

## **Sulgrave Regency Annual Meeting Minutes: May 1, 2014**

President Ann Darke called the meeting to order at 6:00pm.

Ann Darke introduced the board members in attendance: Ann Darke-President, Theresa Alcazar-Vice President, Gary Boomer-Treasurer, Andy Muir-Secretary, and Otto Fleck- Sulgrave were all in attendance. Phil Love-Regency arrived at approximately 6:30pm as expected.

Signature Property Management was represented by Beth Rice-Sulgrave Regency General Manager, Stephanie Ferris-Sulgrave Regency Assistant Manager, Joy Peters-Director of Operations, and Tonya Gilley-Director of Accounting.

**President's Report:** Ann Darke – The last few years have been the most challenging, we have had assessments which we have never had before for the façade and elevator modernization. Now, the elevators work, the façade is almost complete, and hallway remodeling has been started. I am hopeful that the worst is behind us. The board has to be financially responsible and maintain the quality of our property. We do make mistakes, but we have made decisions that as a whole, we felt, were good for the property.

We will be starting an operating committee that will look at every facet of the property and hopefully we can come up with great ideas. If you would like to be on the committee, please let Beth know.

Additionally we have also had an energy audit with ESP complete. ESP will be here next week to meet with interested residents. Simply sign up this evening for an available date/time and at your meeting they will go over what you can do to save money/energy in your units, there is no obligation to upgrade.

I want to thank Gary Cohn and Daniel Keating for hosting the March Madness party. We had a very large turnout of residents at this event. The NCAA bracket winners were announced. Half the income from the brackets was donated to the YMCA.

The emergency procedures and fire emergency procedures were reviewed.

**Management Report:** Beth Rice – There were many items complete over the past year however some large capital projects complete in 2013-14 were the Sulgrave Elevator Modernization, the low rise hot water tank replaced in the Sulgrave, Sulgrave E-Level service hallway sump pump installed, Regency Elevator #2 & #3 tape selectors replaced, Regency Elevator monitor replaced, and Google Fiber installed throughout the property.

**Façade and Balcony Repair Update-** The contractors are finishing up repairs on the northeast beam on the Sulgrave building, they expect to be done next week and will hopefully have the scaffolding removed from this area end of next week. The scaffolding is scheduled to be removed tomorrow. Then they will be completing punch list items and re-grouting brick area by Sulgrave 49<sup>th</sup> garage entrance. Make sure that any issues are reported to Beth Rice ASAP in order for the contractors to complete prior to leaving the property.

**Regency guest parking lot repair update-** The drainage has been installed and the next step is the waterproofing which we are just waiting on the date from contractor to complete. Then the asphalt will be repaired.

Hallway Upgrades Schedule- The carpet has been shipped this week and Monday the ballroom carpet and coffee area is scheduled to begin. As some of you may be aware the painters have been working in the Regency building working from the bottom floors and working their way up the building. Soon the wall paper, carpet, base, mirror trim will all be installed following the painters. The lighting is expected to be the last item installed on each floor. According to the current schedule both buildings are expected to be done approximately the middle of November 2014. Wall paper will begin on the 12<sup>th</sup> of this month.

Garage Cleaning & Exterior Window Cleaning for Sulgrave- This coming week the Sulgrave- garage cleaning schedule will be sent out. Now that balcony items can be put back on resident balconies, please make sure these items are removed from the garages so we can clean thoroughly. The exterior window cleaning will begin the middle of this month once the façade contractor is complete. Detailed notices with dates will be sent to all Sulgrave residents.

Finally, the pool & hot tub are open for the season!

The FYE March 31, 2014 surplus was approximately 242,000 and will be split up by reserve funds which is approximately 56% Sulgrave and 46% Regency.

Voting Process was reviewed by Beth Rice

Question regarding the carpet – Beth has all of the samples in her office.

Treasurer's Report: Gary Boomer– The budget information is complex and there is a lot to review. I have included important key points to help explain the budget process along with the need for the proposed increase. Mr. Boomer reviewed a power point presentation which has been attached to the meeting minutes.

### **Q & A:**

Q: How much the plumbing might cost?

A: It would be unlikely that all of it would need to be replaced at once; I envision that it would be complete as needed. Is there an order of magnitude if this were to happen? In the next reserve study we do to ask them to add that. Do we know how likely that will happen in the next few years? It is a real unknown at this point.

Q: What percent of our total amount goes into our reserves?

A: 22% of the annual dues go to the reserve funds or approximately \$657,000 each year.

Q: Change from façade company, was there a major cost involved?

A: Money was actually saved by switching the façade contractor. The original contractor was over budget which would cost the property more money. There were legal fees paid during the transition process however with the legal fees, we still came in under budget if we would have stayed with previous contractor. We had to make a decision and made a settlement.

Q: If we have a contract, how can they go over?

A: Change orders affect a contract amount on this type of project. Tom Rewerts was overseeing both projects, disputing change orders and was having to go over the work more than expected in regard to the Sulgrave building because of the previous contractor. When completing a job like this, there is not a way to determine exactly how much or how extensive repairs will be until you are actually working on the building. .

Q: If we approve everything proposed, what effect will this have on our monthly dues and why?

A: Gary Boomer then reviewed the spreadsheet regarding the reserve study balances over the next few years. He explained if we do not approve the proposed increase and special assessment then there was a chance that the reserve fund for the Sulgrave could possibly go to a negative balance in about 1 year.

The dues increase is permanent, but could be reduced if reserves were well funded however this is unlikely.

Q: Is there any alternative we could do or could we fund the money a different way? How do you solve the problem if you need capital improvement equipment? Is there any way to resolve without throwing money at it?

A: We have to some extent have gotten creative on this issue. One way is by the ESP audit. Rather than assessing everyone for the cooling system that is on the verge of failing and continuing to pay for energy on equipment that was not efficient we hired ESP for the energy audit and will be replacing the heating/cooling equipment along with some other items. These replacements will be financed which will be paid out of savings these replacements generate. We are trying to be creative where we can.

Q: Regarding the boiler, are we 100% comfortable to replace today or should we get a second opinion/push it off for a while? What is the confidence in the reserve study?

A: We have real concerns on our reserve study; we have talked about hiring a different company for the next reserve study. One major concern not included in the reserve study is the plumbing. ESP got hard pricing on a lot of the other major equipment and we have actual proposals for this equipment so we will have another reserve study complete next year then every other year moving forward.

Q: Could we wait a couple years? Why today?

A: The original façade project is the cause for the assessment. ESP pays for itself and has nothing to do with the proposed assessment. We are trying to get the reserve fund back to it was. Last year at the HOA meeting they proposed a \$0.05 increase for this year. With ESP, we are only proposing a \$0.03 increase.

Q: If the Regency delays the ESP replacements will we prevent the \$0.03 increase?

A: ESP has no impact on the \$0.03 increase for the Regency, this increase is for preventative care and we are not being overly aggressive with the \$0.03 increase. Yes you could cut back, but then you could end up with an even higher increase in 3-4 years.

Q: We paid an assessment already, why another assessment for the same thing?

A: Only a portion of the Sulgrave elevator modernization was paid by the assessment, there was an additional \$240,000 that was paid out of the reserve fund. Additionally, there was approximately \$200,000 of the Sulgrave façade work that was paid for out of the Sulgrave reserve fund before the facade assessment.

Q: I don't understand why some of these things were not resolved before it was turned over from the original investors? Why are we dealing with this now?

A: As a board member we have to fix the problem that we currently have. Not sure what you can do about it today.

Q: Where does the money come from if this is not passed? We will be unable to sell our condos if we keep increasing the dues

A: If not passed we should end up with a reserve fund of approximately \$70,000, which we don't believe is enough. Beth did a comparison with other luxury condominiums. We are comparable if not lower than other properties. If anyone would like to see the information please contact Beth Rice.

Q: How do we protect ourselves going forward from these increases/assessments?

A: One way is to have adequate reserves. Every year there is a budget process and we look at every line item. We look at what we need to spend and determine things that can be postponed. If we underfund the reserves there will likely be a deficit.

Q: Why not deal with emergencies as they come instead of funding the reserve and have to pay now?

A: This would not be responsible of the board or the homeowners.

Q: Could we cap assessments and dues increases?

A: The cost for items goes up every year which is beyond our control so there would not be a way to cap assessments or dues.

### **Board Candidate Election:**

Sulgrave Candidates: Rick Brown, Otto Fleck & Ann Darke. Two Sulgrave board seats are up for election.

Regency Candidates: Susan Fershee & Gary Boomer. There are two Regency board seats available so these candidates are running unopposed.

Each board candidate presented for approximately two minutes.

The voting and volunteer process was reviewed.

Chase Williams and Jeane Slusher volunteered to monitor the vote tally.

### **Results:**

Ann Darke, Otto Fleck, and Gary Boomer were re-elected to the board by the homeowners. Susan Fershee was newly elected for the Regency building. The roles of the current board members were determined in executive session following the annual meeting and are as follows:

President - Ann Darke (Sulgrave)

Vice President - Theresa Alcazar (At Large)

Treasurer - Gary Boomer (Regency)

Secretary - Andy Muir (Regency)

Board Member - Otto Fleck (Sulgrave)

Board Member - John Robinson (Sulgrave)

Board Member - Susan Fershee (Regency)

### **2014-15 Operating Budget:**

29% - Yes

9% - No

### **2014-15 Reserve Budget (including a \$0.03 increase per square foot in both Sulgrave and Regency):**

27% - Yes

10% - No

**Sulgrave Special Assessment \$400,000:**

28% - Yes

19% - No

**Sulgrave Board Candidates:**

36% - Ann Darke

31% - Otto Fleck

14% - Rick Brown

**Regency Board Candidates: (Uncontested)**

16% - Gary Boomer

16% - Susan Fershee

The new monthly dues including the \$0.03 per square foot increase will be reflected on the June 2014 statement.

The meeting was adjourned at 8:00pm