

Minutes for the SD III Annual Budget Meeting (Via Conference Call)

Date: April 25, 2020

Time: 9:00 a.m.

1. Those present include: Joshua Herbstman, Bob Reed, John Hrencecin, Larry Taylor, Larry Ridley, Sam Barresi, Charlie Lane, Judy Alligood, Jim Haga, and several owners
2. Board President Determination of Quorum and Confirmation by Community Association Manager that Association fully complied with the requirement for notice of this meeting.
3. Reports from LCAM Jim Haga
4. Joshua Herbstman waived the Presidents Report
5. Financial Report from SD III Treasurer Larry Ridley
6. **New Business. Our 2020-2021 Budget review and approval**

Judy Alligood has proposed a budget for our upcoming fiscal year, one that I have emailed all of you. (Owners can request to be provided a copy via the office, or visit our website.

In calculating our monthly homeowner payments, we initially came in at a figure of \$591. Given in the increasing costs of maintenance and our longer-term financial needs, it was suggested to our Board that we round up this figure to \$600 per month per unit. Our Treasurer Larry agreed that this increase was reasonable.

Of particular note is the state required third-party audit. Judy explained that the owners can vote to waive this requirement for this year, and we will take that option under advisement for a later meeting.

By unanimous vote, the Budget was approved and new monthly fees are \$600 as of 6/1

7. **Reserve Funding Discussion**

This topic is going to be the main focus of our upcoming meeting. We need to examine bids for several items. Several key building elements are in need of repair, the total costs of which we will be examining and planning for. These items include:

1. **Repair of the westside walkways on floors 1-6, which includes metal rebar repairs, concrete repairs, and application of a new waterproof coating.** Bids

from various contractors will be available by this meeting, and Jim Haga will walk us through the scope of this project.

2. **Replacement of several FPE circuit boxes on the LL & 3rd floor.** For those unfamiliar with the issue:

Federal Pacific Electric panels were produced from the mid-1950s well into the 1980s. Experts say that FPE panels produced during that time frame would not conform to today's updated safety codes and would no longer be allowed to be sold to the general public. Safety standards that were once acceptable years ago are no longer considered safe. Some of the examples cited by experts as to why FPE panels would not pass today's updated safety codes are: Wires may be crowded inside the panel box. Bus bars may be spring-mounted. Breakers may be still active when in the down position. Split-bus breakers may no longer meet updated safety codes. Experts report that the identified design flaws in FPE panels are not shared other panels of similar age. The materials used to construct the breakers may be weak. As a result, the breakers may not trip, and the panel could be susceptible to catching on fire.

We have identified several areas that must be immediately dealt with. We have some bids on what immediately needs to be changed to get us in compliance with code, and Jim reviewed this project with everyone. The Board approved up to \$4,000 to begin this repair work.

3. **Silicone coating refresh and minor repairs to the roof.** Our foam roof system has served us quite well since its installation, but it is time we refresh the top coating which protects it. We have bids on the recoating of the roof, and Jim reviewed the project's scope. The Board agrees verbally that Cool Roof's 15-year option @ \$76k seems to be the best choice, and will formally vote at the next meeting
4. **The SD III backflow valve needs repair.** Jim got bids, and the Board approved this expenditure up to \$4,000.
5. **The light post and fixture by our dumpster area needs replacing.** We are looking to replace the unit with a shorter-length pole- one that we can maintain ourselves without calling in a bucket truck.
6. **Elevator.** As a Board, we need to review our elevator maintenance plan and projected expenditures going forward. We cannot tolerate the kind of issues we had in the summer of 2019 again, and we need to come up with a plan for how we are going to address our elevator for the years to come.
7. **The beach access boardwalks, between II/III & III/IV, will need replacement in the next few years.** Several interested owners, including members of our Board, want to examine alternatives to the staircases we currently have. We are currently in the beginning stages with SD IV about that staircase, although nothing has been

agreed to yet. Joshua Herbstman will be forming a committee to represent SD III to explore working with both buildings, each project being separate of course. We need to understand our options BEFORE we agree on any joint projects with SD II and SD IV. Any owners/Board members who wish to join are free to do so.

8. **Pond.** Good news here. Our pond was looking disastrous a few days ago, and we were thinking we may need a new well. We tried an acid-wash of the well, and with that and the subsequent rain, it looks like we are in good shape. The acid wash repair seemed to work, and we will be sharing this cost with SD IV.

8. **Resignation of Board Members and Appointment of Three New Board Members**

After many years of dedication to our Board of Directors, John Hrencecin is stepping down at the conclusion of our April Budget meeting. I cannot begin to express how much John has helped our community over the years, and I want to thank him for his participation on various SD Boards. He will always be a valuable ear to bend when we have decisions to make in the coming year. Thank you, John!

Bob Reed is also electing to step down. As a voice of wisdom and a great help in planning many of our landscaping design projects, Bob will be a voice missed on the Board. I wish to express my greatest appreciation to Bob for all of his hard work!

As President, Joshua Herbstman nominates three names to fill out our Board before the Budget meeting concludes: Charlie Lane (new owner of 101), Larry Taylor, and Sam Barresi. Motion passes.

9. The Board will be planning to hold a May 30th Meeting to follow up on these matters.
10. Call to Adjourn.

Respectfully submitted by,

Joshua Herbstman
(Filling in as Secretary for this meeting)