



Park East Square HOA Annual Owners Meeting

December 9, 2025

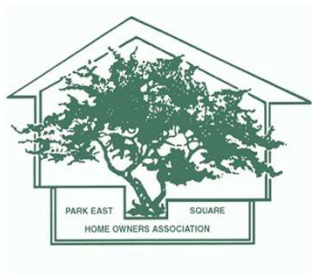
Meeting Rules

- Meeting Host – Al Orendorff, Trio Property Management.
- Board and guest presenters will be unmuted the entire time.
- All other participants will be muted.
- There will be Q&A after each section and at the end of the meeting.
- Use “Raise Hand” function during Q&A. Once called on, you will be unmuted and may speak for 3 minutes.
- Please don't enter questions or comments in the Chat as it will not be monitored.



Agenda

- ❑ Introductions and Determination of a Quorum – 5 minutes
- ❑ Reading of the Minutes from December 2024 Annual Meeting – 5 minutes
- ❑ Owner Education Topics: (1) What is an HOA? (2) Plumbing/Sewer issues – 10 minutes
- ❑ Governing Documents Status – 10 minutes
- ❑ Maintenance and Major Project Report – 15 minutes
- ❑ Financial Report: Budget Review and Results of Reserve Study - 15 minutes
- ❑ Board Election: present candidates – 20 minutes
- ❑ General Q&A – 20 minutes



Owner Education – What is an HOA?

Presenter

Eric McLennan
Attorney
Altitude Community Law



Owner Education – What is an HOA?

- ❑ ***A non-profit corporation with the purpose of maintaining specific aspects of the community's buildings & grounds*** (for instance: providing trash & snow removal, irrigation & mowing, recreational facility operations, common water & sewer lines, mailboxes, building & parking lot repairs, etc.)
- ❑ Among other functions set forth under Colorado law and the Association's governing documents, an Association – acting through its Board of Directors – has the authority to:
 - Levy assessments to fund the above services and manage finances.
 - Make prudent decisions, based on reasonable research and consultation with professionals, in the best interest of ALL owners, i.e., the “community as a whole.”
 - Enforce governing documents, including architectural guidelines, covenants, rules and policies.
 - Oversee a managing agent (if any), and other professional consultants.



Owner Education – What is an HOA?

- Owners vote on specific matters as allowed by the governing docs or as required by Colorado law. Such as voting on amendments or electing directors to the Board.
- Otherwise, all other actions of the HOA are performed by the Board of Directors
- Officers must be Board members, Bylaws prescribe specific duties.
- Duties of any officer can be delegated to the Managing Agent, a committee, or another Board member.
- Committees formed and chartered as required to assist the Board.

- Declaration of Covenants is the document of prime authority. Therein are the duties, obligations and authorities for maintenance and insurance, assessments, use restrictions, architectural review.



Owner Education – What is an HOA?

Fiduciary duties of Board members

- Duty of Care – standard of conduct
 - Act in good faith
 - With the diligence and care of ordinarily prudent person in same or similar circumstance
 - Informed decisions, business judgment rule
 - Hire & follow advice from qualified professionals
 - With the best interests of the *Association as a whole* in mind.
- Duty of Loyalty – put the interest of the Association above personal interest.
- Duty of Obedience – abiding by all governing documents and law.
- Duty of Confidentiality – keep certain information confidential and not use for personal gain.

The Board speaks with one voice and acts uniformly with regard to board decisions, even though individual directors may not agree.



Owner Education – Plumbing & Sewers

Recommendations based on what we are finding.

1. All owners should get their lines inspected via camera.
2. Specific D unit owners that were surveyed in this cycle and that need repair will receive a letter.
3. \$\$\$ to repair, but better than having a sewage spill.





Governing Documents Status

- ❑ Why? The reasons or goals were stated at the outset and have not changed throughout the process.
 - “some provisions are outdated, impractical, no longer appropriate, which has a practical impact on the board’s work”. (2/13/24 Board Meeting)
 - “...provisions are outdated, ambiguous, impractical, contradictory, or no longer appropriate for our community.” (2/21/24 email)
 - “...several reasons: bringing them current with Colorado law, removing all obsolete provisions related to the Declarant (i.e., the developer of the community), addressing gaps, clarifying ambiguities, removing unwanted provisions, revising insurance obligations, and otherwise reflecting the needs and desires of today’s community.” (2/24/24 letter)
 - “...to bring them current with Colorado law, remove obsolete provisions, address gaps, clarify ambiguities, remove unwanted provisions, revise insurance obligations, and otherwise reflect the current practices and needs of the Association today.” (7/14/25 letter) and “The Board has a number of reasons for amending our half-century old governing documents, but in general, they have not kept pace with changes in law, best practice, and our current practices and needs to efficiently and effectively conduct business on behalf of the Association.” (7/14/25 email)



Governing Documents Status

Where have we been?

- Announced the project at 12/12/23 Annual Meeting.
- Solicited volunteers for the Working Group on 2/21/24.
- Comment period began – distribute draft package (letter with full list of revisions, notes with each provision in drafts) on 2/24/25.
- Information meeting with attorney on 3/10/25. Comment period extended to allow 90 days. Shared comments from 12 owners verbatim on website and email.
- Approval process began - mailed, emailed and posted the package on 7/14/25 (letter, directed proxy form, summary and list of revisions).
- Information meeting with the attorney on 9/18/25.
- Voting process was stopped on 10/15/25.



Governing Documents Status – cont'd

- Why did we stop the vote? To be very clear, the withdrawal of the documents stopped the voting process but did not stop the project. We did not have enough proxies to be able to vote. There was no vote!
 - The Board wants to gather more information and consider what to amend before putting the revised proposals out for another vote.

- Where are we now and what's next? Planning activity is paused to take care of other imminent business, the resolution of the maintenance/insurance question, and the election. It is unlikely that planning will start again until the end of January at the earliest.

- Insurance/maintenance question. We just received information to clarify some confusion from an interaction between an owner and our insurance agent, and we've received the legal opinion.



Summary of Maintenance & Insurance Legal Opinion

- ❑ The HOA is only responsible for maintenance of roofs, siding, trim, gutters and structure/build-out of certain “common easement areas” in each building. The maintenance and insurance obligations inside the building are limited to the carport, hallway, trash room, storage closets.
- ❑ Owners are responsible ***and have always been responsible*** for maintenance of all improvements on their lots, including structural maintenance. These are townhomes, not condominiums. The structural portions of a unit are not owned by the HOA for the use of all owners.
- ❑ Examples of structural maintenance:
 - Rusted out support posts
 - Joists removed by original contractor to accommodate plumbing
 - Rotten rim joists



Summary of Maintenance & Insurance Legal Opinion – cont'd

- ❑ The HOA is obligated to insure what it maintains. But a policy that only insures the above elements is impractical. Therefore, the HOA opted for an industry standard “studs out” shell policy which will restore a weathertight shell in the event of an insurable event such as a fire. The policy insures **more** than what the HOA is **required to insure**.
 - Worthy noting that the insurance requirements under CCIOA do not apply to PESHHA because we were created before 7/1/1992 **and** we are not a condominium community.
- ❑ The HOA legally reduced the insurance in 2021 from “all in” to “studs out”.
- ❑ Three reasons: We were under-insured with the “all-in” approach; premium increases were becoming unaffordable; and carriers would not bid due to vague language.
- ❑ The Maintenance and Insurance chart is a clarification of Declaration language. The Board has the legal authority to interpret unclear language and case law shows courts defer to a board’s decision.



Summary of Maintenance & Insurance Legal Opinion – cont'd

Based on advice, the Board had the right to interpret the provisions of the Declaration as part of its authority to make reasonable, informed business decisions, which also allowed the Board to adopt the Chart reflecting its interpretation. In addition, not only did the Board have the authority to reduce the HOA's insurance coverage for interior portions of the units, it was also part of its fiduciary duty to comply with the current Declaration.

- It was also noted that should the owners want to require different coverage for interior portions of the units, it must be done through an amendment to the Declaration.

Summary of Maintenance & Insurance Legal Opinion – Insurance Agent Email

“...it is important for all community members to understand that the HOA’s insurance policy is written in accordance with the Association’s governing documents (CC&Rs). The insurance provisions within PESHAs CC&Rs follow industry standards. Over the past eight years, most homeowner associations throughout Colorado have amended their declarations to align with statewide changes and to help manage rising insurance costs. Associations that have not updated their declarations are now facing significant challenges, including sharply increased insurance premiums with reduced coverage options.

We understand there is ongoing uncertainty about which type of homeowner insurance policy is appropriate. We strongly recommend that homeowners carry an HO6 policy with loss assessment coverage. Homeowners who maintain an HO3 policy may be left financially vulnerable, as this type of coverage could result in out-of-pocket expenses for loss assessments related to wind or hail claims.

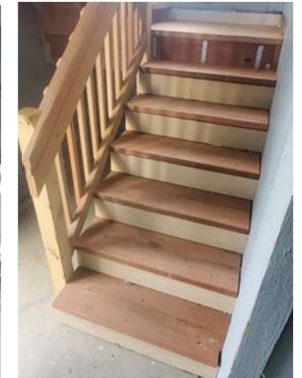
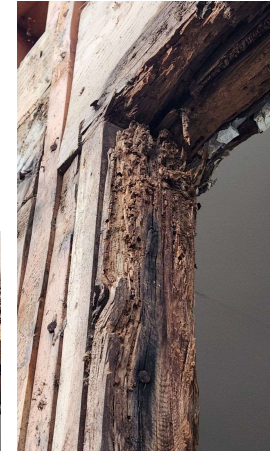
It is essential to note that Loss Assessment coverage is triggered only by a covered insurance loss. Because special assessments for maintenance projects do not qualify as insured losses, they are not eligible for coverage under a homeowner’s policy.”

Owners are encouraged to purchase HO6 policies with adequate loss assessment coverage and interior build-out coverage to finish wiring, HVAC, insulation, drywall, cabinets, plumbing, interior stairs and doors, etc.



Major Project Report – 2025

- Paved $\frac{3}{4}$ of largest cul-de-sac, relocating drainpan. Remaining $\frac{1}{4}$ to be done in 2026.
- 2 parking lots serving 11 bldgs remain.
- 3 Building exteriors repaired and painted.
- 3 D-unit balcony railings (15 done of 55).
- 2 D-unit stairs (17 done of 55).
- Gutters & downspouts replaced on 12 buildings.
- Pool filter, pump motor, and new furniture.
- 2 new mailboxes installed.
- Reserve study and annual financial review





Building Repairs & Painting Cycle

Last Painted	Time	To Paint	Bldg Qty
2016-2017	9-10 years	2026	7
2018	9 years	2027	8
2019	9 years	2028	6
2020	9 years	2029	6
2021	9 years	2030	6
2022	9 years	2031	6
2023	9 years	2032	7
2024	9 years	2033	6
2025	9 years	2034	3





Maintenance Project Report

- Main sewer line clean outs are completed on a 3-year cycle - 16 sewer lines inspected via camera/cleaned in 2025.
- 4 main sewer lines repaired
- 4 PRV valves replaced in 2025 - a total of 43 valves over the years.
- Replaced 5 main gate valves with ¼ turn ball valves.
- Replaced 4 hose bibs.
- One major sprinkler leak between 1131 & 1141.
- 2 large trees removed this year.
- 3 new trees planted.
- Phase 2 of parkstrip project completed.
- Wildfire mitigation – removal of 85 junipers with a grant (saved \$14,000).





Project Plans Budgeted for 2026

- Repave remaining 1/4 of 1150-1186 parking lot.
- More PRVs, main water valves and sewer repairs as needed.
- Repair and paint 7 buildings including a few more D unit stairs and railings.
- Budget placeholders for the sinking floors in the pool bath house, replacing mailboxes, and gutters and downspouts as needed.
- Next phase of parkstrip project working along Monroe Drive towards Colorado.
Parkstrip along Monroe from bldgs 1150-1110 complete.
- Tree removals, structural pruning, bush pruning, tree health as needed.
- Finish governing documents project.
- Obtain a long-term master landscape plan.



Results of Reserve Study & Financial Review

- ❑ A fully funded reserve would be approx. \$5M – we are currently only 4% funded.
- ❑ The reserve study recommended a \$1.2M special assessment.
- ❑ The HOA **should** be saving \$47 per month per unit **just** for the roofs in 2040.
- ❑ Starting in 2026, the budget includes \$10/month for the roofs, and \$4/month for a new tractor. This is not enough, but it's an affordable start.
- ❑ A special assessment is probable and eventually will be needed in the future.
 - It may be split over several years to spread the payments out.



Budget Review and Discussion

	2025	2026
Income (Dues & Interest)	\$1,382,800	\$1,430,600
Operating Expenses		
Admin Expense & Payroll	\$ 204,414	\$ 221,850
Buildings	\$ 50,000	\$ 58,000
Grounds	\$ 92,100	\$ 87,200
Pool	\$ 4,500	\$ 4,500
Trash	\$ 50,000	\$ 50,000
Utilities	\$ 187,500	\$ 187,500
Insurance	\$ 301,817	\$ 289,000



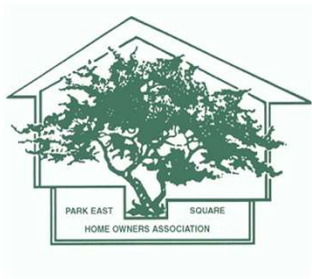
Budget Review and Discussion

	2025	2026
Reserve Expenses		
Buildings & Painting	\$ 153,000	\$ 222,000
Grounds & Sewers	\$ 35,000	\$ 60,000
Paving	\$ 250,000	\$ 113,000
Pool	\$ 10,000	\$ 10,000
Miscellaneous	\$ 5,000	\$ 25,000
Total	\$ 453,000	\$ 430,000
Reserve Contributions	\$ 453,000	\$ 466,400



Board Election

- ❑ Two three-year terms are open starting January 2026 - December 2028.
- ❑ How an election works – the secret ballot mail vote.
 - Trio will manage the election – collect and count ballots.
 - A ballot packet will be mailed to all owners. It contains instructions, a ballot, written candidate statements, and 2 envelopes (1 for the secret ballot that's inserted into the return envelope).
 - ❖ Proxies are inapplicable.
 - ❖ Estimate packets will be mailed in approximately 10 days from tomorrow.
 - Complete ballots must be received within 30 days. The exact date and time will be in the instructions.
 - The envelopes will be separated. The outer envelop is used for owner verification. The secret ballot envelope is set aside in a separate pile to be opened and counted after the deadline.
 - The two candidates with the most votes are elected.



Board Election

- Slate of Candidates (alphabetical order):
 - ❖ Christiane Audi
 - ❖ Lois Bennett
 - ❖ Karen Fassler
 - ❖ Steve Haymes
 - ❖ Roxanne Royce
- Any other nominations from the floor.
- Each candidate is invited to speak briefly, then open for questions.



General Questions & Answers

Announcement: Please remember to notify Trio if you still want paper coupons for your monthly dues – **tomorrow, COB December 10th** is the deadline.

Use “Raise Hand” function in Zoom. Once called on, you will be able to unmute and speak for 3 minutes.