required under various financial reporting rules of \$334,030 (prior year \$452,139).

The result reflects the variable nature of the JPROA operations and the Committees and Managements intention to set budgets based on long term averages rather than short term seasonal variations. This methodology can result in swings between the underlying operating surplus and deficits each year but creates consistency for residents regarding their annual levies.

The Committee has allocated \$121,287 (prior year \$102,056) of the current year operating profit to the sinking fund reserve to offset current year and prior year capital asset additions funded via the sinking fund. Detailed information is included in note 2e of the financial statements.

The below outlines the key points from the financial reports for the year ending 30 June 2022:

- Bulk Water Charges in the current year returned to long term averages. In the prior year there was a reduction in consumption and a repairs and maintenance expense were below long term averages.
- Management fees expense has increased in the current year as additional administration resources were required. The additional resources were below budget. There was no increase in the management fee charged by entities associated with the developer.
- Management engages insurance consultants to ensure JPROA has sufficient, cost effective, cover for the infrastructure assets. There was an increase in the insurance cost as a result in general uplift in insurance costs, which was within budget.
- Green space maintenance costs were higher than long term average in the current year and were 8.5% over budget. Further, as bare land continues to be built on the maintenance of those areas increases to ensure that residents expectations are met. In the past undeveloped land or less populated areas had a reduced maintenance requirement, which have now increased.

For a full breakdown of operational costs please see page 10 - 12 of the audited accounts. Management continued to focus on ensuring services are being supplied to residents at a satisfactory level but in a cost effective manner.

Sinking and Capital Reserve Funds

The JPROA collects and holds sinking funds for the replacement and redundancy of existing infrastructure and in some instances, future capital expenditure. The sinking fund reserve is

fully funded and as at 30 June 2022 has a balance of \$3,827,148, compared to \$3,307,926 in the prior year. The sinking fund is progressively increasing as Jack's Point grows.

The movements through the sinking fund have been itemised on a line by line basis and are detailed on page 12 - 13 of the financial statements.

A proportion of the funds are held on short term deposit and these amounts are regularly assessed to ensuring sufficient funds are available each month for capital projects.

Non-Levy Income

In addition to the JPROA levies and water & wastewater charges, the JPROA recovers costs from other sources including interest & penalties from late payment of levies, forfeiture of bonds, administration fees for transferring memberships, recovering of lot specific administration items and DRB administration. These recoveries are to offset additional administration costs associated with specific activities of the residents.

Infrastructure & Asset Management & Maintenance

Insurance

The insurance for JPROA assets has been increased this year in line with the increased value of those assets. This has resulted in increased premiums by \$2,012 to \$88,977.

Reserves

The overall landscape planting at Jack's Point is performing well. All areas of Jack's Point are regularly maintained with large reserve areas also requiring maintenance to limit potential fire risk. Costs vary from year to year due to growing conditions. Reserves and road corridor maintenance is the largest operational cost area of our organisation with a spend of \$589,963, including the placement of 1,036 trees & plants.

Delta Utility Services are the contractor for open space maintenance. Our agreement for these services remains on a time & materials basis, the Committee believes that this delivers the best value for money.

Construction of the new trail along the northern boundary of N2/3 reserve up to Orford Drive is complete with another trail planned to start construction soon running from Mckenzie's Shute to the N2/3 reserve. This trail will run through the valley between Hanley Farm and Big Valley Dr/Double Cone Rd. This trail will provide easy access to the school, playground, pump track and the planned Hanley Farm bus stop.

Road Maintenance

Road condition assessments are undertaken by WSP

Potable Water Supply

The spend for operating the potable water system was \$240,254 an increase of \$7,036. The increase was 3% overbudget .

There was no capital expenditure in the current year.

Management & Administration

The JPROA provides the services of a mini-council and with such a small team, requires key team members who can deliver a wide range of services Darby Asset Management LP is contracted to provide the majority of these services.

Rules compliance

The JPROA is responsible for enforcing both the Bylaws and Jack's Point Constitution. The JPROA has taken into account the effect of mandatory Covid-19 restrictions and supply challenges in enforcement of bylaws over the last year.

Design Review Boards (DRB)

Residential Precinct DRB

The focus of the Residential Precinct DRB remains the approval of the remaining new builds, an increase in alterations and ensuring that completed properties are in accordance with the approvals. We thank the DRB for their considerable contribution towards the development of Jack's Point as per the Developers original visions

Southern Village Precinct DRB

The Southern Village Design Review Board is responsible for all of the builds within the Village Precinct.

Northern Village Precinct DRB (RCL)

The Northern Village Precinct Design Review Board operates independently of the JPROA under the Northern Village Bylaws, but purchasers of these properties will join the JPROA

Jack's Point Village

Village Development

The village development is progressing well with multiple blocks under construction now and over 180 residential or mixed-use dwellings completed or under construction and 21 commercial properties either complete or under construction.

- Within the 2022-23 year, construction is expected to be complete on:
 - Station View – residential homes

- Ryan Loop – residential homes
- Clubhouse Lane – mixed use apartments and 12 commercial units
- The Village Lofts – mixed use units
- The Village Works – mixed use apartments and commercial units
- Construction is expected to start shortly on:
 - Lake Tewa Alpine Residences – mixed use dwellings
 - The Lake Houses – waterfront homes
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Sub-Committee Reports

Wastewater Sub-Committee

Members : M Coburn, N Andrews, J Pritchard, C Geddes assisted by S Murch

The sub committee was formed at the 2018 AGM with the purpose of investigating options for the disposal of wastewater for the future. The ORC consent issued for JPROA for wastewater disposal has a clause that will require both the N1/4 and N2/3 WWTP to be upgraded before we reach a flow rate of 425m³ per day for more than five days per year. Trending of our current flow rates means that we expect to reach this limit within the next 12 to 18 months. Ongoing investigations provided two possible options being disposal to QLDC's treatment system or the upgrading of the two plants.

We have been working with QLDC on an option for disposing our wastewater to councils' treatment facility at the Shotover, however this has proven not to be a viable option. The second option is the upgrade of the two plants to meet the new consent limits at a cost of \$1.94m.

The upgrade has now been approved by the committee with the project to be initially funded by the sinking fund.

The upgrade work is programmed to happen over the next 12 months and orders have now been placed for materials.

We look forward to seeing you on 1st December.



Mike Coburn
JPROA Chair