

Palomar Reserve Council of Co-Owners

Board Of Directors Meeting

11/25/2024

The monthly meeting of the Palomar Reserve Council of Co-Owners Board of Directors was held at 3:30 PM on 11/25/2024. The meeting started one half hour early to accommodate a potential schedule conflict. The following personnel were in attendance:

- Carrie Hoeller (Board President)
- Dexter Sprandling (Board Vice President)
- Baxter Napier (Board At-Large Member)
- Barry Tilden (Board Secretary)
- Ann Wesley (Property Manager)
- Donna Frazier (Homeowner visitor)
- Ima Lane (Homeowner visitor)
- Becky Lesch

Susan Vantreese (Board At-Large Member) could not be present at the meeting because of a death in her family.

1. Approval of Minutes of Previous Board Meeting

The minutes from the monthly Board meeting held on 9/16/2024 were approved by email prior to the annual meeting. The minutes from the annual meeting held on 10/21/2024 were approved by email after the annual meeting, so no minutes had to be approved at this Board meeting.

2. Financial Report

Ann presented the monthly HOA financial reports for October.

a. Balance Sheet

- The total reserve account was approximately \$53.6 K at the end of October (\$25.3 in a higher interest CD and the rest in two lower interest accounts).
- In mid-October, \$4.4K was deposited into the Reserve fund from the \$6.2K city grant funds that were received. The remainder of the city grant funds were used to pay for the replacement treadmill in the clubhouse gym.
- The operating account was around \$18.5K at the end of October.

b. Profit & Loss –

- The HOA expenses exceeded net income by \$4.7K for the month of October. In addition to “expenses,” we paid \$315 in October for principal for our clubhouse mortgage (not included in “expenses” on the P&L report).
- Insurance costs were higher in October since the Erie Insurance contract went into effect. We had been saving about \$650 a month on insurance as explained in the annual meeting minutes. For the remainder of 2024, the insurance costs will be very close to the budgeted amount.
- Utilities were only slightly over budget in October, with electricity being under budget and sewer and internet being over.

- Elevator repair costs were over budget in October because the new maintenance contract described in previous meeting minutes took effect. In addition, the annual elevator inspections for buildings 4248 and 4219 were billed in October.
- The \$6K transfer to the Reserve fund shown in this report consists of the monthly \$1.6K plus the \$4.4K from the city grant mentioned above.

c. Profit & Loss Budget Vs Actual YTD

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

Expense Category	Amount Over Budget	Comment
Income	\$3.5K over	Due to collection of past due HOA dues and late fees in June. The \$6.2K city grant was subtracted from the P&L YTD report value (\$9.7) since this was reimbursement for asphalt sealing expenses.
Administrative	\$6.1K under	Mainly due to insurance cost being lower than budget earlier in the year as discussed in previous meeting minutes.
Utilities	\$3.8K over	Every utility line item is above budget by some amount, but electrical and internet costs are the largest contributors.
Repairs and Maintenance	\$6.3K over	\$2.2K of the overage is elevator repairs. \$1.3K is the repairs to the ceiling caused by water damage discussed in March meeting minutes. \$1.5K is the cleaning contract. \$1.0K is higher security services costs.
Supplies	\$1.2K under	Due to timing of purchasing supplies.
Landscaping and Grounds	\$0.5K under	Due to lower snow removal costs, partially offset by unbudgeted flower and shrub work in June.

- As of the end of October, the P&L YTD report shows that the HOA income exceeded the expenses for the year by about \$6.0K. However, \$12.1K of this “income” was transferred from the Reserve fund to cover asphalt sealing work and only \$4.4K was returned to the Reserve fund after the city grant was received. Subtracting out this \$7.7K net transfer from reserve to the operating account, the HOA expenses exceeded the HOA dues collected for the year to date by about \$1.7K. In addition to “expenses,” we have paid \$5.3K on principal for our club house mortgage (not included in “expenses”), as of the end of October. Therefore, total expenditures of the HOA exceeded HOA dues collected by about \$7.0K so far this year.

d. Open Invoices –

- The report shows that there are currently eight past due accounts for Palomar Reserve HOA at the end of October, totaling \$3.9K. This is up by \$1.3K from last month.
- \$2.7K of this total is against a single account that has been delinquent since May 2023 (). Ann was not sure whether our lawyer sent a letter to both unit owners’ addresses

informing them that the HOA will restart our foreclosure actions (as stated in the September meeting minutes). She will ensure that such a letter has been sent or will ask our lawyer to send it as soon as possible. The Board requested that the letter be sent either certified or registered mail so that we receive notice of receipt. The letter should ask for a response by December the 15th. If a satisfactory response is not received by that date, the Board would like our lawyer to resume foreclosure proceedings for this unit. Carrie asked that she be provided a copy of each letter that our lawyer sends so that the Board can stay on top of this issue. The Board felt that the key to reaching a resolution is to ensure that correspondence is sent to both homeowners at their respective addresses since this is the practice that led to some positive results in June.

- Another account () makes up over \$600 of the total delinquent accounts. This account has been delinquent since February 2024. It now consists of two months of missed HOA dues and several unpaid late fees. The Board restated our previous request that Ann contact this homeowner by email or phone call and find out when the HOA can expect the past due funds. She should ensure that the unit owner understands that the HOA will place a lien on her property if she does not resolve her past due account by the end of the year.
- Three accounts (about \$350 of the total) are newly delinquent with one owing one month dues plus a late fee and the other two owing only late fees. These homeowners have received delinquent account notices by mail.

3. Old Business

- a. Elevator bill adjustment. Ann was able to get our elevator repair company to withdraw several bills for services earlier this year based on the argument that the repair technician did not fix the problem that they had come to fix.
- b. Metronet damage. Carrie still feels that improvements are needed to restore the areas where Metronet dug on our property. This includes some grading work and some reseeding. However, it is not the right time of year to do this work, so she suggested we table this item and carry it in the minutes until next spring and then reconnect with Metronet.
- c. Leak into bedroom in building 4205 unit 104. The leak was caused by a masonry issue along the ledge of the window. Bone Dry was contracted to fix the issue at a cost of about \$1400. Repairs are complete.
- d. Siding and soffit issues. The minor siding issues on building 4248 and 4219 were fixed by Ann's maintenance staff. The trim issue on building 4219 remains outstanding. Also outstanding is the more serious issue of water intrusion onto the deck of a unit in the back of building 4219. The technician from Bone Dry Roofing investigated the issue said that the gutters on the rear of the building needed to be replaced and provided an estimate of around \$4000 for completing this work (140 feet of gutters plus leaf guards). Ann will get a separate contractor to provide a bid for gutter cleaning for this gutter and the corresponding one on building 4235 (also experiencing similar drainage issues). The Board felt that this solution would be much cheaper and may fix the problem.
- e. Front door on building 4235. It had been reported that the door of this building would not lock. This issue was repaired just prior to the annual meeting and residents report it is working well again.

- f. Website. The Board's September meeting minutes still need to be uploaded to the website. Ann reported that she successfully uploaded the fall newsletter but ran into difficulty uploading the file for the meeting minutes. Ann said that it would be very complicated to grant administrative rights to a Board member to upload documents to the website since all the web sites for her properties share a common login. It is currently not possible to grant an individual access to only one of the HOA websites. She is working to ensure that we do not incur future fees resulting from the Website master needing to perform the upload. Carrie is still interested in adding a feature to the website that would allow users to reserve the clubhouse online, including filling out the forms and even paying online. Ann will get a quote from the Website designer about how much this will cost.
- g. Newsletter. The Board decided that we should target the 15th of January 2025 for our next newsletter. This would allow us to include a summary of end-of-year financial results and accomplishments.
- h. Sprinkler inspection follow up. All the issues discovered during the sprinkler inspection performed earlier this year have been repaired. Once Ann receives the bill, she will pay it from the HOA operating account and then bill the affected units for their share of the cost.
- i. Additional scope of work addendum for 2024 city grant. The city approved a scope of work addendum for the 2024 grant which allows our HOA to use the residual 2024 grant funding for landscaping improvement work. The HOA can spend up to \$3K and the city will reimburse half of what is spent. This item is tabled until early next spring but will be carried in the minutes until then.
- j. Wall behind building 4235. This item was not included on the agenda for this meeting and was not discussed at the meeting. It will be carried forward to the next Board meeting.
- k. Buyers Reserve Fee. Ann noted that many HOAs in Lexington have implemented a Buyers Reserve Fee which requires new buyers to buy into the reserve fund at the time of closing. The typical rate is three months of HOA dues. This is not a prepayment of HOA dues but a separate capital cost to buy into the HOA reserve fund. The concept was discussed at the annual meeting and no bad feedback was received. The Board decided that we should proceed with the implementation of this concept, effective January 1, 2025. Ann will add a sentence or two to the Home tab of our website to state that homeowners must pay a monthly HOA fee that is calculated based on the square footage of their unit and must pay a separate one-time buyers reserve fee at the time of closing as a contribution to the HOA reserve fund. Ann will also communicate this to homeowners in the January 15th newsletter.
- l. Quilters use of the clubhouse. The HOA received \$100 of income from quilters renting the clubhouse in October. In addition, Donna and Becky have gone door to door in the HOA complex and collected \$1020 in sweepstakes donations which will be applied against the principal on the clubhouse loan. Collection of sweepstakes donations will end on 12/6/24 and the drawing for the quilt give-away will be held during the cookie exchange on 12/7/24.

4. New Business

- a. Dues increase notice. Ann is preparing the notices for homeowners to communicate their new monthly HOA dues amounts. She normally would provide information in this notice about how the amount is determined based on the ratio of the square footage of the

individual unit versus the total square footage of all 60 units. She wanted to make sure that the Board agreed that this information should be provided in this notice. The Board agreed that the explanation would be beneficial to most homeowners.

- b. Leak in bedroom in building 4248 and 4205 1st floor units. A leak was reported by two first floor unit owners in these buildings. In 4248, it was discovered that the leak was caused by the back door in the concrete hallway not shutting properly. This allowed rain into the hallway which then followed a crack in the concrete into a unit. The closure device on this door was replaced and the puddling in the hallway (and leakage into the unit) has stopped. When the leakage into building 4205 was investigated, no puddling was found, and the leakage had stopped. It is suspected that the back door on this unit may have been propped open and caused the same issue as in 4248. The affected homeowners will report any recurrence of this issue.
- c. Subcommittees. At the annual meeting last month, homeowners suggested that the HOA form two subcommittees as described below.
 - i. Future grant work subcommittee. Donna, Becky and Carrie agreed to serve on this subcommittee. The purpose of the subcommittee would be to determine what scope of work should be included in future city grants and to prioritize the various suggested work items. This subcommittee would also investigate whether other city or county grants might be available for funding improvements to our condominium complex.
 - ii. Clubhouse promotion subcommittee. Carrie and Baxter agreed to serve on this subcommittee. Carrie will contact another homeowner who expressed interest in this subcommittee at the recent annual meeting (). This subcommittee will determine ways to increase the income received from clubhouse rental. This includes overseeing the development of the new website tab for the clubhouse (described previously in these minutes) and putting information out on appropriate platforms to make neighbors (including those outside the HOA) aware of the clubhouse rental potential.

These subcommittees should meet outside of HOA Board meetings and bring a report and recommendation to the Board meeting at periodic intervals.

- d. Owners list. Last year after the annual meeting, Ann sent an updated Owners list to all Board members. Barry asked her to send the latest version of this owners list file out again.
 - e. Clubhouse hot water heater. Carrie noted that the clubhouse hot water heater was still not turned on. She asked Ann to have someone on her maintenance team turn this on as soon as possible.
5. Adjourn. The next Board meeting will be held on December 16, 2024, at 4 PM in the clubhouse. The meeting was adjourned at 5:35 PM.