

HIDDEN VALLEY VILLAGE OWNERS ASSOCIATION
Board of Directors Special Meeting
Minutes

Topic: Hidden Valley Board Meeting Sept. 26, 2020

Time: Sep 26, 2020 10:00 AM Pacific Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/87319435511?pwd=YmxrL2p1OVNSWHFQc3hZRXVCYWh0dz09>

Meeting ID: 873 1943 5511

Passcode: 766402

A. Call to order by President Ruth Wheeler at 10:04 AM

B. Roll call. Record Board Members, Management, owners and guests, present:

Board Members: Ruth Wheeler, Steve Latshaw, Tony Cole, Kinoka Ogsbury, Matt Desario, Dave Natali, Jeff Risse

Management: Klark Tapia (from 10:04-11:30)

Homeowners: Mike and Laura Tikunoff, Unit 38 and 21, Tricia Gomez, Unit 43, Jeff Alger, unit 42, Tom Scooter, unit 114

C. Announcements/Orders of the day/Items discussed in Executive Sessions:

Homeowner's forum will have a hard stop at 10:30 address items on the agenda, a second owner forum will be held at end of meeting if requested.

Items discussed in Exec sessions:

August meeting:

- barking dog on overhang of stairs in building B,
- Inoperable truck that leaked fluids on driveway subsequently towed,
- protocol for management to communicate with owners regarding rule violations,
- follow up on owner comment regarding chilly pool.

Items discussed in Sept. 26 exec. Meeting:

Contract proposals for:

- SuddenLink bulk,
- fire extinguisher maintenance,
- chimney sweeping,
- heater servicing,
- 2021 building painting,
- pool drain leak and skimmer repairs,
- electrical panel boxes,
- 4 chimney chase repairs.

Payment and protocol for damage to units.

D. Changes to order of agenda: None, Recusals: None

E. Adoption of minutes

Motion: Kinoka, Approve Minutes from the 9-16-2020 budget review meeting

Second: Jeff Risse

Passed 6-0-1 David Natali abstain

F. Items discussed in Homeowner Forum:

- discrepancy regarding chilly pool in Aug;
- pool fence;
- residence entry doors;
- bulk cable billing problems.

Matt Desario explained Bulk Cable situation: In March, Matt began a process of negotiation. In May, on Paul Castello's [SuddenLink] recommendation, the HOA contacted Butner with instructions not to pay May and June; July; resumed payment in August. Communication with Paul was inconsistent. Payment is still up in the air as well as the contract.

Complement on having forum at beginning of meeting.

Several comments and ideas on Door replacement. Doors are on reserve study line item, plenty of time to evaluate need and expense. Steel insulated doors have been used as replacement. Policy of type of door needs to be established various ideas were put forward.

G. Treasurers Report

Treasurers Report Sept 26, 2020

. Treasurer’s Report: Kinoka Ogsbury

a. financial report: June 30, 2020

June 30, 2020		49.9% Into Annual Budget period	
Operating Fund	\$144,778	41.7%	Operating Expense Budget Spent
Contingency Fund	\$50,000	\$379,454	2020 Total Operating Expense Budget
Replacement Fund	\$395,229	\$158,126	YTD Operating Expenses
Total Funds	\$590,007	\$31,081	YTD Under Budget
		8.2%	YTD Under/Annual Operating Budget
2 Units Past Due for HOA Dues	\$66	36.0%	Replacement Expense budget spent
10 Units Pd in Advance for HOA Dues	(\$4,932)	\$171,116	2020 Replacement Expense Budget
Past Due Items of Note:		\$61,652	YTD Replacement Expenses
		\$23,672	YTD Under Replacement Budget Spending
\$45 Dues increase effective Jan 2020		13.8%	YTD Under Repl Exp/Annual Replacement Revenue

- b. Owners in arrears: 2 but due to special assessment and not a concern = \$66
- c. Warning Notices and Fines: None
- d. We are under operating budget 8.2% for the year primarily due to light snow fall and savings from reduced owner use due to Covid pandemic.
- e. Butner is 2 months behind in getting out monthly financial statements due to transition to the new online accounting system. They should have statements out in the next 2 weeks.
- f. **Upcoming unbudgeted for expenses:**
 - i. Electrical panels:
 - ii. Electrical panel covers:
 - iii. Chases:
- g. Contingency Fund balance is \$50k. The Board would like to build up the contingency fund to help fund unexpected projects (listed above) and large snow fall years.
- h. Currently the operating fund balance is \$145k and the suggested balance with 3 months of reserves would be \$95k. We are overfunded by approximately \$50k. Projected Operating Fund surplus for the year is \$45k.

Motion: I Kinoka Ogsbury Treasurer, move that we transfer \$50k in excess operating funds to the contingency fund.-Motion withdrawn, based on the suggestion that the Board can transfer funds at the end of the fiscal year once we know the exact amount of the surplus

SEPTEMBER 2020

The HVV HOA Budget consists of three sections or ‘Funds’. Homeowner dues are allocated to the ‘Funds’ to cover the respective expenses.

- I Operating Fund – Regular and Recurring Operations
- II Contingency Fund – Unforeseeable Unbudgeted Costs
- III Replacement Fund – Major Capital Repairs or Replacements

The winter of 2020 we experienced very mild snow fall from Nov-April and are coming in under budget 194% for snow removal costs year to date (\$20k). Additional savings were incurred for Water and Sewer due to reduced usage (\$7k).

Several major replacement items budgeted in 2019 and 2020 have been deferred to 2021. The purchase of a new truck, progressive siding replacement, the new pool fence, painting of building D & E and the pool building all budgeted for in the reserve study, have been deferred to 2021.

Major reserve items completed this year include:

- painting the manager’s unit and building C (budgeted for in 2021);
- driveway slurry;
- replacing all electrical panels in older building A-F (this was not budgeted for at all);
- upper spa heater replacement; and residential and common area outdoor lights replacement (completed earlier than 2022 as per the Replacement Study).

Overall the HOA spent less on Buildings line item and Pool and Spa line item due in large part to having better management in place in 2020 (\$11k projected year end savings).

As costs of living continually increase so do expenses to operate and maintain the complex as well as expenses to repair and replace major components.

The largest component of non-discretionary operating expenses is HOA property management. Old Faithful Property Management's fees are 43% higher than MRB rates (\$12,400 vs \$8,600). OFPM did not raise rates in 2020, currently \$12,400/month. The HOA had budgeted for a 3% increase in management fees in 2021. The Board of Directors did not go out for bids from other management companies this year as this seems to be the going rate for a complex with 3 onsite managers and overall the Board is happy with OFPMs performance.

The second largest non-discretionary component of operating expenses is **HOA property and vehicle insurance.**

The line item for HOA State Farm property insurance premiums decreased \$1k but is about \$5k more than projected actuals for this year. Premiums went up a total of \$379 in June 2020 (less than the 4% expected) and car insurance rates went down due to current managers having better driving records. HVVOA current policy will renew in June and Butner's office has advised that insurance companies are raising rates due to fires and/or declining to renew policies and suggested we keep budget similar to this year.

Trash fees will increase 5.6% in 2021, and every year until 2026. The line items for Trash Fees increased \$4.7k in 2021.

Overall the Board reduced the operating budget in 2021 by \$22,496 based on 2020 actuals.

- The line item for Snow Removal was reduced \$5k. Snow removal is a very unpredictable expense but the Board believes this risk is being mitigated by having a larger contingency fund balance.
- The line item for Buildings was reduced by \$7k to account for managers doing more of the repairs and maintenance.
- The line item for Pools and Spas was reduced \$4k due to better maintenance of pools and spa.
- The line item for Landscaping was reduced \$3k as no large trees are expected to be removed in 2021.
- The line item for Truck Expense was reduced \$2.9k as a result of better upkeep and reduced usage by current management.

Overall labor and material costs have risen significantly over the last 3 years. As a result, major repairs and maintenance continue to cost the HOA more. This is a trend we are likely to see continue into the future. That being said, current management is doing a better job negotiating rates on large projects: painting bids came in under budget this year as did driveway slurry.

The HOA heated the pool to 78 degrees this year and would like to continue to do this from June 1st until September 1st each year. This will result in additional costs for propane usage. However, it may be acceptable to maintain pool temperature in the low to mid-70 degree F range as propane expenses rise significantly with warmer water temperatures.

Regular dues will not increase in 2021 as a result of \$23k reduction in operating expenses. The savings represents a 7% reduction to the operating budget in 2021. In addition, the HOA is projected to have an operating budget surplus of \$45k by year end 2020 primarily due to savings in snow removal costs (\$20k), Buildings (\$7k), Water and Sewer(\$8k) and insurance \$6k). Similar reductions in Snow Removal, Water and Sewer and Insurance cannot be counted on in 2021. The Board feels confident, however, reducing the operating budget based on a healthy contingency fund balance. The contingency fund may also be needed in 2021 to cover the cost of repairing chases which is not currently budgeted for (current bid is \$187k to replace all chases). Based on current projections an increase in \$10-15 might be necessary in 2022 to account for cost of living increases and to continue to fund the Replacement Fund.

At this time, no special assessment is anticipated for 2020. Snow removal is the single most variable operating expense.

1. OPERATING FUND

The 2020 Operating Fund Budget is 6% lower than the 2020 operating budget.

- a. Insurance Expenses decreased \$1k based on 2020 actuals and 2021 anticipated rate increases expected in June due to recent fires.
- b. Management fees increased \$744 based on a 3% raise budgeted in June 2021 (no raise was given in 2020 which is why increase is only \$744).

- c. Electric, Water/Sewer, and Trash Removal expenses will increase \$4.7k based on 2020 projected actual expenses and 2021 5.6% anticipated rate increase in Trash removal costs (costs will take effect Jan. 1).
- d. Propane expenses are flat due to 2020 projected actual expense but could come in higher if the Board decides to heat the pool to a warmer temperature in the summer.
- e. Building line item is increased from \$8,000 to \$9,000 from the amount recommended at the Operating fund review meeting.

2. CONTINGENCY FUND

The 2021 Contingency fund balance is anticipated to increase to \$95K balance to cover unforeseen emergency expenses (current balance is \$45k). The Board will likely transfer \$50k from the operating fund in 2020 to the contingency fund. The HOA only needs to maintain 3 months of operating funds in the operating fund or \$95k. The HOA is expected to have an operating budget surplus as mentioned above of \$45k. The Board also anticipates having several large reserve fund items that are either not budgeted for or underbudgeted for in the coming year: example chases and pool fence. The Board would also like to maintain a larger Contingency Fund to help offset the cost to owners in heavy snow years.

3. REPLACEMENT FUND

This area poses the greatest budget challenge, but has been guided by the September 2018 Reserve Study. A trend of increasing dues will be likely in future years in order to accommodate replacement costs and to build a replacement fund balance which meets best practices and standards. Annual increase of replacement funding is a step toward necessary funding for the current year and long term. The current budget would contribute \$192,908 to the replacement fund. This is \$17,672 (10%) more than the current Reserve Study calls for in 2021, however based on current projections, the 2021 year end balance would still be underfunded by \$11,179. This does not however take into account that residential lighting was completed ahead of schedule at an estimated savings of \$15k so I believe overall the replacement fund to be in line with recommendations in the replacement study.

2021 Replacement Budget spending:

- a. The last Professional Replacement Reserve Study was completed in September 2018 and provides a much needed gauge with replacement component useful life and cost estimates.
 - i. A Reserve Study is required every three years according to current law. The next full study is due in 2021 at a budgeted expense of \$3.6K.
 - ii. The 2018 Reserve Study cost \$3.2K. Updates are available on an interim basis upon request. Update cost is dependent upon scope.
- b. Window replacement reimbursement costs are no longer budgeted. Owner approval of the updated CC&R's discontinued the HOA reimbursement in 2015.
- c. Copper plumbing (lower 6 buildings-\$297K) is NOT SLATED UNTIL 2025 in Reserve study. PLUMBING inspections performed in fall 2015 supported postponement.
- d. Major replacement costs budgeted for 2021 total \$266,828.
 - i. Reserve Study \$3606 as in the 2018 Replacement Study.
 - ii. Roof Preventative Maintenance \$5305 as in the 2018 Replacement Study.
 - iii. Painting with Doors \$3000 budgeted for in 2020 and we already have an actual bid (below 2018 Replacement Fund Amount).
 - iv. Painting with Doors Buildings F & J (C already done) actual bids \$31k (approximately \$5k less than 2018 Replacement Study for all 3 buildings).
 - v. Painting with Doors Buildings D & E \$31,000 deferred from 2020 \$31,000 and as per actual bid (Reserve Study \$33,990).
 - vi. Annual Paint Touch up \$9,548 as per the 2018 Replacement Study.
 - vii. Lower Spa Resurface \$15,914 as per the 2018 Replacement Study.
 - viii. Spa Filter \$1,697 as per 2018 Replacement Study.
 - ix. Pool and Spa Pump Replacement \$4,122, \$2000 deferred from 2019, \$2,122 deferred from 2020 and as per the 2018 Replacement Study.
 - x. Pool and Spa Skimmers \$9,248 as per actual bids (\$8000 per Replacement Study).
 - xi. Pool Wood Fence Enclosure Replacement \$8.6K, deferred from 2019 and as per the 2018 Replacement Study. The only bid we have is actually for \$60k but not planning on doing this year.
 - xii. Residence Front Doors \$47,741 as per the 2018 Replacement Study.
 - xiii. Siding progressive replacement \$60K, deferred from 2018 and as per the 2018 Replacement Study.

- xiv. Assistant Manager's Remodel \$7,000, \$15,914 as per 2018 Replacement Study but some work done in 2019.
- xv. ¾ ton pickup (used) \$25K as per the 2018 Replacement Study (assumes selling the existing 2005 ¾ ton Chevy pickup).
- xvi. Sewer line cleanout \$8.2k as per the 2018 Replacement Study.
- e. Residential Light Fixture replacement \$35,404 as per the 2018 Reserve Study was budgeted for in 2022 but was completed for approx \$20,500 this year.
- f. Replacement of residential unit doors, pool fence, residential siding and purchase of a new truck budgeted for this year or deferred may be deferred again.
- g. Chases on all buildings may need to be replaced in 2021 and there is no reserve fund item for this. Best bid to date \$187,000 from Oregon Company.

Replacement Fund component spending and priorities will adjust as details are revealed,
Treasurers Report Sept 26, 2020

Managers.

Board Budget Review/Discussion of Reserve Funds and approval to send Draft Budget to accountant for 2021 HVV Annual Budget.

Motion: Dave Natali: Adopt a budget using the Operating fund that we have already established and funding Reserves to the recommended annual funding amount in the reserve Study and adjust dues accordingly.

Second: Jeff Risse

Passed: 4-3, Yes: Dave Natali, Jeff Risse, Steve Latshaw, Ruth Wheeler. No: Kinoka Ogsbury, Tony Cole, Matt Desario

Note Dues reduction should be between \$15-\$20 dollars

Discussion:

Suggestion by Kinoka Ogsbury: Keep dues the same as currently charged. The approximate \$17,000 savings from the operating fund can be used to collect more for the reserve fund.

Suggestion by David Natali: Budget should reflect known cost. The HOA dues should reflect those costs. Taking the savings of \$17,000 and putting it in other areas of the budget is not fair to homeowners. Let the savings be reflected in monthly fees.

Suggestion by Ruth Wheeler: Over the last two years dues have increased \$65, We have over corrected our budget in an upward direction as evidenced by surplus in the budget. We need to make a downward correction this year.

Arguments for:

- Reducing dues in 2021 may help with income loss due to COVID-19 for some owners
- Owners should benefit from the savings in the operating fund rather than placing those savings back into budgetary funds.
- We are running a \$50K+/- surplus in our operating fund for 2020 this surplus can be kept in contingency funding to protect against unexpected expenses or reserve spending beyond the recommended line items
- We will probably increase reserve funding in 2022, thus increasing dues in 2022, but some owners feel that dues always go up and they would rather have the savings in their pocket this year.
- Our reserve funds at this time are adequately funded, looking at Recommended vs Actual for funding and spending from 2017-2020 we are \$188,000 to the good.

Arguments Against:

- Reducing dues for 2021 may mean a dues increase in 2022
- This year we have spent more than anticipated from the reserve fund because we did residential lighting and a spa heater replacement ahead of schedule and we had an unexpected expense for replacing electrical panels
- Our Reserve expenses for 2020 are over the recommended amount in the Reserve Study. Collecting more than the recommended amount in the reserve funds allows for more spending if needed. The situation with the chimney chases is an unknown that will need to be incorporated into the 2022 budget.

Note: Total Amounts budgeted:

Operating: \$357,000

Reserve: \$175,236

Total of Funding for operating and Reserve funds = \$532,236

Estimated monthly Dues reduction of \$15-\$20 dollars/month

Business/Action/discussion Items

1. Management Report

Motion: Ruth Wheeler, Move to accept the managers' report.

Second: Steve

Passed: 6-0-1 (Dave Natali Abstain)

No questions were directed to Klark Tapia, Klark left the meeting at 11:30 PM

2. Appointment of Inspector of Elections for Board Member Elections

Motion: Appoint the notary as inspector of Elections for the November 2020 Board member election

Second: Jeff Risse,

Passed: 7-0

Reason: The usual volunteer homeowners are involved in the election so it would not be correct for them to be inspectors of the election.

3. Schedule Opening and Closing of Vote for Board Member Elections

Motion: Accept the inspector of Elections Schedule for election as: Polls open October 12, 2020 at 2:00PM Polls close November 14, 2020 at 2:00PM

Second: Dave Natali

Passed 7-0

Reason and Comments:

4. SuddenLink Contracts: SuddenLink sent disconnect/cancelation messages when the association stopped paying the bill as recommended by Paul Castellanos from SuddenLink, and passed on to the Board by Matt Desario. The association paid the monthly bill, we are working to get the contract reinstated.

***Point of Order Raised by Matt Desario: Do we need to make all the motions for contract and bid acceptance since the Board already discussed and made motions in executive session?

Answer was not known so to play it safe we will make all the motions. Ruth Wheeler will research Blue Book and report back to the Board.

Follow Up from Davis-Stirling website: <https://www.davis-stirling.com/HOME/Contract-Formation#axzz1eLb9uUe9>

"**Voting on Contracts.** When it comes to approving a contract, the vote itself is part of "contract formation" and can be done in executive session. However, many boards prefer transparency and, even though not obligated to, vote on contracts in open session."

5. Acceptance of bids for:

Heater Cleaning, Fire Extinguisher Inspection and servicing, Chimney Sweeping,

Motion: Ruth Wheeler; Approve the following bids and instruct management to proceed with scheduling:

Blizzard Fire Protection (Extinguishers) \$865

Angelo's Chimney Sweep \$4087.50

A+ Heater servicing \$2145

Spending for all three bids not to exceed: \$7100

Second: Dave Natali

Passed: 7-0

Reason: These are services provided by the association on a yearly basis

6. Acceptance of bid for 2021 Painting of Pool Building and D, E, F, & J

Motion: Accept the bid from Four Point Painting in the amount of \$65,000 and instruct management to proceed with scheduling for Spring 2021. Funds to come from Reserve Account

Second: Steve Latshaw

Passed: 7-0

Reason and disclosure: The Board did not review three bids because: 4 Points has been awarded the painting bid and performed all painting with excellent results. The bid amount was the same as last year's bid, with the exception of a decrease in the cost of the two large buildings which saves the association \$4,000. By accepting

the bid early we will be first on the schedule for next spring's painting, thus minimizing disruptions at peak earning times of units that are used as short term rentals.

7. Pool-Repair of leak in PVC main drain plumbing and small crack in skimmer:

Motion: Ruth Wheeler; Accept bid to repair Drain Pipe leak from ALD including Leak Detection cost. Spending not to exceed \$4,000

Second: Steve Latshaw

Passed: 7-0

Reason: The pool water level was dropping a leak detection company (ALD) was employed to find the leak which is located in the drain pipe buried outside the equipment room. The leak must be repaired.

8. Fall Chimney Chase maintenance

Motion: Ruth Wheeler; Accept bid of \$275/Chase from Freeman Roofing to repair 4 chases at Hidden Valley and have Freeman do an evaluation of all chimneys and inform the Board of: 1)When these Chases should be repaired, 2) What exactly needs to be done to the chases, and how much it will cost.

Second: Steve Latshaw

Passed 7-0

Reason: There is damage to the shingles and trim at the base of the chases. This creates the possibility of water intrusion. Repair with metal was done last year on the E building. The Board did not like the aesthetics. We have bids from early in the year to replace all chase siding for entire complex that are very high priced. The Board desires to establish the cost and necessity of repairs for future budgeting and have the 4 chases that are identified as immediate need repaired.

Motion: Ruth Wheeler; Accept bid by Freeman for boxes to cover electrical panels at a cost of \$1,235/box cost not to exceed \$8645 and request a clear scope of work from Mike Freeman.

Second: Jeff Risse

Passed 7-0

Reason: Other bids were excessive or contractors did not reply with bids. Some board members were concerned about the specifics of the appearance of these boxes.

9. Payments to homeowners for damage to units:

Motion: Ruth Wheeler; Pay Scott Blat unit owner of 108, \$745 to cover the cost of damages caused in 2018.

Second: Jeff Risse

Passed: 7-0

10. Policy requests from management: when HOA is doing required repairs for units the management must be allowed to set the schedule of work.

Motion: Matt Desario; Policy for HOA repairs for unit damage: The HOA will schedule and pay for repairs that it is responsible for. The owner can accept the scheduled work or accept a cash payment and sign a waiver releasing the HVVO Association of liability related to the damage.

Second: Tony Cole

Passed: 7-0

Reason: Management needs to be able to make repairs in a timely fashion, delay in repairs can cause further damage. A consistent policy to deal with this issue was needed.

Note: Matt will draft and email to inform management and one other owners of this policy. A hold harmless document is needed.

11. Approval of work request for unit 122:

Motion: Jeff Risse; Approve the work request for unit 122 with stipulation that flooring underlayment complies with the flooring rule.

Second: Matt Desario

Passed: 7-0

Reason: There was some confusion with the type of underlayment that was to be used. Jeff Risse will communicate with owners to clarify the type of underlayment required.

12. Homeowner Forum: Non-Agenda Items-Concerns about the repair policy and liability issues with adjoining units, Questions regarding flooring underlay materials

13f) Next meeting Oct 8, 2020

Meeting Adjournment :12:10

Respectfully submitted,

Tony Cole
Secretary