

# Division 7: Special Board Meeting

**Agenda: Division 7 Membership Voting on Special Assessment to Increase the Roof Reserve Fund for Seven Concrete Tile Roof Units.**

April 18, 2019

9:31 am – 10:15 am, The Gathering Place

**Meeting called by:** President Steve Lavelly: Special Board Meeting (No April Div. 7 Board Meeting; 3 Board members on vacation)

**Board Attendees:** Steve Lavelly, Joel Ogden, Dawn Kerns, Carol Stults, Mike Mowatt-Absent, Richard Streeter-Absent, Nancy Baer- Absent, Teresa Lotzgesell – Scribe.

After 7 months of deliberations, research and meetings with the affected homeowners, the board accepted a proposal at the March 21 Board Meeting to raise the roof assessment fees for the seven units with concrete tile roofs (Units include: #151, #153, # 155, #157, #159, #161, #163).

The proposed Special Concrete Tile Roof Reserve Assessment consists of two parts:

- A one-time assessment of \$5,000, payable over four years with no interest fees and billing starting May 1, 2019 and completed by April 30, 2023.
- The second part is an increase in the annual assessment from the current \$135 to \$350 per unit per year, effective on May 1, 2019, if approved. (Editor note: Those that have paid the 2019 annual roof assessment fee, would owe the difference between the old fee and new fee for 2019 if this is approved).

Members of Division 7 were sent ballots or proxies to convey their vote on the Special Assessment to Increase the Roof Reserve Fund for Seven Concrete Tile Roof Units. To reach a quorum, 31 votes are necessary.

**Membership Comments/ Discussion: 3 Minute limit** (Editor note: Summaries, not verbatim)

**Ray Christiansen, #159:** Disappointed that there's only one proposal for us to vote on, just the one that the Board approved, wishing the home owners affected had other proposals to vote on. After the initial suggestion of a 2 year payback on the assessment, I suggested a 5 year plan that would make the plan less of a burden on the affected homeowners. The monthly cost of the special roof reserve assessment (not including the annual fee) would roughly be \$84 if we had 5 years to pay the full assessment, or \$104 a month on the 4 year pay back. When I brought up the 5 year plan, I was told that it was too late. In the future, the board should work more closely with the members affected to see if they have a plan that is more acceptable.

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**Steve Lavelly – Div. 7 Board President:** We had 4-5 meetings with the 7 homeowners of the units with the concrete tile roofs on their suggestions and proposals. The \$5,000 special assessment was proposed by one owner and there were discussions of the potential liability which could require an even higher assessment. To change the timing of the proposal beyond the approved one in the current ballot/proxy vote would set us back another month for a \$20 monthly difference.

**Ray Christiansen, #159:** We can break down the cost even on a daily basis and it's probably about the cost of a latte! However, for the affected homeowners of those 7 units, it is an unexpected burden on their budgets. With rising costs of medical care and other items, it seems high with the 4 year payback.

**Steve Lavelly – Div. 7 Board President:** We can work with individual homeowners who are faced with a hardship due to this special roof reserve assessment; so far, no one has come forward to discuss this with us. I believe the 5 year plan you outline was not proposed until after the ballots/proxies were mailed.

**Kitty Hawks, #133A:** It sounds like there were plenty of meetings and opportunities for input from the homeowners affected and other members; it was not a sudden decision or proposal. Thank you for your work on this difficult topic and your due diligence to fully research options and look at the situation. I consider this a done deal, let's complete the vote.

**Patti Devogler, #161:** I had an email from Chris (#153) that she had some comments and concerns that were not read at the last meeting by Mike Mowatt. Were all of the issues in the email addressed?

**Carol Stults, #108A:** Unfortunately, the email from Chris was received the night before the March board meeting and was not sent to Mike Mowatt's correct email address. I printed out the email and as we discussed the topics at that meeting with others, we checked off the issues raised by Chris to make sure they were all covered at the meeting. We are not aware of any promise to read the email at the meeting, but all topics were discussed.

**Steve Lavelly – Div. 7 Board President:** Those homeowners that are affected have exchanged information with us, including Chris and Graham. Graham is on board with the current proposal.

**Dawn Kerns – Div. 7 Board Treasurer:** We really have tried to be sensitive to all views concerning this proposal, but in the end, we cannot satisfy everyone on all issues. We have reviewed all of the information and have sought to make the

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best decision for the entire membership as well as the individual homeowners in the 7 units affected by the special assessment.

**Ray Christiansen, #159:** The other homeowners voting don't realize how this special assessment affects the 7 homeowners that will be paying the special roof reserve assessment.

**Carol Stults, #108A:** Looking at the original discussions in February and March when we were trying to balance our responsibility and the potential liability for our membership; we did see an urgent need regarding our reserve account for the concrete roofs. That is why we first discussed a 2-year payback. We doubled the time allowed to pay this special assessment, but feel to go out any further would not be prudent. We as a membership are in this together. Should we have a failure in the concrete roof units, all of the members would see the financial consequences if the reserves are too low. Since 1996, the other members have spent quite a bit more on their annual fee for their roof reserve relative to the concrete roof reserve and those homeowners. As fiduciaries, the Board is beholden to steward these funds for the benefit of the HOA, the reserve study and the audit strongly suggested action from the board. These decisions were very difficult and were not taken lightly given the 7 month time frame to come to today's vote on the proposal.

**Ray Christiansen, #159:** I believe I originally discussed a 10 year timeline, so the 5-year one I brought up is a compromise. When I was on the board in the past, we didn't site the reserve study and propose everything they came up with like an additional reserve for decks, etc. I don't know if this really is an urgent situation, if no roof failures for our 7 units has happened in the last 20 years, why do you think it will in just 4 years?

**Steve Lavelly – Div. 7 Board President:** When you were on the board, I was coming on it—at the time, the roof reserve was 31% underfunded.

**Ray Christiansen, #159:** I don't see the urgency, why can't the assessment be more reasonable? Only one owner thinks the \$5,000 assessment on the shorter timeline is reasonable.

**Margaret Cox, #138:** Could we compromise and lower the annual roof fee for the 7 units from the new \$350 level?

**Steve Lavelly – Div. 7 Board President:** We did compromise from our original discussions. Initially, we discussed a \$500 annual fee, it is now proposed to be \$350 (up from current \$135 average). In addition, we lengthened the payback time from 2 years to 4 years; we also received 2 additional bids from local roofers for the concrete roof replacement.

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**Dawn Kerns – Div. 7 Board Treasurer:** For the rest of the membership, the roof assessment annually is based on square footage, hence the \$135 average discussed here today. The 7 Concrete roof units' annual fees have been lower than the others in the membership over the years.

**Steve Lavelly – Div. 7 Board President:** The roof reserves have been too low. Another thing we need to consider is the real estate valuations. We get calls from real estate agents and savvy potential buyers about our reserves. Not everyone has lived in condos with a HOA and reserve accounts. Those that know the importance, do place a higher value on a HOA with higher reserves, it can affect resale value. If anyone has not voted, can you do so at this time?

**Ray Christiansen, #159:** I do not believe any of us cares about that since the heirs are the most likely sellers of our units. We purchased these units as a set destination. I know the reserves are too low, but it is too much of a burden on the 7 individual homeowners and the board is insensitive to this burden.

**Steve Lavelly – Div. 7 Board President:** I believe the board has been sensitive to the burden on the 7 units as well as the full membership.

**Margaret Cox, #138:** I move that we close this comment session. Joel Ogden seconded the motion and all present voted to do so. There were no opposing votes on the matter. APPROVED

## Tally for Division 7 Vote: Special Assessment to Increase the Roof Reserve Fund for Seven Concrete Tile Roof Units.

Quorum needed: 31 votes

YES/APPROVE = 44

NO/DISAPPROVE = 2

The special assessment to increase the roof reserve fund for the 7 concrete tile roof units is APPROVED.

Thank you for your comments and participation.

**Meeting adjourned at 10:15 am**

**TYL/04-18-2019**