

Tanglewood Hills HOA Board Meeting
October 26, 2005

Meeting called to order 7:05pm

Board Present:
Lauranell Scarfo
Babe O'Sullivan
Debby Dearden
Heidi Jones

Presentation by the HOA Chair Babe O'Sullivan:

- I. Began with ground rules.
- II. Board Presentation
 1. Purpose of meeting: full accounting and why assessment is necessary, address misleading or false info in postcard.
 - a. Assessments in Mt. Park (see green sheet). There are Condos in Mt. Park that have had assessments ranging from \$4000 to \$12, 500 average per unit for repairs of roofs, decks, siding, drain repairs, retaining walls, dry rot. Our assessment will average approx. \$4000. Most of these assessments are called "delayed maintenance" because people have not kept their property repairs up, not have the dues been high enough to support the maintenance costs of these condos.
 - b. The Board is working to support the homeowner's investment. We are legally obligated to do this, to treat everyone the same, and to make repairs necessary to all homeowners. There are homeowners who have had problems that have not been fixed/fixed properly for years. People are entitled to proper repairs.
 - c. Repair priorities: drainage and water intrusion, leaking windows/doors, plumbing failures, deferred maintenance (trees, sidewalks).
We have enough information from the plumbing failures we have had to know that there are serious plumbing failures that put the majority of buildings at risk for large repair costs.
 - d. The budget situation: assessment and dues increase, low reserves, plumbing repairs, and deficit.
This Board inherited:
 1. Low dues set by developer
 2. Deficit in budget of \$10,000 per month
 3. Outstanding billsIn addition, our reserves were depleted by repair costs to date.
 - e. Consequences of no assessment: further damage to buildings, decreasing property values, risk of city condemnation and bankruptcy. We would

then go into receivership appointed by court, which costs additional fees, and they set the assessments.

- f. Petition and its limits: won't cover estimated shortfall let alone other repairs, shortsighted and selfish. The petition would raise only \$118,000 in one year. Legal counsel has advised us that we can hold a meeting to discuss the petition items, however, we cannot hold a vote of homeowners without changing the by-laws. If we passed the items in the petition it would mean we couldn't answer your call for repairs. We are all entitled to repairs, and we are in this together. We are not unique in Mt. Park. As stated earlier there have been large assessments on condos for similar repairs.

III. Debby discussed the budgets for 2005 and 2006, the shortfall, the repairs costs breakdown, and the assessment.

Budget shortfall - \$112, 419

- a. Starting in May within weeks of getting on the board we had failure in 127 and 128. Repairs made by Excelsior in the past did not include mold remediation. We had to establish a mold remediation policy. Cost of two unit repairs \$59,000. There were plumbing failures in units 62, 64, 23, 123, 89, 90, and others. Some were only a few thousand to fix, others much more. We have established relationships with contractors, and as a result we were able to cut costs.
- b. Waste drains cause the most problems and damage to units. Each time there is a plumbing burst two units are affected; it could also include all four units.
- c. There is nothing we can do right now to pay the 2005 deficit. The deficit is due to the repairs we have already had. Nothing in the budget can be shaved off or delayed. The work has been done, and we owe contractors.
- d. There were questions from the membership regarding budget items, and Excelsior's responsibilities.
- e. We have done everything we can to keep maintenance budget down. There is a small deficit for 2006. It isn't the dues and the monthly maintenance that are a problem it is the repairs that we know are needed.
- f. Ground Water Intrusion Phase One, and the Loan repayment. We are below grade in many units, standing water, leaks, siding rot, etc. \$109,000 (all we have from Us Bank Loan is \$100,000. The three-year loan is not calculated in the 2006 budget; it is in the assessment. This is because we don't want to raise the dues. Retaining walls are part of this phase. Some of the walls that were done by the developer collapsed and needed repairs.
- g. Phase 2 – Kerr Parkway Buildings. French Drains and tying drains in were down by Prestige and that saved us some money. This will keep moisture out of walls. Once units are dried out it will keep the mold from growing.

- h. Professional fees are not for the attorney. The attorney is not on retainer. Richard Vial has agreed to take our case on contingency. The professional fees are the costs, of photocopies, expert witnesses, filing fees, etc.
- i. Question about our insurance company's responsibility to pay for plumbing failures. Debby was offered \$5000 by Farmers for the losses to date. Owners insurance only covers losses within the walls, their own property, not common property.
- j. Question about this being an assessment for only one year. We are hopeful that there won't be large plumbing repairs – but so far two buildings have cost \$100,000. \$130,000 was spent this year on plumbing problems. We built in \$180,000 for plumbing failures this year. If there is a cold winter pipes can break.
- k. Will \$631K be expended in the coming year? We expect that it will be. Questions: Can owners place this as a long-term payment option because it is a long-term improvement vs. coming up with a significant amount now? Is there a long-term financing vehicle available for the homeowners? Can the board investigate if there are long-term loan plans? Answer is that an HOA can only get a three-year loan to repair. Most we could get was \$100,000. These are not improvements these are maintenance costs.
- l. The Board will host a Finance Fair on Thursday 11/3/05 in the Library. US Bank, Key Bank, PTCU, and two mortgage brokers will be here to answer questions and to help homeowners with loan options.

IV. Discussion of the costs of repairs:

- a. Leaking windows and doors (\$50,000)– 36 units have sliders and windows that are leaking. Engineer has come up with a solution, cost is \$36,000. It isn't a permanent fix, but will get us through to the settlement. The long-term fix is to take off the deck, siding, windows etc. We need to replace and repair. We are getting bids on gutter repairs and cleaning as this causes more leaking.
- b. Landscaping repairs – \$25,000 broken pipes, etc.
- c. Deferred maintenance – \$75,000 - for tree trimming, sidewalks, potholes, stair treads, posts, and gutters.
- d. Contingency plumbing failures - \$180,000.
- e. Question: Will we get the assessment back from the lawsuit? We don't know. Part of it has to go back to reserve, after that we can decide what to do first in terms of repairs. Reserve amount is included in the lawsuit.
Total litigation is for \$13 million. The attorney will attempt to recoup the fee on top of the settlement as well.

V. Different payment plans (yellow sheet).

There were three plans suggested by the Board, and a fourth suggested by a member which will be included in the options to homeowners which will be mailed this week.

VI. All the handouts for this meeting will be posted on the web, including:

- Protocol for Remediation and Rebuild
- Assessment Proposal
- Budget shortfall for 2005
- Budget 2006
- Other Assessments in Mt. Park
- Payment Options (based on average amount per unit)

VII. The board was given a great deal of support from the members who attended,

And were in favor of an assessment to keep property values up, and thanked us for our commitment to our fiduciary responsibility.

VIII. Board Vote:

Babe O'Sullivan motioned to approve the assessment.

Lauranell Scarfo seconded the motion

Motioned passed 3-1.

Heidi Jones opposed the motion.

Eric Palmer, was not able to be present due to a family obligation, however he wrote a note to Babe that he approved the assessment, While we may not be able to accept his vote without his being present, he wanted to go on record as supporting the assessment.

Babe O'Sullivan motioned that we approve the remediation protocol.

Debby Dearden seconded the motion.

Motioned passed 3-1.

IX: Communications

a. There are ground rules for the website comments:

- Comments cannot be posted without ID
- Please be respectful to one another
- If it becomes a battleground, the bulletin board will be shut down.

Meeting adjourned at 8:50pm.

Members approached board members with appreciation for their service to the community.