

Park East Square Homeowners Association Annual Owners Meeting, December 12, 2023

Call to order 7:10 p.m. via Zoom

Attendance

Board

Lois Bennett, President Karen Fassler, Secretary/Treasurer Therese Spears, Director
Mark Liebendorfer, Vice President Kevin Bush, Director

Staff and Administrative Agent

Brent Chapman, HOA Facilities Manager Shane Lussier, Goodwin & Company, meeting host

Guests

Ella Washington, Ella Washington Insurance Agency Al Orendorff, Trio Properties Management

Owners

David Longenecker	Rene Sotola	Sandy Lowery	Bryan Shank	Bill Gibson
Pat Jeske	Safia Rubai	Mary Magee	Janet Kowall	Greg Butt
Colin Stymes	Steven Haymes	Diane Ewasko	Jane Kryska	Brian Coventry
Wayne Schroeder	Carol Conzelman	Martin Walter	Ardele Anderson	
Megan Louthold	Christiane Audi	Krister Shalm & Heather Ballew		Bob Johnson
Patrick & Yelzavela Stifter	Tim & Glory Gesell			

18 proxies were also received. Quorum was established and the meeting began.

Reading of the Annual Owner Meeting Minutes. Karen read the 2022 minutes. Lois moved to approve the minutes and Therese seconded. The minutes were approved.

Owner Education: Insurance. Ella Washington, PESHA's HOA insurance broker, congratulated us on being able to find adequate coverage and presented information industry changes and trends that impact the ability to obtain insurance and affect premiums. Increases are due to inflation in construction and labor costs, supply shortages, and the number and type of claims in Colorado (wildfire, hail, wind, and flood. For example, Colorado averages 40 hail storms/year but had 166 in 2023. A FEMA study of Colorado's wildfire history now puts Boulder County in a high-risk zone. As a result, it is more difficult for HOA insurance carriers to make a profit in Colorado so they are leaving the state or restricting coverage. It is expected that 2024 will see some of the largest increases as the industry continues to change.

PESHA is impacted by several restrictions, which limits potential carriers. We are large, older, and have a high rental percentage of rentals. Most carriers will not offer coverage if the HOA needs over \$25 million. Many will not offer coverage if more than 10 years old due to the high cost to bring a building to code. Most carriers will not insure an HOA with more than 20% in total rentals.

Our Declaration requires full replacement coverage for what PESHA maintains. Despite the change to "shell" coverage in August 2021, PESHA has been underinsured by half because full replacement coverage was not available last year. A layered approach enabled us to contract for full replacement coverage this year, but the increase in coverage also resulted in a higher premium.

Owners still need their own policies to cover interior build-out, asbestos testing and abatement, and loss assessment coverage. They need to be sure they have adequate coverage. The amount of recommended loss assessment coverage has increased from \$10,000 to at least \$13,000. Carriers may offer more (e.g., \$50,000) so consider buying the maximum amount as the cost is inexpensive. If a current carrier does not offer the loss assessment endorsement or has restrictions, consider finding a different carrier. Ella's agency also offers loss assessment coverage. A new educational letter will be emailed and posted to the website that includes questions to ask. Ella's contact information is on the "Insurance" page of our website.

Q&A on Insurance.

- Questions on the amount of the increase and coverage. Our increase was 13% last year but we had \$30 million in coverage so we were underinsured. We could not keep up with inflation as our carrier would not allow an inflation guard. The coverage increased to \$65 million so the premium essentially doubled. It is not any one factor, coverage in Colorado is tricky. Ella explained the calculation of the wind/hail deductible that an owner would need to pay (\$12,631).
- Questions on rate of rentals. We have between 50% to 60%. When asked if family members could make a difference, Ella said it would be worth trying to determine the breakout to see.

Maintenance and Major Project Report. The following were completed in 2023.

- Paved one parking lot, adding a drain pan, and repaired potholes in five others.
 - To date, seven parking lots serving 28 buildings are completed and five parking lots serving 27 buildings are left.
- To address trip hazards, we shaved sidewalk upheavals of ½" or more.
- Six building exteriors were repaired and painted, including rebuilding two balcony railings and four sets of D unit stairs.
 - 39 buildings are repaired since 2016 and 16 to go in the next two to three years before painting cycle starts over.
- Gutters and downspouts replaced on three buildings.
- Main sewer line clean outs are completed on a 3-year cycle.
- 24 sewer lines cleaned in 2023, including four buildings that were done as part of the pre-cul-de-sac paving project.
- The Pressure Reducing Valves (PRVs, one per building) continue to be replaced as necessary to keep proper pressure of 60-80 psi.
- Seven PRV valves replaced in 2023 - a total of 31 valves over the years.
- Replaced three main gate valves with ¼ turn ball valves.
- Recently we had a major water meter leak between the 4299 and 4300 buildings which turned out to be on the City's side of the meter. Had this leak been on our side, it would have been our responsibility and cost to have it repaired.
- Five large trees removed this year.
- Four new trees planted – one donated by an owner.
- Due to wet spring/early summer, all our bushes and trees went crazy! Difficult second-story tree trimming was contracted out in the fall. In-house labor dealt with shorter, single-story trimming. Bush pruning done mid-summer by contract labor.
- Weeds were addressed, aeration completed for spring and fall.
- Iron injections done on six mature maples in ill-health.
- Split rail and HOA patio fences replaced.

Administrative Project Report. The following were completed in 2023.

- Transitioned administrative services to Goodwin early in the year.
- Established contract with Paychex (payroll services company).
- Hired new Facilities Manager (twice) and new Maintenance Technician.
- Conducted annual architectural survey and issued annual survey letters.
- Coordination of 4232 fire reconstruction 98% finished.
- Found, researched, and contracted with new administrative services company.
- Opened and funded high-interest-earning reserves accounts.

Planning for 2024 and Beyond.

- Research new snow plow and other grounds maintenance services.
- More PRVs, main water valves and sewer repairs as needed.
- Repair and paint another six buildings including more D unit stairs and railings.
- Paving and drain pan in another parking lot.
- Building structural issues from age and ground heaving as needed, especially addressing the sinking floors in the pool bath house. The budget is for preliminary investigation with the actual repair cost to be determined but it could be large.
- Install “no trespassing” signage.
- Rebuild more HOA fences.
- Tree removals, structural pruning, bush pruning, tree health as needed.
- Parkstrip improvement along Monroe Drive – postponed since 2020. There is a proposed design.
- Asphalt sealing and re-striping to ensure new asphalt longevity.
- Amend governing documents.
- Conduct reserve study.
- Transition administrative services to new management company.

Q&A on Reports

- How do we know if a PRV is bad? We monitor by regularly measuring the pressure and if it is over 100 psi, it is put on the list to replace. It is important because it can damage appliances if the pressure coming into the building is too high. Owners may notice a toilet continuously runs even though the tank components are okay.
- What is a gate valve? It controls the water to the building and is usually under the A or C unit. Each unit will have its own valve to control water in the unit.
- Reserves. Money market accounts at BMO are now earning 3%. A new account at Capital One now earns 4.5%. An owner asked about CDs, which can be found at 5%. Funds were invested in CDs in the past but with the repair and improvement program of the last several years, the HOA needs more flexibility/liquidity than CDs permitted. It was noted that the Board has a responsibility to be fiscally conservative so investments must be low risk. However, CDs may be considered again. It was noted that the better the reserves, the less likely the need for special assessments. An owner commented that some HOAs are doing special assessments right and left for large dollar amounts and complimented the Board for not having done them.
- Status of the “no trespass” signs. Signs are not required by state law but are by city ordinance. The signs have been purchased and will be posted in locations verified with our Community Services Officer. Once posted owners can call police and they ticket trespassers.

Introduction of New Administrative Agent. Lois introduced Al Orendorff from our new community management company, Trio Property Management.

- Small - only 16 HOAs (including us), a variety of condo, townhome, and single-family home HOAs.
- Local - located in Niwot. They do business in Longmont, Boulder, Lafayette, Louisville, and Niwot. Only 10 to 15 minutes away.
- We keep our own checking and reserve accounts - Trio only makes deposits to our checking account.
- Trio will cut checks twice per month for our signatures.
- We keep our own website - Trio can offer maintenance services through their contractor if needed.
- Exterior modification application and rule enforcement assistance.
- Four ways to pay monthly dues (online, ACH, credit/debit card, or individual or bank check). Paying through the port has \$2.49 fee. It was noted that owners can do checks without a fee on their own. Goodwin will close their portal on 12/31/2023 and if checks come in, they will forward them to Trio. The coupons are out and they are collecting contact information as well that will verify Goodwin's information as well as collect tenant information that would be used for emergencies. A mass email will be sent the first week of January with more information.

Q&A on New Administrative Agent.

- Is information being shared on the hiccups with the last transition so they are not repeated? Lessons learned are being shared and the former bookkeeper has been hired to help reconstruct accounts and resolve snafus. Checks sent to Goodwin for January dues will not be cashed until January 15th so the year starts with a clean set of accounts. Al confirmed that an owner can pay the whole year in January.
- As for the convenience fee charged for payments, an owner commented that this drives people away from ACH payments. When asked if Trio would be interested in absorbing the fee, Al replied that they cannot afford to. When asked what percentage of payments are ACH, Al said they do not know because they do not have access.
- In terms of the portal, an owner asked if AppFolio uses the global PCI data security standards for credit card payments. Al said he will have to ask.
- Related to rule enforcement, an owner has an old light fixture. The annual survey conducted by the Architectural Control Committee will report it in the results but it is not an enforcement matter.

Budget Review and Discussion. Lois did a review of the approved 2024 budget compared to the 2023 year-to-date, noting several line items. Grounds had a large increase because we had to contract irrigation, but it may be possible to bring some work back in-house once the facilities staff learns more. The Pool line increased for next year so staff can go to pool school. Payroll was lower than expected due to vacancies but the labor market has shifted so the line was increased. Trash/utilities do not have actuals yet so numbers may change. The building repair/painting line includes inflation as well as the cost for some stairs and balcony railings. Insurance was the biggest change due to premium increases caused by the increase in coverage. The amount of the dues increase is by and large due to insurance.

Q&A on Budget Review. An owner expressed appreciation for the Board doing its fiduciary duty for the owners.

Board Election. One vacancy was open for a 3-year term beginning January 1st. The process was explained. The current director volunteered to serve another term. No other candidates were identified so Kevin filled the vacancy by affirmation.

General Q&A

- Zoom meetings. An owner commented that after a few years, this meeting was well organized and well done. One noted that they would like to return to in-person meetings, but others appreciate virtual meetings so they can attend without having to be there.
- An owner is concerned about policies being modified/redone saying it is hard to keep track as they did not register on the portal so did not get notices. Policies are modified as needed, such as changes in law. The owner does not believe the Board is following laws and is attacking, not helping, owners – just protecting the Board.
- Another owner did not register on the portal and wondered how to get minutes, notices, or newsletters, noting that there were mass emails before the portal. They are available on our website and newsletters are emailed.
- Did we shop around for best interest rate, why Capital One? We did some shopping, but due to limited time, ended up just changing our existing account at Capital One to a higher-earning one. Opening/closing/changing accounts is extremely time consuming even when working with existing banks.
- An owner asked about asbestos. It is not in all units and is not necessarily the popcorn ceilings. It was in the dry wall mud in one and the linoleum in another. The only way to know for sure it to have the unit tested.
- An owner asked about money sent to accounts at Trio. We will keep our accounts and Trio will only deposit money.

Adjourned at 9:20 p.m.