

THE HIGHLANDS CONDO ASSOCIATION

Minutes from January 25, 2018 Meeting

Directors Present: Scott Lewis (#15), Brian Northey – via phone (#9), Linda Queen (#46)

Directors Absent: Stephanie Perez (#14)

WEB Staff Present: Eric Lundin

Owners Present: Cheryl Long, Kay Silvrants

Others Present: Everett Smith of Country Financial, Nick Gilliland of Blasingame Insurance.

With a quorum present, the board meeting of the Highlands Condominium Association was called to order at 9:04 am and introductions were made between all present.

- I. Presentation by Everett Smith:** Valued buildings. 2 buildings worth over 1.3 million. Every building covered. Increased liability to 2 million with a 4 million total. \$5,000 for hospital. Pool injuries covered and non-owned auto coverage up to 2 million liability and 4 million total. Reviewed our bylaws. Covers the outside from the studs out and electrical, plumbing and insulation. \$7,014.52 premium. Owner policies cover from the studs in. **ACTION:** WEB will ensure on a yearly basis that all owners have insurance. Eric will ask Mr. Smith what the coverage difference is in his current proposal vs. his earlier proposal.
 - II. Presentation by Nick Gilliland:** Have had this account since 2008. Reviewed building coverage and square footage. \$142 per square foot for replacement costs. Blanket covered at \$5 million which he feels is adequate. Went through the bylaws. Full coverage on buildings and common areas including the pool. Also offers D&O coverage at \$1 million. \$1 million umbrella and \$2 million aggregate. \$7,911 is their annual premium. Asked Oregon Mutual about credits for non-smoking policy. They don't typically do policies on buildings over 30 years old and if we were to move away, they might not be able to come back to it.
 - III. Dale Bout Insurance.** Mr. Lundin talked to him three weeks ago. He provided a quote of \$8,345.00 provided last night. This amount is higher than the other two quotes so the board has elected not to consider it.
- II. Minutes:** The minutes of the meeting of November 30, 2017 were circulated and approved by email.

I. 2017 Year End Financial Update by WEB Properties Inc.

- a. Income – Income for the year 2017 was expected to be \$113,772.00, but finished at \$122,645.82, an \$8,873.82 increase. This is due to delinquency collection and the extraordinary assessment. Mr. Lundin requested a review of the delinquency numbers for unit 16. He will bring exact numbers for board review at the next meeting. The board may be amenable to reducing the total amount owed depending upon the numbers as long as the owners keep their dues current for the next year. Ms. Queen stated she is opposed to eliminating the entire amount as people not paying their dues has put the association at risk of not being able to pay their bills.
- b. Expenses – Expenses for the year were budgeted to be \$109,010.00, but finished at \$115,554.15, a \$6,554.15 variance. This is due to additional payroll and unexpected projects such as washer repairs and replacement, and the pool deck repairs.
- c. Account Balances –
 - i. The operating account finished the year at \$7,682.45.
 - ii. The savings account finished the year at \$1,020.43.
 - iii. The reserve account finished the year at \$56,132.03.
 - iv. Total is \$64,834.91.

II. Old Business

- a. **Safety Railings in the Stairwells Update** – Several attempts were made to contact the fire Marshall. They would not comment on the NFPA requirements. However, we contacted John Halsey with the City of Spokane. He pointed out that the measurement of the stairs must be 36 inches, not including the handrails. However, limiting the width of the stairwell between handrails to 33 inches severely restricts owners from moving large items such as appliances and furniture into their homes. Eric will research detachable railings that could be installed that owners could detach for move-ins and move-outs.
- b. **Reserve Account Transfers**- Based on current cash flow levels, we will be able to make the \$1,549.98 transfer from the operating account to the reserve account.
- c. **Landscape Committee Work Update** – We talked to Chris Corigliano who suggested that we replace the Dogwood Plants with a Cherry Laurel that is fairly drought tolerant. An image of Cherry Laurels imposed in front of units 34 – 39 has been supplied.
- d. **Rental Review by Attorney** – At the last Board meeting, our attorney believes the HOA could draft a resolution that has a good chance of passing even though up to 30% of units may be owned by non-occupying investors. He suggested drafting a resolution that says no more than 30% or 35% of units may be owned by investors, owners would probably vote for it. No existing investors would have to vote against it to protect their

rental property. However, this does raise questions of sales, should the occupancy of owner-investors reach the maximum threshold. He also warned that not passing the change might increase the percentage of investors.

- e. **Mansard Paint Project** – WEB Properties Service Manager has reviewed the mansard roof repairs and provided estimates. We expect the project to cost between \$3,300.00 and \$4,000.00. This includes the replacement of approximately 170 roof shingles. The estimates have been provided to the Board. Eric will find out what the shingle composition is. This would be a reserve expense and we have the money. It is a large cost difference from what the Reserve Study said (\$2340). ***ACTION: Mr. Northey moved we start on carports, see where we're at and then move to the townhomes. Ms. Queen seconded the motion which carried unanimously.*** Weather permitting we will do the project in July. We will need to notify owners they will not be able to park in affected carports.
- f. **Items in shared common areas** – At the last Board meeting, the Board decided to keep the rules as they are stated in the CC&Rs.

III. New Business

- a. **CC&R Review of Insurance Requirements** – CC&R section 12.1 (a) states: "...insuring the Project against all risks of direct physical loss commonly insured against, to not less than 80% of its actual cash value..." Based on this language, WEB Properties recommends insuring the building at full value.
- b. **February 22 Homeowners Meeting Preparation** – Management has already posted a notice on the HOA Facebook page. Janet Mantz and Linda Queen's terms were up as of 01.01.2018. Ms. Queen has volunteered to serve for another term, but Ms. Mantz has not. A new owner, Sophie Biechler has expressed interest in serving on the board, but has not submitted her Bio, nor responded to our requests for confirmation she is volunteering. The Board asked Mr. Lundin to reach out to her one more time. If she does not respond, we will not put her on the ballot. Nadine Gallagher's Bio has been submitted was submitted to the board and the board endorsed putting her on the ballot. Ms. Queen noted the Nick Lawhead has expressed interest in serving again. Mr. Lundin will confirm with him and put him on the ballot if he decides to run.
- c. **2018 Meeting Schedule** – Ms. Queen has drafted a meeting schedule for 2018: The board agreed to the schedule and we changed the May meeting to an evening meeting to accommodate more owners.
 - i. Thursday, January 25, 2018 – 9 am
 - ii. Thursday, February 22, 2018 – 6 pm – Annual Evening Meeting
 - iii. Thursday, March 22, 2018 – 9 am
 - iv. Thursday, May 24, 2018 – 6 pm Evening Meeting

- v. Thursday, August 23, 2018 – 6 pm - Evening Meeting
- vi. Thursday, November 15, 2018 – 9 am

- d. **Fine Structure for Infractions and Late Payments-** The current fine structure in the rules and regulations reads: "If a letter notifying the owner of a violation is sent, each Owner shall have two (2) weeks from the date of this letter in which to comply with the above stated. Should an Owner be found out of compliance after two (2) weeks, the Owner will receive a Notice of Violation and a fine in the amount of Fifty Dollars (\$50). Every two (2) weeks thereafter, if the Owner is found still in violation, an additional fine will be assessed; however, the Second fine will be Seventy-Five Dollars (\$75). Third and subsequent fines will be One Hundred Dollars (\$100). If payment is not received within thirty (30) days from the date on the Notice of Violation, an additional late payment fee will be charged in the amount of Twenty-Five Dollars (\$25) with both the fine and late payment fee bearing interest."
- e. **Delinquency Policy** – WEB Properties has drafted a delinquency policy for review by the Board. Late payment collection fees will start going to WEB as they are the ones who have to do the collecting. The interest amounts will be paid to the HOA. ***ACTION: Ms. Queen moved to accept the delinquency policy with lien action thresholds to be \$500 (impending lien) and \$750 (lien) and ask WEB to post the policy. Mr. Northey seconded the motion which carried unanimously.***
- f. **Fiscal Year Change** – Ms. Queen asked WEB to investigate what would be involved in changing our fiscal year from a calendar year to a July 1 through June 30 fiscal year. This would benefit the owners in that WEB would be able to do an annual meeting with owners before a budget needs to be passed rather than in October when almost every other association is asking for reports and annual meetings, creating a hardship on WEB's staff. Additionally, the snow season would cover just one fiscal year instead of two, helping us to know where we are at in the budget sooner and take any necessary action. Mr. Lundin will follow up.

IV. Open Forum

- A. **What do we pay WEB for their services?** We are paying \$1000 per month. This amount was what we paid to McVicars (the property management company prior to WEB) and has not changed.
- B. **How many units are rented out?** We do not have a way of knowing this. ***ACTION: WEB will add questions do you live or do you rent your unit to the insurance survey they will do.***

- V. **Adjournment:** With no further business, the meeting was adjourned at 10:27 am.