

HIDDEN VALLEY VILLAGE OWNERS ASSOCIATION Annual Owners Meeting

Saturday, November 15, 2014, 3:00PM

Shiloh Inn, Mammoth Lakes, CA

Minutes

1. Welcome to Owners

A) Call to order by President Karen Shorr 3:15PM

B) Introduction of Board of Directors and Management Team:

Karen Shorr, outgoing president, Tony Cole Vice president, Kim Walters Treasurer, Greg Sacks, outgoing Architectural Committee Member Greg Stone, Architectural Committee Member, Ruthie Wheeler, Secretary, Ken Stickles Member at Large

C) Owners present:

Greg Wheeler; Unit 131, Steve and Norma Latshaw; unit 26, Michael and Leslie Murphy; Unit 3, Jeff Risse; unit 8, David Natali; Unit 1, Diane Cole; Unit 4, Troy and Ana Gromis; Unit 112

D) Announcements: none

1) Quorum Requirements: 26 required we have 41 so we have a quorum.

A) Open floor for additional nominations: Nomination of David Natali

B) Close floor for additional nominations.

C) Review all nominated candidates: Tony Cole and David Natali. There is one position not filled.

D) Attendees cast ballots.

E) Election committee tabulates ballots.

3) Meeting Protocol: Elections are closed at 3:34 Appointment of election committee;

4) Election Committee introduction: Steve Latshaw, and Leslie Murphy

2. Announcements

A) No Parking Zones: Are posted.

B) Recycling on-site: Please use recycling bins rather than leaving the recycling on the ground near the trash dumpsters

C) Rules for Dogs: Please observe dog rules, please let on site management know after you have had a polite discussion with your neighbor.

3. Review of the Year

A) Major Accomplishments at Hidden Valley Village

1) Completion of Driveway Entry Sign

2) Website overhaul by Penn Digital

3) Upper Spa & Pool Building Interior & Exterior Refurbishment

4) Lower Office & Spa/Laundry/Jacuzzi Building Interior & Exterior Refurbishment

5) Preparation of New Governing Documents

6) Collection of Unit 111 Delinquent Assessments. The back dues of over \$11,000 have been paid in full thanks to the diligent work of Ken Stickles.

4. The Coming Year and Beyond

A) Major Upcoming Projects at Hidden Valley Village in 2015

1) Adoption of New Governing Documents: Presentation by Ruth Wheeler Governing documents committee Chair reviewed the following aspects of the governing documents:

Hidden Valley Village HOA Governing Documents Presentation

A. Why Update the Articles of Incorporation, Bylaws, and CC&R's??

- In 1988 Butner HOA services recommended that we update our Articles of Incorporation because the way they are written cause us to pay approximately \$800/year extra in taxes. Our inaction on this item has cost the association over \$20,000 over the last 26 years.
- The Bylaws and CC&R's should not overlap. They work together to provide a system of governance for the association. Our CC&R's and Bylaws do not meet this criteria.
- Our Bylaws and CC&R's are so outdated that some of the language in our current governing documents do not reflect current law.
- Bylaws and CC&R's should clearly spell out specifically what is the responsibility of the HVVHOA and what is the responsibility of the homeowner.
- In consideration of property values and ease of use our governing documents should be in alignment with the other condo associations in Mammoth

B. Bylaws Committee

- Ruth Wheeler, Tony Cole, Ken Stickles, Tim Sanford
- C. Cost
 - So Far about \$4,800
 - Printing costs for documents approximately \$1,500
 - First Class Mailing costs, Unknown
 - Potential cost if owners do not vote and Tim Sanford must present documents in county court for approval, Unknown

D. 4 Highlights of the New Governing Documents

1. Legal requirement of a reserve study being completed every 3 years
2. The Bylaws and CC&R's clearly spell out specifically what is the responsibility of the HVVHOA and what is the responsibility of each homeowner.
3. A fair dues structure that evenly distributes the fixed expenses of the complex among all owners and identifies items that are specifically quantifiable in terms of proportional cost based on square footage.
4. A clearly stated pet policy

D-1. Reserve Study Requirement

- A reserve study must be done every three years.
- The reserve study allocates an "estimated useful life" which means the time reasonably calculated to remain before a major component will require replacement.
- The advantage to having a study done every three years is that the association can keep the reserve fund allocations at a realistic amount based on upcoming expenses.

D-2. The Bylaws and CC&R's clearly spell out the responsibility of the HVVHOA and the responsibility of each homeowner.

- ❖ *Hold Harmless agreements that become part of the property title are required for*
- ✓ Washer/Dryer installations
- ✓ Interior modifications
- ❖ *Insurance requirements*
- ✓ Protects the association from skyrocketing association insurance due to negligence of individual homeowners
- ❖ *Responsibility of HVVHOA:*

- ✓ Balconies
- ✓ Stairs
- ✓ Stair decks
- ✓ Chimney sweeping
- ❖ *Responsibility of individual homeowners:*
- ✓ Windows
- ✓ Screens
- ✓ Door seals
- ✓ Fireplaces
- ✓ Chimney flues

D-3. HOA Flat/Proportional combination Dues Structure

- ❖ Dues Collected monthly (\$35,280/month in 2014) are allocated into three areas
 - Operating Fund
 - Contingency Fund
 - Replacement Fund
- ❖ Flat rate collection is used for:
 - Administrative Expenses (operating fund)
 - Maintenance and Supplies (operating fund)
 - Utilities (operating fund)
 - Major projects and replacements excluding painting, roofing and siding (replacement fund)
- ❖ Proportional rate collection is used for:
 - Insurance fees (operating fund)
 - Funds earmarked in the replacement fund specifically for painting, roofing and siding

Proportional Component Calculation

Type of Unit	Square Footage of individual units	# of units by type in the complex	Total sq ft of similar units	Size comparison % (Area of similar size units/ Total area of all complex units)
Studio	464	20	9280	15%
Studio Loft	713	28	19964	33%
One Bedroom	720	16	11520	19%
2 Bedroom	928	4	3712	6%
1 Bedroom + loft	1007	16	16112	27%
Grand Totals	3832	84	60588	100%

Sample effect of Flat/Proportional Dues on 2014 Monthly HOA Dues

	Percent of total complex based on square footage	Total Monthly income for proportional costs	Number of similar size units	Proportional cost per unit per month	Total income for flat rate costs	Monthly HOA Dues (Proportional + Flat Rate)	
		\$ 6,358.67			\$ 28,921.33		
Unit Type	% of total	Total monthly amount paid by all similar size units					Deviation from current monthly dues of \$420
Studio's pay	15%	\$ 953.80	20	\$ 47.69	\$ 344.30	\$ 391.99	\$ 28.01
Studio Loft	33%	\$ 2,098.36	28	\$ 74.94	\$ 344.30	\$ 419.24	\$ 0.76
One Bedroom	19%	\$ 1,208.15	16	\$ 75.51	\$ 344.30	\$ 419.81	\$ 0.19
2 Bedroom	6%	\$ 381.52	4	\$ 95.38	\$ 344.30	\$ 439.68	\$ (19.68)
1 Bedroom + loft	27%	\$ 1,716.84	16	\$ 107.30	\$ 344.30	\$ 451.60	\$ (31.60)

E. Civil code regarding Pet Restrictions

- Civ. Code 4715 Pet Restrictions
 - No governing document shall prohibit the owner from keeping at least one pet.
 - If the association implements a rule or regulation restricting the number of pets an owner may keep, the new rule shall not apply to prohibit an owner from continuing to keep any pet that the owner currently keeps in the owner's separate interest if the pet otherwise conforms with the previous rules or regulations relating to pets.

Pet Restrictions in the HVV CC&R's

- The board used the common practices given to us by Steve Black:
 - ❖ Homeowners are allowed one pet in their unit
 - ❖ Transient Renters are not allowed to have a pet in the unit
 - ❖ Yearly Tenants are allowed to have 1 Pet
 - ❖ Homeowners who allow pets in their units are required to have a one million dollar liability insurance policy
 - ❖ Nuisance pets, leash requirements and waste cleanup rules are clearly defined
- ✓ The Homeowner Approval Process for the Governing Documents
- ✓ Every Homeowner must cast a vote
- ✓ The Documents must pass with a 75% vote of all members

- Alternative if we can't get all members to vote
 - If 50% of the membership vote Tim Sanford can go to the Mono Superior and request that the documents be approved.
 - This involves more cost

- 2) Professional Reserve Study: This will be done in spring of 2015
- 3) Completion of Landscaping and Irrigation at lower Office/Spa perimeter: As funds permit
- 4) Building, Walkway & Stair Repainting: Completed
- B) Major Upcoming Projects/Wish List at Hidden Valley Village in 2015/2016 (tentative)
 - 1) Lower Buildings (Phase II) Plumbing Replacement
 - 2) Upper pool deck and rail replacement
 - 3) Driveway Replacement, Tennis Court Removal
- C) Items of Note
 - 1) No Bulk Internet due to low Owner response
 - 2) Purchase of new Office computer
 - 3) Town of Mammoth Lakes Wood Stove Replacement and Water Efficient Toilet Rebate Programs: These are available through the town of Mammoth Lakes. Owners interested in taking advantage of these programs should contact the town administrator.
 - 4) Potential Litigation by Unit 102

5. Treasurers Report and Financial Review

- A) Annual Financial Report from the Treasurer, Kim Walters.
- 2015 Budget Presentation: Dues will increase by \$30/month

Based on the following report by Kim Walters:

1. Operating Fund: The bottom line of the 2015 operating fund budget will remain nearly the same as the 2014 budget. The two biggest changes in operating expenses nearly offset each other.
 - a. Insurance premiums decreased \$5K due to a change in the State Farm rating system
 - b. Management fees increased by \$3.5 K due to contract renewal rate increase.
2. Contingency Fund: The 2015 contingency fund balance remains at the current level of \$35K to cover unforeseen emergency expenses
3. Replacement Fund: This area poses the biggest budget challenge. A single replacement component or group of components commonly exceeds the entire year's operating expenses. The replacement fund was not forecasted nor funded for two decades and as a result the owners of the past decade carry the burden of regular and significant special assessments and dues increases. The trend of increasing dues and special assessments will need to continue in order to accommodate replacement costs and to build a replacement fund balance which meets best practices and standards.

Treasurer Recommendation: Regular monthly dues increase of \$30/unit (7% increase to \$450/month) beginning Jan 1, 2015. This increase is to be allocated 100% to the replacement fund.

The annual increase of \$30,240 replacement funding does not cover all the replacement costs in the near term, but it is a step toward necessary funding for the long term. The detailed replacement data (see excel sheet below) indicates that annual wear and tear cost for all components averages nearly \$200K per year. The BOD won't likely escape applying dues increases or special assessments when the

annual replacement funding is less than the average annual cost of wear and tear. The 2015 replacement budget spending components are as follows:

A) Professional Replacement Reserve Study anticipated to take place in Spring 2015 will give us a much needed gauge with updated replacement component useful life and cost estimates;

1) A Reserve Study will be required every Three years according to current law.

2) The 2015 Reserve Study is now included at a cost of \$5K

B) Window replacement reimbursement costs are estimated at 7.5K for 2015 in anticipation of 5 units submitting at \$1.5K each prior to owner approval of the updated CC&R's which discontinue the HOA reimbursement.

C) Major replacement costs on the 2015 list of needs exceed the proposed budget. A few of the items were selected to be included in the budget as presented. The selections for inclusion in this budget at this time are prioritized based on risk/failure potential and affordability. Budgeted 2014 replacement costs total \$274K

1) ~~Parking Lot \$426~~ – NOT RECOMMENDED IN 2015 REPLACEMENT BUDGET DUE TO LACK OF AFFORDABILITY – REQUIRES ADD’; FUNDING OF \$5.1K/UNIT

2) Copper plumbing (lower 6 buildings) \$221K – POSSIBILITY OF EXTENDED REMAINING USEFUL LIFE – INVESTIGATION IN PROCESS

3) ~~Painting of 3 buildings \$59K~~ – NOT RECOMMENDED IN 2015 REPLACEMENTS DUE TO LACK OF AFFORDABILITY AND 6 YEAR LIFE EXPECTED TO 2016 (\$79K – 4BLDGS ANTICIPATED FOR 2016 REPAINTING)

4) Pool Fence and Deck \$30K

5) Snow Blowers \$11K

D) Replacement Funding component spending priorities can be discussed and adjusted during the year as details play out, but it is important to be ‘Budget Aware’ and to pursue conservative spending coupled with adequate funding. The 2015 year end replacement fund balance is projected to be only \$66K which means the replacement liability will be only 5% funded.

E) Replacement components which have 0-2 years remaining life (replacement slated for 2015, 2016, and 2017) have a current estimated replacement cost of \$883K. The following chart provides a snapshot of the additional owner funding required to have ample cash balance in the replacement fund in the next 1.5 years, by June 2016, to accommodate all the currently slated 2015, 2016, and 2017 replacement costs.

883,115	Current Cost for all Replacement Components with 0 - 2 Years Remaining Useful Life - \$ Needed by June 2016
198,975	Repl Funding Jan 2015 - June 2016 with 2015 Dues Increase

(684,140)	Surplus/(Deficit) Repl Funding
(8,145)	Surplus/(Deficit) Per unit - 84 Units
(452)	Surplus/(Deficit) Per unit per month for 18 months

B) Delinquencies: A final Payment of \$4,327.77 received from unit 111. This payment completes a 100% payment for the previous owners of unit 111 for the debt for back dues legal fees and penalties. Thank you Ken Stickle for pursuing this debt from the previous owners.

There are no other owners in arrears at this time.

D) Reading of resolution: Read by Kim Walters.

Motion: Cole; To Adopt the resolution

Second: Wheeler

Passed: Unanimous

6. Homeowners Forum/Open Floor

Dave Natali:

Did the HOA approve the cleaning of heaters? Yes, the association pays for the cleaning of half of the complex heaters each year for fire safety and the prevention of frozen pipes. This year buildings A - F and managers unit heaters were cleaned.

What is the status of the tennis court? There have been several suggestions for the use of the tennis court area. The use will be decided when the driveway project is done.

7. Election Results

Announcement of Board of Directors election results by Election Committee Chairperson

Tony Cole Elected to the Hidden Valley Board

Dave Natalie Elected to the Hidden Valley Board

One seat is still open.

8. Closing Announcements.

A) The board extended their thanks to the management team of Steve Black, Matt Zubiato, Jessica Martinez, and Ryan Nash

B) Date/Time/Location of next Regular Board Meeting - TBD.

9. Adjourn Meeting.

Motion: to adjourn meeting at 6:15: Wheeler

Second: Walters

Passed: Unanimous

Meeting adjourned at 6:15 by President Karen Shorr

