

Comstock Place HOA Board Meeting Minutes December 4, 2024

Purpose: Our dual mission as a board is to maintain or increase the value of the property, while enhancing the owners' current enjoyment and peace of mind.

NOTE: These minutes reflect the decisions made in the last two Board meetings revised to show the latest information. There is a lot here, but please review it carefully. Thanks !!!

1. Roll call and quorum:

Present: Bill, Dorene, Jim

Members: Jo Ann and Linda

2. Approve Minutes and Agenda - Approved

3. Status of current improvement projects:

Balcony repairs – Bill - Jesse has started work but, depending on the weather, they may not be completed until next year. The last two balconies are proposed to be done next year.

4. Discussed potential changes to Board membership to be presented at the Annual Meeting.

5. Financial Report:

*Finalized proposed 2025 Operating budget: Revenue = \$62,860

- A. The biggest items are \$18,000 each for City Utilities and Insurance.
- B. Budgeted \$4000 for hired help with grounds cleanup
- C. Budgeted \$2000 for professional pruning
- D. Reduced the pool heating expense from \$1100 to \$800 based on consistent use of the pool cover.
- E. Budgeted \$600 for irrigation start-up and blow out. Any major repairs or improvements will come from the reserve account.
- F. The roof co-pay will be set aside in the reserve account rather than deducted from the M&O budget.
- G. Various savings allowed us to budget \$4000 for exterior repairs/painting.
- H. Other items:
 - a. Common Area Electricity=\$850;
 - b. Lawn Care=\$5000; (We will get bids.)
 - c. Snow Removal \$4200;
 - d. Pool Service=\$4000
- I. Set aside \$1310 for unplanned expenses/minor repairs

Total Expenditures and Allowances=\$62,860

NOTE: If we can continue to find \$4-5000 per year in the M&O budget for painting, plus some amount from the reserve account, we can begin to make a decent dent in the paint work over the next 5 years. After 2030 we should be able to budget \$20-30,000 per year, which may be more than enough. Once everything is ship-shape (maybe 2035), we could even potentially consider rebating part of the reserve balance or reducing the dues. Of course, we must keep in mind that operating costs will likely continue to go up over that time.

Comstock Place HOA

Board Meeting Minutes

December 4, 2024

6. Reviewed draft Community Agreement: We made several revisions and will send out the revised version for review by the full membership. We will ask you to provide your feedback before the annual meeting so that we have a limited number of issues to discuss at that time.

Perhaps it is important to understand the reason for the Community Rules. We are striving to shift from a reactive mode of operation to a proactive (preventative) one. The aim is to prevent any major damage events (insurance claims), especially due to flooding, sewer back-ups, etc.

At the present time the Association does not have the budget to undertake roof and gutter cleaning (which is already the owner's responsibility) or sewer inspection/cleaning. But those things need to be done, so the Board will get bids for the work. Each owner has the option to either have the work done by the contractor we select or arrange one on their own. If they choose to have it done separately, they will need to provide documentation showing that the work was completed.

7. Discussion of reserve study strategy and priorities:

Pending approval by the Membership, we voted to accept the Reserve Study prepared by the Reserve Study Group (RSG) with two revisions:

1. The replacement of all siding in 2038 is postponed to beyond the 30 year timeline.
(We will do siding repair and painting on an ongoing, as needed basis starting in 2025.
2. The paving is revised to show complete repaving instead of just resealing.

Here again the aim is to maintain/enhance the value of the property and prevent future major damage and to optimize current enjoyment of the facilities. We are faced with 3 major issues that need to be dealt with in the near future, plus the chronic problem of deferred maintenance of the exterior of the structures.

- A. Sewer Reline – Six of the units on the East side of the complex still have the original 'Orangeburg' drain line which needs to be relined before we experience collapse (as occurred on some of the West side units). Sewer line collapse requires a far more expensive full trench replacement.
Cost~\$40,000
- B. Structural repair of Bower's garage – The southwest corner of their garage has settled about 6" since construction. This repair needs to be done before we can repave of the driveways.
Cost~\$20,000
- C. Repaving of Driveways – This work is way past due, but due to financial constraints we will not be able to do it until at least 2027 (see below). The best bid we received for this work includes an important upgrade. Drain lines will be installed under the pavement to direct the flow of water from the downspouts on the west side to the Howard frontage area to prevent settling and possible water incursion. They will also design in a little better slope from the garage doors to the drain channel on the east side.
Cost~\$101,000 (as of 2024)

Exterior Maintenance – Siding & Painting – This is another area where deferred maintenance is seriously catching up to us. The previous plan was to do a complete repair/repaint job sometime in the future. The vendor-provided reserve study called for complete replacement of

Comstock Place HOA

Board Meeting Minutes

December 4, 2024

the siding in 2038 at a cost of \$1.2 million. That approach completely disrupts the plan and calls for raising the reserve contribution from \$31k per year to \$75k, an increase of about 150%. Obviously, that is not viable. The alternative we are proposing is to start doing repairs/repainting on a regular piece by piece basis, starting with those walls most in need of repair. The challenge is that we are also facing the 3 major projects above in the short term. The good news is that around $\frac{3}{4}$ of the siding/paint is still in good shape and can be deferred for a few more years.

NOTE: The following section will be for discussion only at the 2024 Annual Meeting. We can defer the decisions until 2025, which will give us time to consider them carefully or, perhaps, come up with an even better solution.

So, we face the need to find adequate funds to do the 3 projects and still get going on the siding repairs as soon as possible. Two alternatives have been proposed:

1. The first is to implement a special assessment of \$10,000 per unit which would not require payment for up to 10 years. Interest at a rate of 5% per annum would be accrued against the outstanding balance. The thought is that several members would pay the full amount immediately to avoid accruing interest and thus provide the Association with the funds needed to move forward with the projects.
2. The second is to request any owners who are willing and able to lend to Association \$5000-10,000 on January 1st 2027. The loans would be paid back on January 1st of the following 3-5 years depending on how much we receive. We will be able to pay back \$20,000 per year, so if it is \$50k it can be repaid in 3 years. If we raise more it would take 4-5 years. The larger amount would allow us to maintain a higher minimum threshold balance in the Reserve account. The interest would all be paid in the final installment to minimize tax consequences. The interest would work out to about 7% per year (accrued annually).

However, there is another serious consideration. We have tentatively decided to change the reserve study strategy to what is called a "Threshold Strategy." That means that we would budget our expenditures such that the reserve balance never goes below a specified threshold. There are two schools of thought on what the threshold should be.

One is that it should be \$70,000, which represents \$5000 per household to cover the potential of having numerous insurance claims (\$5000 deductible per claim) in a single year or other unforeseen major issues.

The other is to take on a bit more risk so that we can get the 3 projects done in the next 3 years. With the \$50k in internal loans we would be able to maintain a threshold of \$35,600 in 2027 and increase it to over \$40k the following 3 years and over \$50k in 2031-32 and over 60k for the following 4 years, before reaching 70k in 2037 while still doing substantial exterior repair work.

We are proposing to finish the balconies, reline the sewers and do the Bowers' repair in 2025 which would draw down the Reserve account balance to about \$42,600. When we would be able to do the paving will depend on what we decide about the funding and threshold (minimum) reserve balance. (See below)

Comstock Place HOA Board Meeting Minutes December 4, 2024

We will need to vote as an Association next year on which threshold to maintain and whether we are willing to undertake the \$10,000 assessment per household or the internal loan approach.

Bottom line, we will likely consider three scenarios for the reserve study:

1. One with no loan or assessment which would mean that we don't get the sewers and paving done until 2030-31, and then only if we agree to a threshold of \$30k. If we choose to maintain a \$70k threshold the work cannot be done until about 2035
2. One with a \$70,000 reserve threshold and an assessment which would allow the paving to be done in 2029, given that we get at least \$50k in assessment payments by then
3. One with a \$30,000 reserve threshold and an internal loan package which would allow the paving to be done in 2027

Items to consider adding to the reserve study:

- Drip Irrigation for Common Area gardens and planting strips to protect structures/fences and save water (and courtyards?)
- Reserve for irrigation repairs
- Recoating fences (~every 3 years?)

Action Items:

Dorene – Get more information about the owner internal funding done by the Chewelah Golf Course Assn. which reportedly was very satisfactory

Jim – Get quotes for repair of south drive trench or DIY for now?

Bill/Jim – Get more bids for painting.

- Consider an alternate paint supplier.

Future Agenda Items:

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