

VILLA D' LAUREL HOA ANNUAL MEETING MINUTES

Saturday, January 23, 2010 – 2:00 p.m.

The meeting was called to order by HOA President Barbara Atkinson (#6). Those attending, besides Barbara, were Ray and Jane Huston (#1), Nancy and Tom Paddison (#7), Gordon and Elaine VandeVanter (#5), Rashed Talmud (#8), and Mick and Nancy McDonough (#3) – a majority of HOA members. Also present was Farrell Symth's Director of Property Management, Tony Flatos, to go over the 2010 budget and *reserve study* that FS had prepared for us.

First I'll note that we were all impressed with the professionalism of the documents and graphics provided us by Farrell Symth and the level of their expertise.

(Everyone will receive copies, via snail-mail, of all the handouts I mention in these minutes.)

We began with an *Open Forum* before we looked at the finances. Rashed brought up that he didn't think the paint on his balcony deck wasn't done properly and may need a bit of work in spots due to some rotting. At any rate, Rashed and I are going to look at it sometime this week. He's willing to do the work, but needs the right paint, etc.

*This brought up something we voted on later in the meeting: our CC&R's are ambiguous when it comes to the balconies – they are *exclusive use*, but at the same time *part of the exterior building*. Historically, we have split the cost between the HOA and homeowner. We decided to *formally clarify the HOA policy on balconies*. A motion was made by Ray and seconded by Mick that regarding balcony decks, **the HOA has the responsibility to pay for termite inspection of the balconies and do secondary treatment (spraying) if found, and will pay for the painting of the balconies. *The timing of this painting and termite inspection would be done on all units at the same time as designated by the HOA Board.*** During inspection, if dry rot was found and there was a need for repair, **including painting again, the individual homeowner would pay for that.** The motion was voted on and carried. (I also noted that historically a couple of times when a homeowner was selling their unit, they choose to pay themselves to paint

and fix up their balconies if heavy use had occurred – this in order for better sales or as a condition of the sale. In the same way, a couple of owners in the past have chosen to pay themselves to tent for termites when they were selling, or as a condition of a sale, rather than wait for the time when the HOA would do this as a whole per the *reserve study*.)

Signage was brought up again. I noted how in a prior email meeting I had poled owners about their willingness to buy new signs at \$1000@. The general consensus was *no* on that high cost. However, all present agreed that the deterioration of the signs, especially on the entrance to the driveway, made the whole complex look shoddy. At the end of the meeting, several of us did an inspection of the signs. As it stands now, Tom and his son Josh (who live in Sacramento) are going to look into making a whole new wood sign for us based on the old one; we'd pay for the materials. When it's done, they would come down, and Jane and Ray (from Mt. Shasta) and Amber (my daughter) and I would have a workday where we would erect the sign and caulk the pool decking which is in immediate need. We'd also weed around the pool, and any other needs. (Ain't being neighborly great?!) If the sign proves too much for the Paddison's, Tony will have someone FS recommends come and see what it would cost to just shore it up. I'll keep you posted on our direction. The address sign on Laurel Lane is old, the wood slowly rotting, but could keep going with a few new plastic letters to replace the broken ones. I'll get Sonia to look into this; not very costly.

We went over the **2010 budget** (which was based on our past years spending) and saw how we are cutting it close each month and have little to give to increase our reserves (savings). We looked at the **Reserve Study** along with the *5-year Reserve Funding Plan* (a plan now required by law). The study takes an *educated guess* on what year the HOA will need to either replace items or do major repair projects for which they are responsible (like new roofing) and how much it will cost at that time. Right now our reserves are only 30% funded – not terrible *at the moment* according to FS, but not great given our project needs in 10 years or so. A graphic was provided entitled “*30 Year Reserve Balance Projections*” that showed what would happen if we didn't increase our monthly dues and/or have regular special assessments. Basically by 2021 *many major, high cost* projects will need to be

funded, *and we won't have the money to fund them*. If our fees are not increased and no assessments occur, owners could face a *massive* assessment in the thousands of dollars to cover, for instance, new roofing. (If you own a home, you know you need to have a saving account that would be building for when you needed major upkeep of your property – fumigation, new roofing, landscaping/water distribution, failure of certain systems due to age, major appliances, and so forth. That's what your fees and our HOA reserves/savings are for, aside from monthly maintenance and certain utilities. And with *only 9 units*, any payment absences or big outlays of money can reverberate negatively in the budget.)

Tony explained how our budget would be impacted if we increased dues to \$295. (Also, we may need to do periodic assessments, but I'll get to that later.) With monthly HOA fees of \$295 we could meet our 2010 budget with a little wiggle room for unexpected expenditures, and allow us to give more money to our reserve funding, which will be in great need as each year goes by and projects come up. This is competitive with most other SLO condos. Tony gave us 2 examples of the fees for other SLO condo's with pools: one has a monthly fee of \$325; the second has a lower \$210 monthly fee, but each year HOA members are assessed \$1200.

I spoke about the fact that a reserve study, and even our budget, is *educated guesswork*, meaning something could break down before we expect it or some other issue could occur that calls us to spend more money than we anticipated in any given year. (For instance, the wooden fence behind #5 has given way with all the rain last week, and must be shored up; the pool deck needs to be caulked now or we risk greater degrading, not in a few years like the reserve study suggests; stucco will probably need to be painted earlier than the study suggests, and our signs are in need of help.) For this reason, along with the others mentioned, increasing our dues is a healthy thing to do – much as no one likes to pay more. Also, any knowledgeable condo buyer will be looking to see how our reserves are funded for the future; this must all be disclosed legally. (Larry, FS owner, told me of one poor young couple who bought into a SLO condo assoc whose monthly fees were really low. The very next year they, along with all the

other owners, were hit with an assessment of \$14,000 each for a project that had to be done. The couple said if they knew that and had studied the HOA finances more closely, they never would have purchased the condo. This kind of thing is actually what precipitated the new law calling for a 5 year implementation plan for reserve funding.) So Mick made a motion to increase our HOA fees to \$295. It will begin March 2010. Ray seconded the motion and it was passed unanimously.

With a motion by Mick and a second by Gordon, we voted to have Sonia order and mail coupon books and envelopes to use for HOA monthly fees. Several of us have our banks automatically send a check each month and won't need the books/envelopes, but some others prefer them. (And by the way, *all* owners are now up-to-date on their monthly HOA fees – a great boon for the HOA given our small size and our needs. We hope this continues.)

We then discussed special assessments which Tony said we'd probably have to do now and then to get ready for the years ahead for major projects. (Again, you can refer to your handouts when you receive them.) It was decided that **I would ask FS to provide several scenarios about timing and amounts of special assessments over the years, including a graphic, and we would discuss these via email over the next couple of months. Then perhaps we could vote on the direction we want to go in our next email meeting in April** (exact day to be determined later). *It's hard to convey via these minutes how we all felt the need, via Tony and FS's excellent information and our own perceptions, for getting on top of our finances.* None of us looks forward to increased fees or any assessments, but neither do we want to find ourselves individually shelling out *many* thousands of dollars in one year because we don't have any money to cover an "immediate need" project.

We then discussed **Workers Comp Insurance (WCI)** which we purchased this year, but which were reticent to renew next September. However, it seems this year the courts have expanded liability to HOA's regardless if manager or person has WCI, so it appears that the smart thing to do for our own protection is to carry WCI from here on out. Nancy Paddison made a motion to go out to bid for this

insurance in September, and all insurances as they come up, so we can get the best rate. Ray seconded the motion and we passed it.

These units were originally built with a **solar panel** for each unit's *water heater*. Given the units were built in 1979/80, the technology was nothing like today. Some of us still have that connection to our solar panels, and at least 2 units we know of have ceased that connection. At some point in the future, we will have a local solar company come and assess our panels. Then Tom mentioned he uses solar panels in his home for his pool and will give us all the necessary information since it saves a great deal of gas money – we pay a high gas bill due to the pool. We may not have the money to act on this right now, and it may not be viable for our pool, but we thought we could at least look at Tom's information and see if there are any solar *grant incentives* flying around.

I forgot to mention, so am doing so here, that this last week *the city*, due to lots of pressure from various neighborhoods, has strengthened the city noise ordinances and homeowner fines. (If you are interested, you can read about this by Googling *SLO Tribune*; once there, type into *search* space at the top, *city noise ordinance*.)

FYI: In the past our annual meeting was in June, along with election of officers. When we changed management, our budget year shifted to Jan-Dec, hence our annual meeting now. That means our elections will be done via email and snail mail as we get close to June.

Our next meeting will be an email meeting in April; as always, you'll be notified in advance of the exact date in order to add anything to the agenda that concerns you.

An email will follow these minutes which shows a picture of us at the meeting. We're all looking a bit serious because we're hearing about finances 😊

Respectively submitted, Barbara Atkinson, HOA President