



September 23, 2011

Fellow Members of HIOA,

In 2003 the first financial committee was formed and it consisted of Bill Knopka, Jack Fritze and Rebecca Bass, they stressed the importance of building reserves for emergencies & capital repairs and the need for a Reserve Study to guide the board.

In 2005/2006 HIOA was able to fund cash reserves for the first time with \$100,000. During the annual meeting November 4, 2006, while Rebecca Bass served as Treasurer of the Board of Directors, she stressed the purpose of reserves and the reserve planning of the Board that year to increase the reserves by up to \$24,500 more. Amy Hiltzik served as the Chair of the Finance Committee that year as well.

In 2008 while I served as Treasurer and Amy Hiltzik was still on the Finance Committee a recommendation was again made to the board on how to record our reserves and that was approved and implemented by the Board of Directors. By 2010 we had over \$300,000 in reserves and our first reserve study was completed.

During these past few years we have had to write off bad debt/assessments that were not collectable for the first time in many years. We are now seeing a change in that trend and even though we were unable to collect those funds we finished the 2008/2009 & 2009/2010 year still adding funds to our reserves to help pay for much needed capital repairs to our pool and roads. Our staff has worked diligently to find ways to save money and improve our island as economically as possible which has made the work of the Board much easier.

Last year, we budgeted to add a little more than \$80,000 to the reserves and are on track to meet or exceed this amount. Next year's budget includes adding a similar amount to our HIOA reserves, as recommended by the reserve study. We also have a little over \$129,000 from the bridge assessment funds now set aside for bridge repairs and maintenance after hard work by Mr. Horack in rebuilding the two Causeway Bridges under budget and ahead of schedule.

I am thankful for those of you who have allowed me the opportunity to serve on the HIOA Board of Directors and for the years as Treasurer to help build the financial health of our association. We have a good staff that has made my job and the Board's job easier as we have worked to keep this island in the good financial shape it is today. It takes more than one person to make this happen and my thanks also go out to the financial committee as well as the Island Manager, the maintenance supervisor, the security chief and the entire staff for making my job a bit easier. We have accomplished what the finance committee had set out to do, and have been able to make needed repairs without special assessments. The financial strength of the island was the goal we set for ourselves and at this time we are in good shape. After all, with the economy in the shape it is today, Harbor Island is weathering the current recession well. Realtors will tell you that banks and mortgage companies are looking at the strength of homeowners associations in approving loans. Our island is in much better shape today to meet these criteria than at any time in our history, and for this, I say thank you to everyone involved.

A handwritten signature in black ink that reads "Marshall A. Hill". The signature is written in a cursive style with a large, prominent initial 'M'.

Marshall A. Hill
Treasurer