

RIO DEL SOL HOMEOWNER'S ASSOCIATION

QUARTERLY MEETING MINUTES

JULY 13, 2021

6:00 PM

President Befort called the meeting to order @ 6:03 PM. Secretary Nelson performed Roll Call: Present were Board Members Greg Befort, Robyn McKie, Neal Anthony, Rita Jackson and Trudy Nelson. Also present in the audience were Jerry Burton, Noreen Lehmann, Erlinda Wiskowski, Wendy Befort, Bruce Born and Jim McKie.

The first item on the agenda was the review and approval of the April 13, 2021 Board Meeting Minutes. Greg Befort made a motion to approve the minutes, Rita Jackson seconded. Vote 5-0.

The second item on the agenda was the review and approval of the June 7, 2021 Special Meeting (Reserve Study Workshop) minutes. Rita Jackson made a motion to approve the minutes, Trudy Nelson, seconded, Vote 5-0.

The fourth item on the agenda was the review, discussion, and action to approve the Jan-March (1<sup>st</sup> Quarter) Financial report. Greg Befort made a motion to approve the Jan-March (1<sup>st</sup> Qtr) financial report, Trudy Nelson seconded. Vote 5-0

The fifth item on the agenda was the review, discussion & action to approve the April-June (2<sup>nd</sup> Quarter) Financial report. Greg Befort made a motion to approve the April-June (2<sup>nd</sup> Qtr) financial report, Rita Jackson seconded. Vote 5-0.

The sixth item on the agenda was Association Managers report. Todd Sullivan (Property Manager) was not available to attend the meeting. President Befort reported that the fire system upgrade has been completed. An Automated External Defibrillator (AED) has been ordered for the facility. PM, Todd Sullivan is working with the landscapers to adjust and maintain the sprinkler system for appropriate watering of vegetation.

The seventh item on the agenda was the possible action to approve Robyn McKie's request to install a single electrical outlet to the exterior of Unit #11 for a handicap scooter. The request came as a result of a self-evident disability that Robyn's husband Jim has, which is progressing. The board discussed the need to consider the request for a reasonable accommodation with the law as it relates to the Americans with Disability Act and Fair Housing Act. The board also addressed the appropriateness of the request in light of current by-laws and the potential for setting an unwanted precedent. Concerns were presented by owners regarding alternative or future use of the outlet. President Befort reiterated that the sole purpose of the outlet is for the use of charging a scooter. Any other use by current or future owners will not be tolerated without further board approval. President Befort made a motion to approve the installation of the electrical outlet by a licensed, bonded electrician and the owners must agree to allow the Property Manager to inspect the installation upon completion to ensure compliance with code and that it was installed where it was proposed. Neal Anthony Seconded. Director McKie refrained from the vote. Vote 4-0.

The eighth item on the agenda was the Review, Discussion and Possible action to approve the final recommendations to the Reserve Study completed by Reserve Advisors on July 7, 2021. President

Befort expressed the necessity of this review due to the condition of the complex. President Befort stated that the current condition of the complex was two-fold. First, it was a result of a failure of previous boards to fulfill their fiduciary obligations to develop and implement a plan that would support capital projects and provide adequate funding for reserves. The second aspect arose as a result of previous owners who were simply not engaged and willfully uninformed about the condition of the complex. This was not a blanket statement about all owners, but a representation of the majority until recently. President Befort mentioned that the original report was a 100% fully funded version designed to represent needs over a 30-year period. The board wanted to present a more realistic version to owners with a 60%-80% funded version over 30 years and a focus on a short-term strategic target of five years to address critical improvement needs.

After the draft version was submitted by Reserve Advisors, the board sought the advice from two subject matter expert (owners) to assist in tailoring the report to meet the long- and short-term funding goals which will be presented in item #9. These experts were RDS owners Patti Walstad a CPA and John Jordan a Professional Engineer. Audience members were given the opportunity for questions and concerns regarding the study. Following the discussion President Befort made a motion to approve the structure, content, and accuracy of the study. Rita Jackson seconded. Vote 5-0.

The Ninth item on the agenda was the review, discussion, and possible action to approve recommendations for the assessments, and/or increase in the Homeowners's Association dues. President Befort clarified that this item was a board action item to approve a funding plan to address immediate need projects following testimony from subject matter experts, board members, and owners. President Befort emphasized that any increase in assessments and or HOA dues would be put before a vote of the owners. The only exception would be the boards ability to increase HOA dues a maximum of 5% during a budget year which is desirable in order to fund a portion of the Reserve study and adjust for inflationary increases. Patti Walstad presented her scenario as well as John Jordan's (due to his unavoidable absence).

Both scenarios included up-front (one-time) assessments in the amount of \$3,000 and \$3,600 per owner respectively along with an approximate 3% increase in HOA dues beginning in 2021 and ending in 2026. Patti presented her scenario as requiring a \$1,000 assessment for 2021 and \$500 per year for years 2022-2025. It also included the 3% increase in dues for that same period. The board discussed the fact that some owners would be in a position to pay the full amount, while others may not be in this position financially. Treasurer Anthony expressed a willingness to work with owners who needed to make payments. President Befort said the board received guidance from legal counsel on presenting the study as well as notice requirements to bring the matter to a vote of the owners. The board will also be pursuing alternative means to fund the reserves and does not wish to place the full burden on current owners. A provision in the by-laws will allow the board to vote to approve an upfront assessment from NEW owners at the close of escrow which will be placed in reserves.

President Befort opened the discussion up to those in the audience. Concerns were raised about notification of owners. Some owners also expressed disappointment in previous attempts to pass assessments due to a lack of owner support. President Befort stated that the current board was elected on a platform that addressed the lack of funding and planning from the previous board. Additionally, the first item of business for this board was approval of a comprehensive Reserve Study to address the gap in funding. It was made clear that owners (including new owners) have the responsibility to inform themselves about the condition of the associations assets as it is their investment. Owners who willfully ignore the reality of the situation will do so at their own peril. President Befort emphasized the fact that the association is currently 17% funded and a major repair (such as a \$30,000 roof replacement) will decimate the association financially. As such, no financial institution will likely loan funds to an association that has this level of reserves in addition to an outstanding loan for the incomplete painting project. President Befort stated that every attempt will be made to make owners aware of the need to get this assessment, and/or increase in Homeowner's Association dues voted on and passed. He encouraged everyone to visit our website, [www.rdshoa.com](http://www.rdshoa.com) for details and to present any questions, concerns, or request assistance regarding the study to the board. President Befort made a motion to approve the recommendations as presented by Patti Walstad in Option 2, Alternative Funding RDS Homeowners Excel dated 7/7/21 under Association Documents on the RDS website. Robyn McKie seconded. Vote 5-0.

There being no further business the meeting adjourned at 8:04 PM.

Trudy Nelson

Secretary