

Palomar Reserve Council of Co-Owners

Board Of Directors Meeting

3/18/2024

The monthly meeting of the Palomar Reserve Council of Co-Owners Board of Directors was held at 4:00 PM on 3/18/2024. The following personnel were in attendance:

- Carrie Hoeller (Board President)
- Ima Lane (Board Vice President)
- Susan Vantreese (Board At-Large Member)
- Barry Tilden (Board Secretary)
- Ann Wesley (Property Manager)
- Donna Frazier (Homeowner visitor)
- Joan Stewart (Homeowner visitor) (Partial)

1. Approval of Minutes of Previous Board Meeting

The meeting minutes from the monthly Board meeting held on 2/19/2023 were reviewed. Carrie moved that the minutes be approved, and Susan seconded the motion. The motion was approved with no dissenting votes.

2. Financial Report

Ann presented the HOA financial report as of 2/29/2024 including the following items.

a. Balance Sheet

- The total reserve account is approximately \$47.8 K, while the Operating account is slightly less than \$15K. Ann reminded us that it is essential that the operating budget stay around \$13 to \$15K so that all the ACH payments are sure to clear each month.

b. Profit & Loss for February –

- The HOA net income was more than total expenses by \$1.9K for the month.

c. Profit & Loss Budget Vs Actual YTD

- At the end of February, several expense categories were over or under budget as shown in the table below -

Expense Category	Amount Over Budget	Comment
Administrative	\$1.2K under	Mainly due to insurance cost as discussed in previous meeting minutes.
Utilities	\$0.9K over	Higher electricity costs.
Landscaping and Grounds	\$1.9 Under	Due to lower snow removal costs

d. Open Invoices –

- There are currently 6 past due accounts for Palomar Reserve HOA, totaling \$4.4K. Two of these accounts, totaling \$0.5K, were late payments of one month HOA dues. These are expected to be paid up in the near future.
- One past due account () consisted of legal fees for lien release during the recent sale of the unit. These may have already been paid to the lawyer by the title company. Ann will check on this and delete the account from the past due list if this is the case.
- The account that has been delinquent since May 2023 () is the largest contributor to the open invoices, making up \$3.4K of the total and growing each month. A lien has been placed on this property. Our lawyer is still conducting a title search on this property to determine whether there are other claims against the property, should it go to foreclosure. The Board felt that this title search was taking an excessive amount of time and asked Ann to find out why. Once complete, Ann will instruct the lawyer to proceed with a pre-foreclosure letter. Ann is sending this owner a letter each month communicating the past due status of their account. The Board asked Ann to consider sending the next letter by registered or certified mail so that we would know whether the letters are actually being received.

3. Old Business

- a. Recycling and Republic Contract. Ann reported that she is still trying to get Lexington Waste Management to remove the recycling dumpster from our common areas. The dumpster was actually removed the day after the Board meeting. Ann said that the three signs discussed during the previous Board meeting were on order and should be received in the next few days. They will be installed shortly after they are received. The purpose of these signs is to inform would-be recyclers that we are no longer a community recycling location and to warn them not to dump their trash in our trash dumpster.
- b. Response letter to homeowner () regarding balance owed. Ann is working on a response to the last letter from this homeowner. This homeowner still mistakenly believes that his HOA dues have been calculated incorrectly. Ann read excerpts from his last letter to demonstrate how insulting and crude the letter was. The Board agreed that the letter constituted harassment as that term is defined in the HOA Rules and Regulations. This unit owner could be fined for multiple instances of harassment based on his written letter. This course of action was discussed but decided against for now.
- c. Website. Ann said that her programmer should have the HOA website up and running in the next few days. She will send a link when it is ready for review. Ann located some good pictures and also took a few more pictures of the clubhouse after the Board meeting.
- d. Review of rules regarding grill usage. Prior to the meeting, Barry distributed a revision to the Rules and Regulations to change the rules for grill storage. One comment had been previously incorporated and there were no other comments from the board. Barry will send the final Word file to Ann for distribution to homeowners. She will send these out by email to all homeowners who have an email address and by US mail to the few who do not.

- e. 4218 () Complaint about hallway condition. The carpet in the common areas in this building was cleaned on the same day as the Board meeting. This should resolve this issue.
- f. Bylaw committee revisions. Barry is working to merge the bylaws changes into a single file and characterize each suggested change. No progress was made on this effort since the last Board meeting.
- g. Buddy system for emergencies. Ann is planning to post a message on this topic on the HOA website once it is up and running.
- h. Masonry repair 4235 building. The quote to repair this wall was close to \$9K and the HOA does not have the funds for such a repair. The Board suggested that Ann have her maintenance people shore the wall up with metal posts or rebar to prevent further movement. Ann said that she would look into this.
- i. KU lighting evaluations. Ann and several board members conducted a walkdown with the KU representative to determine options for improving the lighting along the road in front of building 4235. Previous light poles were removed and, in some cases, the bolts in the concrete bases were sawed off. The KU rep said that it would not be possible to use the existing bases because the bolts had been sawed off or the bolt pattern would not match the new light poles. We would have to pay for a new base to be installed and a new conduit trench dug in addition to the actual installation of a light pole. Carrie asked Ann to obtain a price quote for this work for the Board to consider. Susan suggested that, instead of new light poles, we investigate installing flood lights on the building to illuminate the road. Some of the buildings already have such flood lights and this may be a cheaper option than installing a new pole. It was also pointed out that the light at the Old Higbee Mill Road end of the club house is still out. It has an unusual light bulb, so we need to either find such a bulb or replace the fixture. This one light will not fix the entire problem, but it will help. Ann will investigate the flood light idea and will try to have the light bulb replaced.
- j. Elevator repairs. Ann reported that she is still working with the elevator repair company to resolve the unpaid invoices. She has taken the position that we should not have to pay for a repair visit if the elevator problem was not fixed. She is also looking into the pricing of a service contract that would not charge per visit for weekend and after-hours visits. This provision of our current maintenance contract almost defeats the purpose of having a flat fee maintenance contract on something as vital as an elevator.
- k. Leak in ceiling in a unit () in Building 4248. A leak was reported in building 4248 causing damage to one of the unit's ceilings. The cause of the leak was determined to be the drier vent of the unit above. There was much discussion at the meeting about whether the HOA or the upstairs unit owner should be responsible for the \$1.5 to \$2K cost for repairing the damage caused by this leak. At the end of the Board meeting, one Board member voted to have the upstairs unit owner pay for the repairs and another voted that the HOA should bear this cost. The third Board member abstained from this vote due to a conflict of interest. The fourth Board member wanted more time to review the HOA governing documents before deciding. After the meeting, Attachment 1 to these meeting minutes was developed and it includes the results of this review and the rationale for this Board member's decision. The matter will be brought to a new vote at the next Board meeting.

4. New Business

- a. Car in front of building 4218. A unit owner told Carrie that there was a car in front of their building that had not been moved for several weeks. The vehicle is properly licensed and appears to be in working order. There was discussion about whether such a car should be tagged for towing. Barry felt that as long as the car was legally parked, and properly licensed, there was no reason to tag it for towing. The rest of the board felt that there would be no harm in applying the tag since this would likely encourage the owner to get in touch with Ann. The vehicle's license expires the end of March, and we would be justified in towing it after that. The decision was made to tag the vehicle for towing.
- b. Request for HOA financial information. A unit owner has requested that Ann send them the monthly financial information for multiple months. The Bylaws require that all homeowners be given access to HOA financial information in a convenient location during normal business hours. The Board felt that that this provision and the HOA's desire for transparency would support the decision to send the requesting homeowner the information. On the other hand, the right of homeowners to privacy must limit the information disseminated to non-Board members. The Board agreed that Ann should send an email to the requesting homeowner with three pdf files – the Balance Sheet, Monthly Profit & Loss and Profit & Loss Versus Budget YTD. Once the web site is up and running, the Board will consider whether this same set of files should be uploaded to the website so that it may be accessed only by homeowners.
- c. Treadmill repair. Ann reported that the contractor gave her a price of \$928 to replace the track on the HOA gym's treadmill. The Board thought that this was excessive given that the treadmill is almost 20 years old and a new treadmill could be purchased for about the same price. Someone has performed an unauthorized repair to the treadmill track and the Board was afraid of liability if the track failed. Ann will have the treadmill moved into a locked storeroom so that it would be available in case it has some trade in value.
- d. Heaters in the hallway in Building 4205. It was reported that the space heaters in the hallway in this building were being turned on continuously and it was causing the hallway to be uncomfortably hot. It was believed that one of the homeowners was doing this to help heat their own unit. Ann resolved the issue by having her maintenance people disconnect the heater from the electric supply.
- e. Sprinkler Inspections. Ann reminded the Board that the annual sprinkler inspection was scheduled for March 26th starting at 9 AM. Each unit owner must ensure that the inspectors can access their units. A letter has been distributed to all units.

5. Adjourn. The next Board meeting will be held on 4/22/24 at 4 PM. This is the 4th Monday of the month instead of the third due Barry's schedule conflict on the 15th. The meeting was adjourned at 6:30 PM.

Attachment 1
Rationale for Decision on Ceiling Damage

As discussed above, significant damage was done to the ceiling of a unit in the Palomar Reserve Condominiums. In the discussion below, the unit which incurred the damage will be referred to as the 2nd floor unit and the unit directly above the damaged unit will be referred to as the 3rd floor unit.

Several months ago, the owner of a 2nd floor unit reported damage to their ceiling consisting of a small drip spot. The drip was intermittent and did not seem to be associated with rainy weather. The damage gradually grew in size and will require significant funds to repair. After an investigation that took several months, the cause of the ceiling damage was found to be the drier vent in the 3rd floor unit above the damaged ceiling.

The drier vent was found to be full of lint and weighted down so that it sagged significantly, resulting in an accumulation of moisture within the vent. This moisture leaked out onto the ceiling below.

The Master Deed Article II (D) clearly states that responsibility for maintenance of limited common elements that are for the sole benefit of one unit belongs with the unit owner. See text quoted below.

It shall be the responsibility of each unit owner with respect to the unit owned by such unit owner:

(1) To maintain, repair, and replace at the expense of such unit owner all portions of the unit except the portions to be maintained, repaired, and replaced by the Council, ...

(2) To maintain, repair, and replace, at the expense each unit owner the appliances and fixtures located in the unit, or located in the general common elements appurtenant to the unit, or located in the general common elements but benefiting the unit, to the exclusion other units, including but not limited to, any plumbing fixtures, water heaters, furnaces, air conditioning equipment, lighting fixtures, other electrical fixtures, refrigerators, dish washers, disposals, ranges, hoods and fans, sinks, lamps, doors, windows, telephones, garage door openers, or any electric, gas or water pipes or lines or wires or conduits or ducts serving such appliances and fixtures.

Therefore, per the Master Deed, the unit owner would normally be responsible for drier vent duct maintenance.

The Master Deed Article II (E) also states that a unit owner is responsible for the cost of any damage to another unit or common elements that is a result of the unit owner's negligence or omission. See text quoted below –

A unit owner shall be liable for the entire expense of any maintenance, repair, or replacement of any part of the condominium project, whether part of a unit or part of the general common elements or limited common elements, if such maintenance, repair, or replacement is rendered necessary by any negligent act or omission of the unit owner, or any member of the family, or guests, employees, agents, lessees of such unit owner.

Therefore, barring any other circumstances, the cost of the repairs to the 2nd floor unit ceiling would be the responsibility of the 3rd floor unit whose drier vent duct caused the damage.

However, there is an additional fact that comes into play for this specific case. In March 2021, the Palomar Reserve HOA decided that the HOA would contract to have all the drier vent ducts in the complex cleaned, and to pay for this work from the HOA operating budget. Because the HOA took responsibility for this

maintenance activity and contracted and paid for the work to be done, they also assumed responsibility for any damage that resulted from poor performance of that work. The drier duct for the 3rd floor unit should have been cleaned as part of this effort and therefore should not have accumulated enough lint to cause this leakage issue. If the drier duct for the 3rd floor unit was accidentally omitted from this cleaning project by the contractor or the cleaning was not thoroughly performed, then any damage occurring from the vent duct during a reasonable period after that cleaning should be the HOA's responsibility to correct.

The technician who cleaned the 3rd floor unit's drier vent duct in March of this year stated that this duct could not have been cleaned as recently as 3 years ago. Based on the condition of the duct and his experience, the duct had not been cleaned for many years. Therefore, it is reasonable to conclude that the vent duct cleaning work previously contracted and paid for by the HOA did not clean the 3rd floor unit or did not do an adequate job on this unit.

Therefore, the fourth Board member will vote to have the HOA pay for the repairs to the 2nd floor unit when this matter is brought to a vote at the next Board meeting. If the other Board members' votes remain the same, the vote will be 2-1 in favor of the HOA paying for these repairs, with one abstention.

Going forward, the responsibility for cleaning drier ducts needs to belong to the unit owners in accordance with the Master Deed. If the HOA wants to ensure that all units are cleaned, then they should issue a communication to unit owners instructing them to have their ducts cleaned and provide evidence that this was done. For those who do not comply, they should contract this service and charge the unit owners back for the incurred cost. (Article II (E) specifically allows for this.) Furthermore, the HOA needs to inform these unit owners that they are solely responsible to ensure that their vent ducts were cleaned properly and are responsible for any damage that occurs if they were not.