

VALHALLA ASSOCIATION 15 - BOARD OF DIRECTORS
MINUTES – April 17, 2023 – 6 PM Valhalla Party Room

Welcome Directors & Guests: Jill Bailey, President. Called the meeting to order at 6 PM.

Welcome Directors & Guests. Welcome Directors and Guests. As a friendly reminder, board members are asked to raise their hands if they wish to speak during the meeting. At the designated time at the end of the meeting, guests may speak when called upon by the President. At the designated guest speaking time, each guest will have 3 minutes to speak. If more than 1 guest wants to speak about the same topic, only 1 spokesperson may speak on behalf all guests about the same topic.

Approval of Agenda: Approval of agenda: A motion was made and seconded to approve the agenda with noted addition. Motion carried.

Officer's Reports:

Secretary's Report: Linda Castiglioni, Secretary: A motion was made and seconded to approve the March 20, 2023, Board of Director's meeting minutes as written. No discussion. Motion carried.

President's Report: Jill Bailey, President:

- 1) Caretaker is out on medical leave. Jill Bailey is covering for caretaker until further notice.
- 2) Robert's Rules of Order-In the past, some HOAs used Roberts Rules as a guideline on how to conduct their meetings. Now, HOAs may only incorporate some of the provisions in Roberts Rules or defer to them if an issue comes up the governing documents cannot resolve. There are no MN State Statutes that require a HOA to use Robert's Rules guidelines. In fact, some of the provisions in Robert's Rules conflict with MN State Statutes and many HOAs' governing documents. Valhalla Fifteen Association governing documents do not require Robert's Rules be followed. The Board will conduct our association's meetings in accordance with Valhalla Fifteen Association's governing documents and Minnesota State Statutes.
- 3) Valhalla Complaint Forms- All owners/residents are expected to be respectful to each other and to attempt mutual resolution if issues arise. If owners/residents are unable to mutually resolve issues, a written Valhalla Complaint Form may be submitted. All owner's complaints must be submitted in writing on the Valhalla Complaint Form by an owner with another adult person as a witness. Owner complaints by email that do not include the Valhalla Complaint Form will not be accepted. Using the form assists with accurately tracking issues to be addressed. Complaint forms may be obtained from the Valhalla Management office or via the Valhalla website.
- 4) Board of Directors' and Committee Meeting Notice Requirements.
 - a) Regular monthly Valhalla Fifteen Association Board of Directors' meetings remain scheduled on the 3rd Monday of every month at 6pm in the Valhalla Party Room as they have been for a number of years. All owners and residents are welcome to attend these meetings. The Valhalla Fifteen Association Board of Directors' 2023 meeting schedule was posted in the January 2023 minutes. Valhalla Fifteen Association governing documents and MN State Statutes do not require additional notification.
 - b) Building & Grounds Committee meetings are usually the 2nd Monday of the month at 4pm in the Valhalla Party Room. All owners and residents are welcome to attend these committee meetings. The Building & Grounds Committee meetings were also noted in the January 2023 Board of Directors' meeting minutes.

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Valhalla Fifteen Association governing documents and MN State Statutes do not require additional notification.

Courtesy reminders for regularly scheduled board meetings, committee meetings, and cancellations are posted in the building. These notices are in the elevator, on the garage service door going into the mailroom/south stairwell, and the garage service door going into the north stairwell.

- 5) Units listed for Sale: If you list your unit for sale, please note the following: Lockboxes must be labeled with your unit number and/or your realtor's business card on the exterior of the lockbox. Lockboxes must be placed on the lower part of the railing outside going up the front entrance (south) stairs per Valhalla Policy. Valhalla Fifteen Association has provided current pictures of the exterior of the building and recreation facilities for realtors to use. New pictures will be taken and added periodically. Once your condo is listed, please look at it online to ensure the information and pictures are correct. Some recent listings have used old exterior building pictures and the building's information was incorrect.
- 6) No Smoking signs: New no smoking signs are posted. Smoking is not permitted within 100 feet of the building. On the south side of the building 100 feet is approximately at the middle mark of the parking lot. Please use the snuffer by the shed to dispose of your smoking products.
- 7) **Action Item:** Valhalla 15 Association Director Code of Conduct. A draft Code of Conduct was given to all current Directors at the March 2023 meeting. The draft was based on a Code of Conduct originally proposed by the Valhalla Master Board and sets expectations for professional conduct and fiduciary responsibility. A motion was made and seconded to accept the Director Code of Conduct as written. Addendum to motion: signing this Code of Conduct is voluntary; directors are not required to sign. Discussion followed. Motion carried.
- 8) Upcoming Annual Meeting: The board is actively gathering information and creating the documents for the Annual Owner packets. Packets will be quite robust and full of information. Please read all information and direct questions to the Board of Directors. You will be receiving the Annual packet notification sometime in June 2023. There will be no Board of Directors' meeting in May 2023. The next meeting will be the Annual meeting of Valhalla Fifteen Association and it will be in June 2023. Please watch for date of meeting.

Treasurer's Report: Jill Bailey, President; acting Treasurer.

- 1) Current assets = \$319,138 of which \$17,778 is current liabilities so total equity is \$301,138. All special assessment payments have been paid and all monthly HOA dues are current.
- 2) There are individual owners who have outstanding charges owed to Valhalla Fifteen Association for products and/or services. These include, but are not limited to, things arranged by Valhalla Maintenance and provided by Valhalla Maintenance, outside companies, and/or contractors. Invoices are due upon receipt and late charges will apply if applicable. Examples of products/services provided by external companies include but are not limited to: water heaters, painting, plumbing, HVAC, electrical, and window screens, etc.

Owners are personally financially responsible for all repairs and services, etc within and serving their units, including but not limited to HVAC equipment on the roof that serves their individual unit, regardless of the cause. This financial responsibility includes but is not limited to all limited common elements and common elements serving an individual owner's unit.

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Owners are required to hire and pay their own contractors directly. Owners may use any licensed contractor they choose. Owners are responsible to ensure the appropriate building permits are obtained and the City of Rochester inspections are satisfied per building safety codes.

- 3) Proposal from an owner to potentially invest some of Valhalla Fifteen Association's reserve funds into short-term CDs. At the time of the proposal, CD interest rates were around 3-4%, dependent upon CD's length of time. There were options for 3-, 6-, 9-, or 12-month CDs. There are significant financial penalties for early withdrawals on CDs. The board will review this proposal after the 2023 budget is finalized, future state building projects are defined and weighing the risks of remaining cash fluid versus locking reserve funds into CDs for the near and long-term needs of the association. Reserve monies are for capital expenses only and may not be used for operating expenses per MN State Statutes.
- 4) The board is currently reviewing the proposed 2023 budget, the prior years' unexplained/unauthorized expense variances, and the capital expenses reserve study conducted in 2022-23: in preparation for the annual meeting. The board has noted there are items within the 2022-23 capital reserve study that are not the financial responsibility of Valhalla Fifteen Association, and these items are the individual owners' responsibility.

Currently, there are numerous variables that are outstanding which have a direct impact to the budget and potential future expenses. Examples, include but are not limited to the following: significant unexplained/unauthorized expense variances paid by Valhalla Fifteen Associations in prior years' actual financial records, potential capital expenditures for roof repairs due to recent water intrusion issues, final costs of completing the interior refresh project, etc.

The board is conducting their due diligence on the overall financial health of Valhalla Fifteen Association and will be auditing the financial records of prior years' due to significant unexplained/unauthorized expense variances.

The board is reviewing the potential 2023 budget and the anticipated expenses to determine if a special assessment and/or an increase in monthly HOA dues for 2023 are required for Valhalla Fifteen Association. The board appreciates our owners' patience with scheduling our annual meeting as the board wants to ensure the past and current financial numbers are in alignment.

The board is closely reviewing various options on how Valhalla Fifteen Association could save money in this next and future budget cycles. Examples of budget reductions are all discretionary expenses previously paid by the association. These discretionary expenses will no longer be paid by the association and owners may donate towards these discretionary items if they wish. If owners wish to make donations, please contact the Valhalla Office. Discretionary items include but are not limited to the following: flowers for the "flower wall" next to the driveway, flowers for the "flowerpots" for the front entrance, US flags in the boulevard down by the driveway entrance, additional outdoor furniture, other discretionary items, etc.

Any expenses that are not direct capital expenses and/or required routine maintenance expenses directly related to the upkeep of the building shall be considered discretionary expenses.

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Vice President's Report: Danette Anderson, Vice President. No Ad Hoc Valhalla 15 Governing Documents Committee since March 17, 2023. Members: Jill Bailey, Pam Burton, Kay Aune, Linda Castiglioni, Danette Anderson

- 1) The Ad Hoc Valhalla 15 Governing Documents Committee last met on March 17, 2023, with all items flagged for review categorized. Danette Anderson is working on a comparison of various flagged items with the amended documents from other buildings and those flagged for questions related to the MN State Statutes, and it is still a work in progress. The categories that require meetings with other subject matter experts such as an HOA insurance rep and VMA general manager Chris Robson are temporarily paused to prioritize the budget and annual meeting preparations. Lastly, we are unable to identify any conflicts with the Master Board amended documents until they are finalized and published.

Master Board Representative's Report: Pam Burton, Master Board Representative.

- 1) Survey Indoor Pool will be discussed 4/18/2023 in the Master Board. No decisions made.
- 2) Resurfacing the Pool windows has been completed.
- 3) Pea gravel around the outdoor pool will be replaced with concrete.
- 4) Exercise equipment will be replaced in the next year.
- 5) Office remodeling project area for the upstairs and downstairs is near completion.

Building & Grounds Report: Linda Castiglioni, Chair

Please contact **Linda Castiglioni** with questions; **713-459-0289** or **linda@akiens.org**.

- 1) **Action item:** Interior Refresh project: Flooring and baseboard status. This project is on-time in accordance with the Board approved December 28, 2021, project plan timeline. Project is expected to be completed in 2023.

Reviewed revised interior flooring proposal from Mohawk/Durkan dated April 10, 2023. Additional required floor preparation lines added to this proposal. Committee reviewed new proposal dated April 10, 2023. Proposal requires verification of all line items for materials, labor, and equipment. Castiglioni will continue to work directly with designer/project manager and installation project manager from Mohawk/Durkan to finalize proposal and scope of work.

***Committee recommends** approving budget of \$125,000 for flooring and baseboard installation (includes materials, labor, equipment, delivery, disposal, etc.). Valhalla to provide dumpster for disposal and port-a-potty for installation crew, at additional cost. A motion was made and seconded to accept Committee's recommendation. Discussion followed. Motion carried with 5 Yea and 1 recuse (Linda Castiglioni recused.)

Once budget approval obtained from Board; next steps are the following:

- finalizing written scope of work
- written bi-lateral agreement drafted, reviewed, and signed.
- Valhalla Fifteen Association makes 1/3 down payment for custom flooring and baseboards.
- Order custom flooring and baseboards. Timeline dependent on product manufacturing and delivery – unknown at this time.
- There are many variables, and these variables are dependent upon Mohawk/Durkan manufacturing schedule, rail transportation, and trucking transportation, etc. Issues with manufacturing, transportation and labor may impact timelines.

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- Installation crew cannot be scheduled until the materials are manufactured and delivered to Rochester MN. Installation crew has other scheduled jobs nationwide.

***Committee recommends** approving Mohawk/Durkan be awarded the materials and installation for the custom hospitality flooring and baseboards. Mohawk installation crew specializes in installing hospitality flooring with specialized patterns. A motion was made and seconded to accept Committee's recommendation. Discussion followed. Motion carried with 5 Yea and 1 recuse (Linda Castiglioni recused).

***Committee recommends** approving Sorenson & Sorenson Painters return to make repairs on walls, doors, door jams, etc; prior to flooring and baseboard installation. A motion was made and seconded to accept Committee's recommendation. Discussion followed. Motion carried with 5 Yea and 1 recuse (Linda Castiglioni recused).

***Committee recommends** approving Sorenson & Sorenson Painters remove yellow panels on landing areas on 2nd, 3rd and 4th floors, repair walls and paint walls prior to flooring and baseboard installation. A motion was made and seconded to accept Committee's recommendation. Discussion followed. Motion carried with 5 Yea and 1 recuse (Linda Castiglioni recused).

- 2) **Action Item:** The City of Rochester Building & Safety Department requires skilled labor services be appropriately permitted and inspected per the City of Rochester MN building codes.

Owners are personally financially responsible for all repairs and services within and serving their units, including but not limited to HVAC equipment on the roof that serves their individual unit, regardless of the cause. This financial responsibility includes but is not limited to all limited common elements and common elements serving an individual owner's unit.

The following work, including but is not limited to, must be performed by a City of Rochester licensed contractor, must have the appropriate building permit(s), and must be inspected by City of Rochester Building & Safety inspectors. All materials and services must meet established building codes.

- HVAC (Furnace/AC replacements) (inside unit and roof top)
- Water Heaters (replacements)
- Electrical (rough-in changes)
- Plumbing (rough-in changes)
- Adding and/or removing walls (building code grade materials must be used)
- Installation of windows, patio doors, hallway doors
- other

***Committee Recommends** all owners must submit in writing to Valhalla Fifteen Association Board of Directors all proposed work they plan to do inside their units and if applicable, a copy of their building permit prior to work beginning on their unit. A motion was made and seconded to accept Committee's recommendation. Discussion followed. Motion carried with 5 Yea and 1 recuse (Linda Castiglioni recused).

Notation item: Routine maintenance items shall be excluded from notifying the Board.

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- 3) **Action Item:** There have been at least three (3) emergency water heater replacements in the building during this past month. All of the failed water heaters were greater than 7 years old.

Leaking water heaters may cause significant water damage to the owner's unit and significant water damage to other owner's unit(s) below the leaking water heater. In addition, owners with failed water heaters will not have hot water for several days. Owners are financially responsible for the maintenance and repairs of their unit's water heaters, damages caused by their leaking water heaters and contracting with their own contractors. All water heater replacements require a City of Rochester building permit and inspection.

Water heaters for the building's units are a specialized sized which can take several days to be delivered. To prevent emergency water heater replacements, Owners are encouraged to proactively replace their water heater if it is 7 years or older by contacting a licensed plumber. Lastly, owners are encouraged to install a water sensor alarm and drain pan in the water heater closet.

***Committee recommends** Owners proactively inspect their water heater. To identify the age of your water heater the following information is required: Manufacturer name, model number and serial number of water heater. A motion was made and seconded to accept Committee's recommendation. Discussion followed. Motion carried with 5 Yea and 1 recuse (Linda Castiglioni recused).

***Committee recommends** Owners to contact a licensed plumber to proactively replace their water heater in their unit if their water heater is greater than 7 years old. All water heater replacements require a City of Rochester building permit and inspection per building codes. A motion was made and seconded to accept Committee's recommendation. Discussion followed. Motion carried with 5 Yea and 1 recuse (Linda Castiglioni recused).

***Committee recommends** all owners install a water sensor alarm and drain pan in the water heater closet. A motion was made and seconded to accept Committee's recommendation. Discussion followed. Motion carried with 5 Yea and 1 recuse (Linda Castiglioni recused).

- 4) **Action Item:** Future projects will require a formalized bidding process to ensure due diligence is completed prior to the project being presented to the Board of Directors for discussion and potential approval/non-approval. The goal of the bidding process proposal is to ensure prudent use of Valhalla Fifteen Association funds, assure quality workmanship, and maintain documentation for future warranty and/or accountability.

Jill Bailey presented the proposed bidding process:

All future building project proposals over \$2,000 will follow the below process:

- All projects shall have a clear detailed written Scope of Work.
- All potential bidders shall be given the same written Scope of Work.
- Projects estimated at \$2,000-\$10,000 shall require a minimum of 2 written bids (3 preferred if possible)
- Projects estimated greater than \$10,000 shall require a minimum of 3 written bids (more preferred if possible)
- Exceptions to the minimum number of bids will be considered for specialty or proprietary work in which the minimum number of bids may not be possible. Valhalla Fifteen Association Board of Directors shall have the authority to approve an exception to the bid process. The exception process will be used on a very limited basis.

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- Before soliciting potential bidders, project proposals including the written Scope of Work shall be submitted to the Valhalla Fifteen Building & Grounds Committee for vetting and recommendations before the bidding process begins.
- Project bids from Contractors shall be submitted in writing to the Valhalla Fifteen Building & Grounds Committee for vetting and recommendations.
- The Building & Grounds Committee will make their recommendations to the Valhalla Fifteen Association Board of Directors.
- The Valhalla Fifteen Association Board of Directors will discuss potential projects and make the final decision to approve or not approve a project and/or contractor(s).

A motion was made and seconded to approve this future building project process. Discussion followed. Motion carried.

- 5) **Action Item**: Phase Four of the Tree maintenance around the building. A Tree Trimming Bid was presented for \$1552 to trim the tagged trees on the east side of the building. These trees are near the building and require trimming to prevent potential damage. A motion was made and seconded to accept the bid of \$1552 for tree trimming. Discussion followed. Motion carried. Assigned Project Manager: Jill Bailey
- 6) **Action Item**: Valhalla Maintenance Department is recommending the building's roof is inspected and repairs completed as needed at a time & materials rate. There has been a recent roof leak that caused ceiling and wall damage in one unit; Unit 307. Unit 307's Owner paid to fix the water damage to the ceiling and wall in their unit directly caused by the building's roof leak, in accordance with the governing documents.

Request to approve a \$500 for a roof inspection; plus, roof repairs will be billed at time & materials, as needed. A motion was made and seconded to approve the proposal of roof inspection at \$500 and to approve repairs at time & materials, as needed. Repairs will be completed at the same time as the inspection. Discussion followed. Motion carried with 4 Yea and 2 recuse (Linda Castiglioni, Kevin Castiglioni recused).

- 7) **Pending item**: Pending Insurance Claim.
In January 2023, the Board of Directors filed an insurance claim (Grange Insurance) on behalf of all 60 Owners to recover \$138,350 of Valhalla Fifteen Association's Reserve Funds for the out of compliance use of "common element funds" for "limited common elements" (brown windows on Building 15's end units) in 2018. Linda & Kevin Castiglioni researched, assembled, and submitted all requested information for this claim to Grange Insurance.

Linda & Kevin Castiglioni have continuously followed up with Valhalla Fifteen Associations' active insurance company (Grange Insurance) on the status of this claim. The claim has been reviewed by Grange Insurance's legal counsel. Grange Insurance investigation continues, and resolution is pending.

In April 2023, Valhalla Fifteen Association's current active insurance carrier (Grange Insurance 2023) contacted our prior insurance company (The Cincinnati Insurance Companies – active 2017-2018) and put them on notice to investigate this claim.

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The Cincinnati Insurance Companies (active 2017-18) insurance company requested the same information and additional information from Valhalla Fifteen Association. Linda & Kevin Castiglioni are currently researching, assembling, and will submit all requested information for this claim.

Addendum notation: On May 9, 2023, all requested documentation was submitted to The Cincinnati Insurance Companies (active 2017-2018). 200+ Labor hours were donated by Linda & Kevin Castiglioni to research, assemble and submit the requested documentation to both insurance companies.

Caretaker's Report: Deb Dahley. Jill Bailey reporting.

- 1) Owners/residents/guests, please ensure all beverages are covered with an attached lid while walking inside the building. Our caretaker is noticing new liquid spills on the carpet. Please report all spills immediately to the Valhalla Office. Thank you.
- 2) Valhalla Maintenance Department is looking for old rags and towels. Please contact the Valhalla Office if you have old rags and towels. Thank you.

Welcoming Committee: Kay Aune/Jill Bailey

- 1) Unit 408 was sold and is closing in July 2023
- 2) Unit 202 was taken off the market. It is no longer listed for sale.
- 3) Unit 411 new Tenants in June 2023.
- 4) Unit 104 new Tenants in May 2023

Other Unfinished Business:

Old Business: noted above.

New Business: noted above.

Guests Open Comments:

- 1) Tenant Unit 400 – Bobbie Jean Williams
 - a) Requested clarification of water heater replacements. Answer: Owners are to contract and pay their own plumber for water heaters and installations of water heaters.
 - b) Requested clarification of placement of realtor lock boxes. Answer: same as noted above
 - c) Comment regarding having current pictures of building for realtors.
 - d) Comment regarding Agendas for Board of Directors meetings.
- 2) Owner Unit 400 - Christina Block
 - a) Comment Valhalla Compliant form is available online via website. Answer: same as noted above
 - b) Comment regarding Annual meeting.
 - c) Comment regarding roof inspection.

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Meeting adjourned at 7:19 PM.

	X = Present (Directors and Guests)		A = Directors Absent				
X	Director: Kay Aune, Unit 308	X	Director: Danette Anderson, Vice President, Unit 111		Guest Owner:	X	Guest Tenant: Brenda Miller Unit 306
X	Director: Jill Bailey, President, Unit 102	X	Director: Kevin Castiglioni, Unit 105		Guest Owner:	X	Guest Owner: Wayne Jasperson Unit 415
X	Director: Linda Castiglioni, Secretary; Unit 104	X	Director: Pam Burton, Master Board Representative, Unit 404	X	Guest Owner: Carol Sabatke, Unit 215	X	Guest Owner:
		X	Guest Tenant: Bobbie Jean Williams, Unit 400	X	Guest Owner: Christina Block, Unit 400	X	Guest Owner:

Minutes respectfully submitted: Linda Castiglioni, Secretary
