

Minutes of Seventh Tee Townhomes Association 2019 Annual Meeting

December 3, 2019, at home of Frank and Mary Warren

In attendance: Frank and Mary Warren, John and Leslie Herzog, Rollie Wild and Kathleen Campbell, Sarah and Michael Healy, Celeste Blakely, Martin Frick, Patricia Baltzer, Blaine Johnson and Brooks Riddlesperger.

Absent: Mary Beltz (proxy to Mary Warren), Nancy and Dick Langstaff (proxy to Michael Healy), Kevin Hyman and Jan Mercer (no proxy), Bruce and Leslie Snead (proxy to Michael Healy), Ursula Frick, Mike Howell.

Michael Healy began the meeting by welcoming the new member: Celeste Blakely at 3565 Clubheights Drive and Mike Howell and Pat Baltzer at 3535 Broadmoor Valley Road. He also remembered former resident Paul Nelson, who passed away last month.

Michael noted that he instead of reviewing the minutes of last year's annual meeting, he would cover those topics in the review of 2019 activities, including the following items:

June 2018 Hailstorm: Replacement and upgrade of roof shingles completed by 7 Summits Roofing. Insurance claim closed in 2019.

August 2018 Hailstorm: Repair of flat roofs and replacement of skylights, gutters, and downspouts completed. Work on some window trims still to be done, pending approval by insurance adjuster. Awaiting settlement of insurance claim to determine if any funding available to cover installation of gutter guards or other repairs.

Exterior Repairs and Painting: Vivax Pros completed external repairs and painting of all units.

Insurance Coverage: Open insurance claims at time of 2019 renewal of insurance coverage led to switching from CB Insurance to State Farm, with substantial increase in premium.

Property Maintenance and Landscaping: Continued with Corbran's (lawn maintenance, snow removal, sprinkler repairs) and SavaTree (tree spraying, tree trimming, tree removal). We considered other options, but none were as affordable.

Review of HOA Bylaws and Covenants: Executive Committee began looking at areas where updates are needed or advisable. This work will continue in 2020.

Questions raised during the review of 2019 activities regarding the open insurance claim and the expense of our current insurance coverage with State Farm were discussed in greater detail during the financial report by HOA accountant Brent Frush.

Brent Frush reviewed the HOA's balance sheet, which show retained earnings of \$23,504.55 and net income in 2019 of \$787.61.

Brent pointed out the income statement's main concern was cost of insurance, which exceeded our budget by \$11,642 due to the need to maintain State Farm coverage because we still had an open insurance claim from the second hailstorm of 2018. This claim remains open after the claim was switched to a new adjuster, who has been slow to respond to 7 Summits Roofing for approvals. Unfortunately, such slow response or inaction has become typical by insurance companies in Colorado. Michael reports that he is working with Brett Anderson of 7 Summits to push for a settlement as soon as possible. Suggestions included the HOA covering outstanding costs for windows, window cladding, and chimney caps in order to close the claims and seek insurance coverage at reduced cost. The incoming executive committee of the HOA can consider this option, although it could require costs approaching \$20,000. We are seeking help from CB Insurance, who might have some leverage in the matter. It was noted that insurance renewal will take place in mid-February, and so there is urgency to resolve this issue.

Brent presented the proposed HOA budget for 2020, which would remain the same as 2019 except for an increase of \$11,554 for insurance. Under this scenario, each member's entire \$350 monthly payment would go toward operations and none toward "reserves," leaving a deficit of \$7,776. A lively discussion ensued regarding options, including raising monthly payments either for the year or temporarily, instituting a one-time charge to members to cover this deficit, looking into having individual members assume insurance coverage for their units at their expense, or simply drawing on the reserve funds. Some expressed concern for raising our monthly dues as it puts our HOA at a disadvantage compared with nearby HOAs. Others noted our HOA differs from others, and the budget deficit needs to be dealt with. Brent mentioned that our HOA dues have not increased in 4 years, although expenses continue to rise.

Michael asked if we should tap our saved funds to cover identified needs. We have over \$20,000 that could be invested in deferred maintenance and improvements to landscaping. Rollie pointed out that these funds are not really a "reserve" and should be considered operational funds to use as needed. (The HOA might look into requirements under Responsible Governance Policies – SB 100 Policies – related to reserves and conflict of interest.) Discussion followed about these funds and how they influence potential buyers of HOA units.

Blaine proposed that we conduct a written vote to consider the preference of all HOA members to address the budget deficit, with three options: (1) \$1,000 assessment to cover deficit and pay for needed improvements to the HOA (sidewalks, landscaping, gutter guards); (2) \$366 fee per unit to cover the budget deficit; or (3) raise HOA dues to \$400 to cover deficit and allow for some minor savings to be used as the HOA executive committee decides. As the driving force of this financial challenge is our insurance costs, Blaine offered a motion that the HOA hold a special meeting of all HOA members in two months (early February) to evaluate our insurance in light of the outcome of the proposed vote. Mary Warren seconded the motion, which was approved with one opposing vote.

Mary Warren proposed the acceptance of the 2020 budget, seconded by John Herzog. The motion was approved.

Discussion turned to plans for 2020, with closing the insurance claim and reassessing insurance coverage being top priorities. Michael emphasized the need to address safety concerns and avoid further deferred maintenance, pointing to the need to repair the retaining wall behind Mary Beltz's unit as well as sidewalks. Adding gutter guards is also something that would protect the investment made by last year's repairs and painting of our units. Landscape work should be prioritized, including removal of overgrown bushes, trimming of trees, and dealing with dirt areas such as between 3555 and 3565 Clubheights or behind 3565-3575-3585 Clubheights. Poor landscaping is impacting the current unit for sale, potential future sales, as well as the quality of life for current residents.

Concerns also were raised about snow removal after the recent snowstorms. Some felt the response of Corbran was inadequate, although Michael pointed out that Corbran had told us that we would not be among the first properties they would plow and shovel. A suggestion was made to look at alternatives to Corbran for snow removal, including shoveling of public sidewalks along Clubheights Road and Broadmoor Valley Road. Blaine said she will seek recommendations of alternative contractors to deal with snow removal.

Plans for 2020 also included review of bylaws and updating them as needed, as well as working toward compliance with the Colorado Common Interest Ownership Act ("CCIOA"). More at <https://www.cohoalaw.com/category/ccioa-101-for-hoa-boards/>

In other business, John said he has called the city regarding repair of sidewalks, with a goal of moving us up the list for this work. He also noted that Broadmoor Valley Road is on the list of roads to be repaired under 2C2 between 2020 and 2025, including curb repairs.

Blaine shared several lists she has started, including "Good Neighbors Rules" for current and prospective HOA members and "Ideas for Improvement" within the HOA. She encouraged all members to review these lists and suggest corrections or additions. She also has prepared a binder cataloging common areas of HOA property as a baseline for identifying developing problems or concerns. She reiterated the value of creating an HOA website, with cost depending on the how complicated the website functions are.

The group then took up the election of the HOA's executive committee for 2020. Michael had received seven nominations. The group agreed that having five members of the executive committee was preferred. Among the individuals who were nominated, three declined to be considered: Celeste Blakely, Kathleen Campbell, and John Herzog. The remaining four – Bruce Snead, Blaine Johnson, Mary Warren, and Michael Healy – agreed to serve. Rollie Wild was asked if he would fill the fifth slot, and he agreed. Leslie moved that these five individuals be approved to serve as the executive committee in 2020. Sarah seconded. The motion was approved. Michael thanks John and Kathleen for their service on the executive committee.

With no further business, the Annual Meeting of the HOA adjourned.

Submitted by Michael Healy, December 9, 2019