



QUEENSTOWN, NEW ZEALAND
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Jack's Point Residents & Owners Association Inc Levies Explanatory Notes 2021-2022

This document provides information about how levies and other charges are set at Jack's Point. It relates to the Jack's Point Residents and Owners Association (the Society or the JPROA).

At the beginning of each Financial Year, the Society will issue a schedule of Levies for each Precinct. This document provides additional background to that schedule.

Any capitalized terms are defined as set out in the Constitution of Jacks Point Residents and Owners Association (the Constitution) and the Bylaws of each Precinct include details of some non-levy charges. Where there is any conflict or ambiguity the Constitution takes precedence over this document.

THE JACK'S POINT RESIDENTS & OWNERS ASSOCIATION

The JPROA is an incorporated society formed for the purposes set out below.

All Jack's Point property owners are required to be members of the JPROA and abide by its rules; this obligation among others is set out in the covenants registered on each property's title.

The JPROA is made up of 3 precincts: 2 Village Precincts (the Southern Village Precinct covering the Village area to the west of Homestead Bay Road and the Northern Village Precinct covering the narrow area of village to the east of Homestead Bay Road) and one Residential Precinct which takes in the Residential neighbourhoods and the Preserve. Residential areas of the village are included in one of the Village Precincts.

Each Precinct is governed by an elected committee with a Chairperson appointed by the Controlling Member of that Precinct (while there is a Controlling Member). Precinct Committees are responsible for all matters that relate only to that Precinct. Each Precinct appoints two members to the Area Committee which governs all matters that relate to all Precincts. The Area Controlling Member appoints the Chair of the Area Committee.

The Controlling Members of each Precinct and the Area may use their powers to ensure that Jack's Point is developed as a premium development.

Late each year, the JPROA holds an Annual General Meeting (AGM) at which committee members are elected and any other matters properly brought before the meeting are decided. Matters may be Area matters (all owners may vote on these) or Precinct matters (only those with property in that Precinct may vote). Property owners have one vote per separately titled property and can vote in person at the AGM or by Proxy.

Property owner's rights and obligations as Members of the JPROA are not transferrable (e.g. to tenants or employees) except where they relate to use of the JPROA facilities.

PURPOSE, COMMUNAL FACILITIES (ASSETS) AND SERVICES

PURPOSE

The Jack's Point levies are planned to recover the estimated cost of the Society's activities and build sinking funds. The Society has been formed to promote specific objectives for the benefit of Members and of Jack's Point. Those objectives are set out in the Constitution (clause 3.1) and include:

- owning, operating and managing of infrastructure, communal facilities and services
- ensuring the full and proper use of communal facilities by members and where appropriate members of the public
- promulgating and enforcing bylaws and appropriate design guidelines
- liaising with other entities at Jack's Point including Golf and the Water Company
- engaging in community discussion with local authorities and other groups that affect those at Jack's Point, and
- levying Members to cover the cost of meeting the objectives.

Each property owner at Jack's Point is required to be a member of the Society. Membership of the Society entitles property owners to use the services and communal facilities. Membership also obligates Members to pay levies to the Society and to comply with the Constitution and Bylaws.

The levying system and details of other charges not covered by levies is described in this document.

COMMUNAL FACILITIES (ASSETS)

The communal facilities within Jack's Point which the Society owns, manages and maintains are:

Roads

Main (access) roads, roads in the Preserve, residential neighbourhoods and the village. Responsibilities include maintenance (long and short term), inspections, remarking, maintenance of road corridors & street furniture, lighting and signage.

Wastewater

Operation, repairs & maintenance of reticulation, secondary treatment plants and dispersal fields for properties in the residential neighbourhoods of the Residential Precinct only.

Stormwater

Operation, repairs & maintenance of storm water collection and disposal systems.

Open spaces

Maintenance, repairs, plant replacement of all open spaces including reserves, trails, open spaces, lakes and wetlands

Potable water (which is supplied by the Water Company).

Potable water is supplied by Coneburn Water Supply Co Limited (Water Company) which is a non-profit making company. Terms of supply are set out in the Jack's Point Water Deed and charges are based on recovering the actual cost of operating and maintaining the water supply services. The Water Company is required to supply irrigation water to the Golf Course and other users within the zone if requested.

New Communal Facilities

As new areas of the development are completed the communal facilities related to those areas are vested by the Developer in the Society. The Society is obliged to accept assets built by the Developer and may choose to accept assets built by others, for example roads and reserves created within the Village by super-lot owners. The Society currently anticipates the following infrastructure to be vested in it:

2021-22 Financial Year

- Mulholland Drive & Inder Street
- Maori Jack Road extension
- Clubhouse Road
- Some village water reticulation

From 2022-23 Financial Year

- Additional of village roads and road corridors
- Additional village pocket parks, reserves and walkways
- Balance of village water reticulation
- Village stormwater

Future Years

- Balance of village roads and road corridors
- Balance of village pocket parks, openspace and walkways
- Lodge reserve areas
- Lodge water reticulation
- Lodge stormwater

Public & Neighbour access to Communal Facilities

Easements registered over land provide for public access to some reserve walkways and roads within Jack's Point. Public access is provided for over:

- Maori Jack and Homestead Bay Road
- Lake Tewa
- Preserve loop, Jack's Point loop, Remarkables Loop, Lake Tewa loop and Morrison Drive/Cunningham way (walking and biking only) to the extent of the easement.
- Where neighbouring property owners have access over Jack's Point roads by Deed, there may be provision for those properties to pay a contribution to costs.

Contracts

The Society or Water Company currently have the following contracts in place to manage and maintain the Communal Facilities

- Darby Asset Management LP – management services
- Delta Utilities Services – open space and reserves
- Fulton Hogan – Roads and water
- Innoflow – Wastewater reticulation, treatment and dispersal
- Adair Consultancy - Water

SERVICES

The Society provides the following services:

Administration & Governance

Administration, covering all elements of the Society's management, insurances, QLDC and ORC rates for Society areas, legal and consulting advice.

Financial Management

Day to day accounting, compiling annual accounts and obtaining signed audited accounts

Design Review Board Management

Developing and implementing the design controls for Jack's Point including the operation of Design Review Boards for each Precinct.

Bylaws & Covenants Enforcement

Enforcement of the Bylaws and the Covenants registered on each in favour of the Society for the benefit of members, including the Jack's Point Constitution.

Contracts to Deliver Services

The Society currently has the following contracts in place to deliver these services:

- Darby Asset Management LP - management & administration services
- McCulloch Partners – accountancy & finance services
- Deloitte – audit services
- Anderson Lloyd– legal services
- Peter Crumb – Insurance consultant
- Prima Ltd – management, administration and consultancy services

SERVICES NOT PROVIDED BY THE SOCIETY

Utilities

Other utilities such as electricity, telephone, gas and internet are provided directly to Members by utility suppliers who will charge individual property owners for those services. The Society holds backup easements for some of these services which can be used in the event of a major disaster.

Services within Private Property Boundaries

Assets and services within private properties remain the responsibility of lot owners

including STEP wastewater systems, water and privately owned access ways.

Qldc & orc rates

In addition to the Jack's Point levies, members will receive rates charges from the Queenstown Lakes District Council ("qldc") and the Otago Regional Council ("orc") for the services provided by those bodies and on the same basis as applicable to ratepayers who own property in other areas of the qldc and orc districts. Qldc currently does not charge rates for those services which are provided in their entirety by the Society.

Body Corporate Fees

Body corporate fees for properties that are unit title are the responsibility of those members and are in addition to the levies.

Golf Course

In addition to the Jack's Point Levy, the Society collects the Golf Levy from Members which is passed onto the Golf Course Operator. Society Members can take up their Golf access rights through Club Membership or discounted green fees.

Members Golf Levies and Golf Course Access is set out in the Golf Deeds registered on each property's titles but in summary the Golf Levies and access are:

| | % Residential Golf Levy | Access Rights | |
|-----------------------------|-------------------------|---------------|-------|
| | | Adults | Youth |
| Residential Precinct | | | |
| All Properties | 100% | 2 | 2 |
| Village Precinct | | | |
| Residential Dwellings | 100% | 2 | 2 |
| Medium Density Properties | 50% | 2 | 0 |
| High Density Properties | 35% | 2 | 0 |
| Visitor Accommodation Keys | 30% | 2 | 0 |
| Residential Keys | 30% | 2 | 0 |
| Commercial Properties | 0 | 0 | 0 |
| Other | 100% | 2 | 2 |

PRINCIPLES OF LEVY SYSTEM

The Constitution requires the Society to base levies on its estimate of the cost of its operations, services and maintenance of the Communal Facilities. The Constitution does not permit the Society to fund capital works from long term debt. Clause 6 of the Constitution sets out how levies are to be set.

In estimating these costs the Society takes advice from experts including infrastructure consultants to make appropriate allowances for the long term maintenance and replacement of assets which are held in the Sinking Funds.

The Society must set levies in a way that is fair and equitable to all Members and all Classes of Members. How the Society has determined to allocate levies to different types of charges and to Members and Classes of Members is set out in the following sections.

These estimates are updated annually based on a financial year of 1 July to 30 June. They may be updated during the year and a special levy may be required to cover unplanned costs. The sinking funds are used to smooth small overs and unders in budgets as an alternative to raising special levies or repaying any over collection.

TYPES OF LEVIES

Each separately titled property is charged from the date on which title is issued except where it is owned by the Developer. The Society has chosen to set levies that include:

- **Annual Uniform Base Levy** – which is the same for all properties
- **Uniform Variable Charge** – which is charged on a variable basis depending on the size of the property and/or its use
- **Reserves Levy** – a contribution towards the direct costs of maintenance of open space including reserves, trails and Lake Tewa (and wrapped up into the Uniform Variable Charge for Residential Properties)
- **Roading Levy** – a contribution towards the cost of roads that is variable depending on property size or type
- **Potable Water Charges** – that are fixed charges for services per connection regardless of whether those services are being used
- **Water Variable Charges** – that are charges based on services that are measured (e.g. metered potable water consumption)
- **Wastewater Access Charges** – that are fixed charges for services per connection regardless of whether those services are being used
- **Wastewater Variable Charges** – that are charges based on services that are assessed e.g. estimated wastewater outflows as a percentage of water used
- **Sinking Fund Contributions** – sinking funds are currently established for roading, water, wastewater, stormwater and street furniture.
- **Connection Fees** – are payable for any additional connections (e.g. as a result of subdivision) to the water, waste water systems
- **Special Charges** – may be levied on occasion. The circumstances in which a Special Charge can be levied are set out in Clause 6.9 of the Constitution.

PROPERTY BANDS

Residential & Mixed-Use Properties

Residential and mixed use properties (i.e. residential dwellings used for Visitor Accommodation) are banded based on lot area and location (i.e. residential lots, village lots or Homesites) and number of residential dwellings. The bands are as follows:

| Lot Size | Band |
|------------------|-------------|
| Village | Village |
| Up to 800 sqm | A |
| 801 to 1200 sqm | B |
| 1201 to 2000 sqm | C |
| 2001 to 3000 sqm | D |
| Over 3000 sqm | E |

| | |
|-----------|-----------|
| Homesites | Homesites |
|-----------|-----------|

Properties, in bands A-E, with building height limits registered on their title of below the district plan standard (e.g. lower than 8 metres) are assessed at one band lower than otherwise, with a minimum assessment of Band A, to reflect that a smaller dwelling can be erected on those properties.

Some properties have more than one dwelling on a single title. The Constitution provides for each dwelling on these to be levied as though it is a separate title. The Society has elected to charge 150% for such properties where the second dwelling is an unsubdividable residential flat and 200% where the property contains two dwellings that could be subdivided to form two titles.

Residential Precinct properties are allocated bands when title is issued and these remain unchanged unless the property is subdivided, amalgamated or an additional Ratable Unit is developed on the property.

As the Precinct becomes more developed the Society has indicated that it may review or amalgamate bands to more closely align levy contributions with use of facilities or requirements for services.

Commercial Properties

Commercial properties, including hotels and other visitor accommodation that is not a dwelling, are banded based on gross floor area. The bands are as follows:

| Lot Size | Band |
|----------------|------|
| Up to 100 sqm | 1 |
| 101 to 200 sqm | 2 |
| 201 to 300 sqm | 3 |
| Over 300 sqm | X |

Village Development Land

Unsubdivided vacant development land in the village, including unsubdivided lots under construction, are levied on site area.

New Properties

As village properties are developed, the property owner is advised the band or group of bands that will apply to the proposed building configuration.

The Society took specialist advice from Rationale in setting the Village Levy Bands.

COST ESTIMATES

Costs of each category of expenditure has been assessed under three categories:

- Annual costs of providing or maintaining each service;
- Recurring costs to maintain assets that occur over the medium to longer term; and
- Capital costs of replacing assets at the expiring of each assets expected life.

Each of the cost categories above have been applied as follows:

Annual Uniform Base Levy

Covers most management & governance, finance & overhead accounting, insurance, rates, legal fees, storm water & consulting, some site management and administration and some fixed components of roads costs. These costs are largely fixed and the growth in number of properties paying levies will overtime bring cost per title down. This levy component is paid equally by all properties.

Uniform Variable Charge

Covers those areas of administration, legal fees, consulting, communications, site management and open space costs that tend to be variable to reflect assets and services that have some degree of variability depending on property size or type. This levy component is paid by all properties based on bands.

Reserves Levy

Covers most open space costs including reserves, trails and Lake Tewa. These costs are largely fixed and the growth in number of properties paying levies will overtime bring cost per title down. This levy component is paid equally by all residential properties with a differential applied for other types of properties. This levy component is included in the Annual Uniform Base Levy for Residential properties.

Roading Levy

A contribution towards the cost of roads that is variable depending on property size, type or location. This charge is higher for larger properties, for those types of activities that “consume” the roads more or where a small number of properties share longer roads. Roads are “consumed” by vehicle movements and use of heavy vehicles. This levy component is paid by all properties based on bands.

Water Access Charges

A contribution towards the fixed costs of potable water supply including pumps, treatment, reservoirs, reticulation management. This levy component is paid by once for each separate water connection associated with a property (whether or not water is accessed).

Water Usage Charges

Covers most of the costs of operating and maintaining the potable water supply system including pumps, treatment, reservoirs, reticulation and the management and compliance associated with this system. These charges are based on consumption of metered potable water.

Waste Water Access Charges

A contribution towards the fixed costs of secondary waste water treatment systems including reticulation, treatment plants and disposal fields operation and maintenance. This levy component is paid by once for each separate waste water connection associated with a property (whether or not the secondary wastewater system is accessed). Note: no wastewater access charges are applicable to properties in the Village Precincts or The Preserve.

Waste Water Usage Charges

Covers most of the costs of operating and maintaining the secondary waste water treatment systems including reticulation, treatment plants and disposal fields and the management and compliance associated with this system. These charges are based on an assessment of usage assessed as a percentage of consumed potable water. Note: no wastewater access charges are applicable to properties in the Village Precincts or The Preserve.

Capital Contributions

Capital contributions are set to cover the cost of capital projects for the year. The Society is not able to fund capital works with debt and is required to fund these works from levies.

Sinking Fund Contributions

Sinking fund contributions are set on an estimate of the future financial cost of maintaining and replacing infrastructure assets. These calculations have been undertaken by an independent adviser, Rationale, and are based on an eighty year life of the relevant asset. The contributions are reviewed every two to five years and the sinking fund depends entirely on the levy contribution. The development of the village will increase the future levy contributions to the sinking funds however the current sinking fund levy is not sufficient to maintain the fund. The committee will continue to monitor the levy rate in order to ensure that levy contributions do, over the next few years, fully fund the sinking funds and future financial demands from infrastructure are therefore able to be met.

Funds are currently established for:

| Sinking Fund | Contributions Made By | Band Weighting if Applicable |
|--------------------------------------|--|--|
| Residential Roads | Residential Precinct properties – bands A-E | |
| Preserve Roads | Residential Precinct properties – band Homesites | |
| Village Roads | Village Precinct properties | Roading Differential |
| Access Roads | All properties but including in other road sinking contributions | Roading Differential for Village Properties |
| Water | Applies to all properties | Water Supply Differential for Village Properties |
| Wastewater & Residential Storm water | Residential Precinct properties – bands A-E | |

| | | |
|----------------------------------|---------------------------------|-----------------------|
| Village and Preserve Storm-water | Preserve and Village Properties | |
| Street Furniture | All properties | |
| Village Street Furniture | Village Precinct properties | Reserves Differential |

* Additional sinking funds may also be established where the need is identified.

Connection Fees

For additional capacity in the applicable system as well as the additional physical connection and may include a contribution towards capital upgrades.

INVOICING AND PAYMENT OF LEVIES

Annual levies are payable quarterly in advance. However, it is the Society's policy to require payment by the date set out below, except when a Member requests that the Society consent to transfer their Membership (e.g. when they sell their property) in which case all monies owed must be paid prior to that consent being issued.

Members are required to pay their levies by Direct Debit as described in the Constitution. Direct debit forms can be completed online:

<https://www.jackspoint.com/direct-debit-form>

| | Date Payable* | |
|--------------------------|---------------|--------------------------------|
| | Annual Levies | Water/Wastewater Usage Charges |
| Quarter | | |
| 1 July to 30 September | 20 August | 20 November |
| 1 October to 31 December | 20 November | 20 February |
| 1 January to 31 March | 20 February | 20 May |
| 1 April to 30 June | 20 May | 20 August |

Where a property has sold, but the previous owner has not fulfilled all their obligations to the Society, the levies will continue to be invoiced to the previous owner until all obligations are met. Both the previous and new owner are liable for the levies and other charges.

OTHER CHARGES

The Society may charge Members for services, fees and costs for the most items not covered by Levies as follows:

Breaches of Bylaws or Constitution, Rectification of damage to Society property: the Society's actual costs of rectifying any breaches of the bylaws or Constitution are on-charged to Members. These often include legal fees, consultant's fees, administration and site management fees.

Membership Transfer Fee: \$150+GST (\$172.50) per property transferred. Additional fees may apply where Members do not meet obligations set out in the Constitution on sale or change of control of a property.

Overdue Accounts: 10% of the total overdue per quarter. Usually calculated on the last day of February, May, August and November. The Society may also charge any costs of collecting the debt including but not limited to legal fees.

Water meter installation, Jack’s Point house number plate and /or post installation or other requested services: at cost plus administration fee on time basis.

Rectification of property condition including mowing: at cost plus administration fee on time basis.

Default Charges: for construction or landscaping beyond limits set out in bylaws and on covenants registered on titles: \$200 per week (must be approved by relevant precinct committee)

Design Review Board Fees: at cost. DRB Administrator, Site Manager, JPROA Consultant rates as below, DRB Consultants rates at cost (typically \$250ph). Note: all DRB applications require a bond to be paid prior to being considered.

Starting Construction without paying Building Bond: as for other over accounts; 10% of the Building Bond – typically \$500 for Residential Projects

Connection to Water without a meter: assessed at rate of the highest level of water usage of all Jack’s Point properties under construction. If the period connected is unknown, then the Society will assess based on the maximum period possible. Plus administration fee based on time basis.

Other services provided on request: at Society rates below.

2021-2022 Society Costs:

| Service | Charge |
|--------------------------------|----------------|
| Administration | \$115 per hour |
| Site Manager time | \$150 per hour |
| JPROA Consultant | \$150 per hour |
| Additional/replacement invoice | \$25 |

Bonds:

| Bond | Rate |
|-----------------------------|---|
| Residential Precinct | |
| Design Review Board Bond | \$2,000 per property |
| Building Bond | \$5,000 per property or as set by Residential Committee |
| Approved designer review | \$1,000 |
| Village Precinct | |
| Design Review Board Bond | Determined by Precinct DRB with a minimum of \$2,000 per intended unit or lot |
| Building Bond | As set out in the relevant Village bylaws |

