

Woodlands Winding Brook HOA

Board meeting November 10, 2016

The meeting was called to order by Cindy Johnson at 7:05 pm. Board members present: Cindy Johnson, President; Randy West, Vice President; Elizabeth Starr, Secretary; Ken Shafer, Treasurer; and Sherry Jeffers, At-Large. Member-elect Catherine Brown and Property Manager Dave Thornbury were also present. Financial manager Carolyn Brown was absent due to a family emergency. Homeowners present were Connie Beckwith, Linda Blair, Jeanette Clausen, Steve Cook, Kriste Lindberg, and Steve Wennerberg.

Due to Carolyn's absence, the minutes and the financial reports that had been copied were not available for distribution. Approval of the September minutes will be deferred until January. The financials have gone out over email, and homeowners are asked to direct any questions to the Treasurer.

**Property manager's report:** Dave gave the report, starting with **current projects**.

**Deck reinforcement:** This is moving along quickly, and the contractors should be finished sometime next week.

**2376:** The tree has been removed that was growing through a deck. Engineer Kevin Potter has submitted a structural report and will be conferring with United Dynamics, who have done previous work on this unit. Probably no further work is needed on this unit.

**2360:** The engineer has evaluated the problems reported by homeowner (storm door not closing properly, slant in sidewalk, hole in foundation, no water leak). There does not appear to be a foundation problem, but Dave is still waiting for Kevin Potter's written recommendation.

**2395:** Water getting into basement. The engineer has evaluated this and sent a bid to the Board, but due to some math issues, this is being redone.

**2382:** Foundation issues. The engineer has evaluated, and United Dynamics has been hired to do the work. This is being scheduled.

**Dumpster clean-up:** This is scheduled for once every two weeks. Tempo will be doing the work.

We then moved to **completed projects**.

**2336:** This job was taken away from Rapid Roofing and given to PPS. It is scheduled for next week, weather permitting.

**Spigot covers:** These have been put up for winter.

**Snow contract:** Related to property management issues, Cindy reported that the snow contract has been renewed.

**Landscaping contract:** Dave is getting a one-year bid. Ken wants to re-baseline the major contracts every year (for landscaping, insurance, snow, and property maintenance). Homeowners requested that the landscaping contract be posted on the Google drive for homeowner review, and Cindy is looking into getting it.

## **Old Business:**

**Clarification of elections:** Ken clarified that per the Bylaws, there is one vote per residential unit owned, but garages do not entitle homeowners to additional votes. In future, any ballot that contains additional votes on the basis of garage ownership will be immediately disqualified.

**Clarification of nominating committee role:** Due to homeowner feedback at the annual meeting, Ken is working on writing up some additional restrictions on nominating committee activities that would then be placed in the Appendix A Rules & Regs. Nothing is written up yet, but this is coming.

**Ken moved to table the clarification of the nominating committee for tonight, seconded by Cindy. This was approved.**

**Doggy bag update.** Elizabeth reaffirmed the Board's decision to no longer supply doggy bags to homeowners, citing the Rules & Regs making pet clean-up a homeowner responsibility. Gratitude was expressed for the new "Doggy Bag Committee" that is devising ways to collect suitable bags for distribution. The committee has decided that Kroger bags are not desirable as they are too big and not biodegradable. Homeowner Connie Beckwith is organizing the collection and distribution of newspaper sleeves, to be picked up every other Saturday, with the first pick-up to be on Nov. 26. Homeowners are asked to clip their collected newspaper sleeves to their clothespin outside their unit for collection. The committee will experiment with this process and report in January.

**Peter Slothower update.** Peter has been seen evaluating plants in the neighborhood. No report has been provided yet, but the Board has understood it may take 8-12 weeks.

**Soaring Eagle update:** Greg has been asked to do an evaluation of our trees, similar to the report from last year, but this time with three specific priorities: 1) to evaluate trees in the back of buildings in the woods (this year trees in front got more attention); 2) to note any trees that might cause a foundation problem; 3) to recommend replacement trees for all the trees that have been removed. After the report has been received, a walk-through with Greg will be scheduled for the Board and any interested homeowners.

Related to these issues, there was some discussion of the new Grounds Committee that is forming and their charge and input. Board member-elect Cathy Brown will be serving as the liaison between this committee and the Board.

## **New business:**

**Fees:** Ken gave an extremely detailed report on his study of our monthly fees relative to other condo communities; relative to the fee per square inch; and relative to inflation and the Consumer Price Index; and relative to our long-range plan and our projected capital replacement expenses coming up within the next 10 years or so, especially roof replacements. Ken provided notes on his presentation, which will also be posted on the website.

Fees were last raised in 2008, and the plan at that time was to put \$2000 a month away for capital replacement. However, that did not happen. Although our finances are relatively healthy at this time, we are behind in keeping up with inflation (meaning we could/should have collected an additional \$172K since 2008 if our fees had kept up with inflation), keeping up with the average fee-per-square-inch for Bloomington condo communities (our fees are currently below the average 12 cents per square

inch per month), and behind on preparing for our future projected expenses. The conclusion is that in order to avoid special assessments when the roofs come due, it is important for us to raise fees now and to continue to raise fees regularly going forward.

Ken presented several models of possible fee increase schedules (starting at different levels and increasing at different rates over the next 10 years), showing how different fee schedules might position us for roof replacements in about 10 years and whether special assessments could be avoided.

Ken acknowledged that we don't know exactly how much to budget for certain expenses in the long-term plan, and the spreadsheet will be adjusted as we go along and get more exact bids and more data from tracking expenses. He does not propose that we adopt a 10-year fee increase schedule at this time, but that we move in the right direction and start with a fee increase this coming year (2017). With more data, we will know whether/how much to raise for the following year (2018).

Ken also noted that there cannot be increases at this time on the fees per garage unit. The Covenants make it clear that the garage fees are designed to cover electricity for the garages only, and fees cannot be raised above that level.

Homeowners and the Board were very appreciative of Ken's extensive work and the clear analysis of our situation. Several homeowners expressed their belief that a fee increase was long overdue. Ken joked about the fact that he had run for Board on the platform of "holding the line on fee increases" and at least he had succeeded at that for one year. But now, having analyzed the data and our upcoming needs, he is certain that a fee increase is inevitable. The alternative (rather massive special assessments when the roofs come due) would surely be more painful to homeowners, perhaps cause distress sales and decline in property values, etc. It's important for us to be proactive here, and doing so will also send strong positive signals to potential mortgage lenders about the viability of our community.

**Insurance deductible.** The Board deferred voting on the fee increase until after discussion of the second major item of new business, increasing the insurance deductible on our master condo policy.

Ken reiterated what he had reported at last month's annual meeting: that raising deductibles is a "defensive measure" many condo communities are being forced to take now in order to maintain insurability and not lose coverage entirely. Having many claims on our policy may cause us to lose our policy. The best defense involves: 1) raising the deductible on the master policy; 2) not making any claims on small items; 3) encouraging homeowners to fill in the gap with personal HO-6 condo policies to cover their personal property and improvements to their interior fixtures.

Ken reviewed that our master policy is a "single entity" policy. It covers the common areas and exteriors of buildings, and it covers interior fixtures (anything that would not fall out if you thought of the unit as a box and turned it over and shook it) such as toilets, cabinets, vanities, flooring, etc. However, it covers these interior fixtures only to their original state when the condos were originally built. Any subsequent improvements to fixtures are NOT covered by the master policy, again necessitating additional coverage from a homeowner's personal HO-6 policy.

Cindy stated that if we go to a \$5K deductible on the master policy (currently at \$2500), our premiums should go down next year (at least, they shouldn't go up!). We have had several large claims over the last few years that have increased premiums and raised our risk of losing coverage. Cindy reminded us that if we go a few more years claim-free, our current premiums will likely decrease further. Cindy further stated that the Board intends to invite our insurance agent, Frank Eberle, to the January meeting to present an overview of our policy and answer insurance questions. Ken encouraged homeowners to

consider working with Frank to obtain their HO-6 policies, as this would also make coordination of benefits easier.

**Ken moved, seconded by Cindy, that we raise the insurance deductible on our master condo policy through First Insurance Group to \$5000. This was approved.**

We then returned to the question of fee increases.

**Ken moved, seconded by Cindy, that we raise fees starting In January 2017 to \$250 a month. Elizabeth made a friendly amendment, seconded by Randy, that we raise fees starting in January 2017 to \$235 a month. The friendly amendment was approved, and the Board then voted on the original motion as amended. On a roll call vote, this was unanimously approved.**

Cindy will work on having certified letters sent out to all homeowners notifying them of the increase to \$235 a month starting in January 2017. Garage fees will remain \$15 per garage.

Much gratitude was expressed to Ken for all of his work on these complex financial issues. THANK YOU, Ken!

**Chimney inspections.** A homeowner asked about the annual chimney inspections (which normally occur about this time every year). Cindy made a note to get those scheduled as soon as possible.

**Court case on embezzlement by former financial manager.** Randy reported that the court case against our former financial manager for embezzlement has been continued again until Jan. 5.

**Homeowner discussion:**

Due to the great amount of time taken to explain and vote on the fee increase and the deductible increase, unfortunately, little time remained for homeowner discussion.

**The meeting was adjourned at 8:55 pm.**

The next meeting is January 12, 2017.

Respectfully submitted,

Elizabeth Starr

Secretary