

Meeting Minutes
Chambertin Townhomes (CT) Board of Directors (BOD) Meeting
August 10, 2020 at 0900 MDT

Revised Agenda for Chambertin BOD Meeting (Zoom) of August 10, 2020

Meeting Objectives:

1. Prioritize work to be done in next five years
2. Reach consensus on minimum Reserve Fund needed
3. Reach consensus on how max amount to invest in 2021
4. Reach consensus on Reserve Assessment going forward and when to change it
5. Reach consensus on adding \$5K contingency line to Operating Budget in 2021
6. Reach consensus on whether to solicit bids for several major projects now for use in November budget decisions

Attendees: Benjamin Finn (#13), Eric Johnson (#5), Joe Green (#16), Dave Sargent (#8), Jan Sargent (#9)

1. Prioritize work to be done in next five years

Dave opened the meeting by asking board members to prioritize projects to be accomplished within the next few years, not 50 years per the Reserve Study. His suggested list included Siding/Paint, Driveway, Landscaping, and Monument.

- Ben: #1. Driveway, #2 Siding/Paint, #3 Monument, #4 Landscaping
- Dave: #1 Siding/Paint and Driveway tied for #1, followed by Landscaping, No Monument. He mentioned that any siding would have to be of a color the Town of Avon would approve.
- Eric: #1 Siding/Paint, #2 Driveway, No Landscaping or Monument.
- Jan: #1 Siding/Paint, #2 Driveway, No Landscaping or Monument.
- Joe: #1 Siding/Paint, #2 Driveway, No Landscaping or Monument. Would like gas lines under the Driveway. He would like to be able to layout additional parking spaces. For Siding, he would like the BOD to consider vinyl siding instead of current wood.

Consensus: Siding/Paint and Driveway

2. Reach consensus on minimum Reserve Fund needed

Dave indicated that the range of a desired minimum Reserve Fund ranged from \$200K to about \$275K.

- Ben: \$250K. He would like to find creative ways to finance projects without increasing dues significantly.
- Dave: \$250K - \$260K.
- Eric: Based on his spreadsheet work, thinks \$200K, but then build-up to finance projects. Financing (loans) is his last resort.
- Jan: \$250K.
- Joe: \$250K. He thinks the HOA needs to find other ways to finance projects. He is not averse to the Reserve Fund going down to \$150K range, and then change the Reserve Assessment to build it up again.

Consensus: \$250K.

3. Reach consensus on how max amount to invest in 2021

Dave expressed his opinion that the HOA could spend about \$150K in this timeframe.

- Ben: Ben stated that, for example, if the HOA spent \$50K of the Reserve Fund, the HOA could then borrow the remaining \$100K and pay back over the next couple of years. This would keep cash on hand in the Reserve Fund and take advantage of the currently low interest rates.

Ben indicated that in reviewing Chambertin sales, the most expensive one is #5. Owners could take out home equity loans based on the equity of the buildings as one way to fund capital improvements.

This practice would improve property values while lowering quarterly HOA dues.

- Joe: Joe agreed with Ben's thinking.
- Eric: How would the loans work? Who would take out the loans: HOA members or individual home owners? What might occur at a default? All agreed that any loan or line of credit should be by the HOA.
- Ben: Ben has been talking to a bank about loans by HOAs. Given that the HOA has the Reserve Fund on-hand, no default should occur; however, if one did, then the bank would put liens on the property. He is working with the bank to determine possible rates and length of payback.
- Joe: Say the HOA borrowed \$150K at 3.0% interest. Straight interest would be about \$4,500. This is pretty low exposure.
- Ben: Ben offered to try to obtain bids for the driveway and siding/paint.
- Dave: Let's get bids for these two top priority projects (driveway and siding/paint) and then set the amount that we think the HOA should invest in projects in 2021.

Consensus: Set the amount after we receive bids on the anticipated 2021 project. .

4. Reach consensus on Reserve Assessment going forward and when to change it

Dave first asked if the HOA should raise the assessment at 2.0% every year as the Reserve Study indicated or keep it steady for a few years. It was unanimous that the Reserve Assessment should be kept the same over the next few years. Suggested amounts ranged from \$400 to \$940 per quarter.

- Dave: We can adjust the Reserve Assessment the first year (for 2021) as much as possible based on the projects to be conducted next summer.
- Ben: He believes that we still need to put Reserve Funds away, but thinks that they are just too high right now; should not be almost equal to the Operating Budget Assessment.
- Eric: Eric arrived at about \$680 Reserve Assessment with a minimum of \$200K Reserve Fund. He commented that with a lower total quarterly Reserve Assessment he could have purchased much more house down valley.
- Joe: Agree.

Consensus: Unanimous that the Reserve Assessment should be kept the same over the next few years vice inflating annually. The Reserve Assessment will be reduced as much as possible based on 2021 projects, financing decisions, and Reserve Fund recovery timeframe. New Reserve Assessment starts 1 January 2021.

5. Reach consensus on adding \$5K contingency line to Operating Budget in 2021

Dave put forth that he thinks that if contingency funds are needed, the funds should just come out of the Reserve Fund, instead of adding an additional line item of \$5,000 to the Operating Budget.

Consensus: All agreed.

6. Reach consensus on whether to solicit bids for several major projects now for use in November budget decisions

- Dave asked Ben, Eric, and Joe to work on the basic requirements/needs for the projects (driveway, siding/paint), descriptions of the projects, and questions that need to be asked of potential bidders over the next few weeks. Joe will be in Avon for the next couple of weeks, so Ben and Joe will work together on this. Ben has some contacts in mind to talk to about these projects.
- Dave will work with RG to make sure the potholes in the driveway are patched before the snow flies. Ben knows a landscaper who might fill potholes.
- Joe is starting a pictures page to share photos for work needed to be done.

Consensus: Solicit bids for driveway and siding/paint for work in 2021. Get potholes in driveway patched now.