

Town Center Lot 19 Building Condominium Association Special Owners Meeting

***Minutes of the Special Owners Meeting of Town Center Lot 19 Building Condominium Association,
held at the office of Backbone Media and via Zoom at 4:00pm on November 7, 2022.***

- 1) Call to Order:** The meeting was called to order at 4:04pm by Michael Davies. Board members present included Michael Davies, Meg Young and Gary Moss. Other owners present included Steve Novy, Wendy Stewart, and Jennifer Howard. Also present were Bill Crowley, Kari Crowley, and Nick Cova from Silver Mountain Properties. Nick assumed the role of secretary to prepare a recording of the meeting.

- 2) Budget Analysis Presentation:** Michael explained to the ownership that the reason for calling the special owners meeting was to discuss the budget that had been approved by the Board at their most recent quarterly meeting. The Board had approved a budget which will increase owners' dues quite significantly. Michael explained that there were two driving factors behind this increase. The first is that the Association's operating expenses have increased in every industry and the HOA is currently feeling the effects with budget items such as utilities, insurance, and repairs and maintenance. Materials have increased, contractors are charging more to offset the increase in gas prices, and insurance companies are raising rates to reflect the increased cost to rebuild in the event of a significant loss. Due to these factors, the Board of Directors has approved an increase in the operating budget from \$59,750 to \$80,000.

The second driving factor behind the dues increase is an increase to the reserve contributions. The HOA currently has approximately \$89,000 in their reserve fund. Based on the reserve study that was conducted in 2017, the Association is significantly underfunded from a reserve standpoint. It was explained that a reserve study will assign a risk level to an HOA based on the amount in their reserves and the components of a property that must be maintained by the Association. The Town Center HOA is currently at a high risk of special assessment and the projection for the coming years will only increase that risk. There are currently two high cost reserve items needing addressed in the next 5-10 years. The first is the roof replacement, which was originally projected to be needed in 2025, however, with recent leaks and other issues, that timeline has been moved up to spring 2023. This cost has been projected to be approximately \$80,000 and SMP is currently soliciting bids to get a better idea of real cost. The other large upcoming reserve item is the elevator modernization, which is currently projected to be needed in 2030. This cost is projected to be roughly \$271,000. On top of those two large reserve items, there are other reserve items such as carpet replacement, concrete repairs, and patio sealing that must be accounted for in the reserve budget. Due to these factors, the Board has approved an increase in the reserve contributions from \$18,249.80 to \$33,000. This increase will allow the HOA to pay for the roof replacement in 2023 while also being on a path to be able to afford the other upcoming reserve costs.

It was explained that, although the increase in dues is significant, the Board did not take this decision lightly, and had exhausted every possible avenue before landing on this specific increase. Without the increase, it is extremely likely that the Association would be facing a large special assessment in the coming years.

- 3) **Q&A:** One owner raised the question of whether it is more palatable to leave the dues as is and just special assess the ownership for the cost of the roof. Michael explained that the BOD had certainly looked into this option and ultimately felt that it would be easier for most owners to pay these costs over time as opposed to a one-time large special assessment. It was also pointed out that potential buyers would assess the health of the Association's reserve account and a potential special assessment could potentially drive down property values.

Another owner requested that SMP provide the reserve study and other budget info to the rest of the ownership so they could see the numbers themselves and understand how the Board arrived at their decision. Kari agreed to provide this information.

- 4) **Adjournment:** With nothing further to discuss the meeting was adjourned at 5:22pm.