

VALHALLA FIFTEEN ASSOCIATION - BOARD OF DIRECTORS
SPECIAL MEETING MINUTES– December 26, 2022 – 3 PM; UNIT 106

Welcome Directors: Jill Bailey, President called this Special Meeting to order at 3 PM.

Approval of Agenda: Discuss options to recover Valhalla Fifteen Association’s Reserve Funds of \$138,350 used out of compliance with Valhalla Fifteen Association governing documents to replace “limited common” (brown) windows on the North & South sides of the 2100 Valkyrie DR NW building in 2018. The (brown) windows were replaced in 16 individual end-unit apartments; X00; X01; X12; X15; on all four floors in 2018. Agenda Approved.

Discussion:

- The board has a duty to disclose to all 60 Owners the sequence of events that led to the Valhalla Fifteen Association paying to replace the (brown) windows on only the North & South sides of the 2100 Valkyrie DR NW building in 2017-18 resulting in \$138,350 from Valhalla Fifteen Association’s Reserve Funds used out of compliance with Valhalla Fifteen Association governing documents.
- The purpose of this Special Board of Directors’ meeting on December 26, 2022, is to explore Valhalla Fifteen Association’s various options to recover the \$138,350 for all 60 Owners and replenish the Reserve Funds for future building needs for all 60 Owners. Time is of the essence to recover the Reserve Funds as the statute of limitations may potentially impact recovery efforts.
- In 2022, Linda Castiglioni Director and Kevin Castiglioni Director conducted extensive research work on the following public information documents:
 - (a) reviewed all Valhalla Fifteen Association Board of Directors meeting minutes from 2015-2018,
 - (b) reviewed public information records for the original 2100 Valkyrie DR NW building floor plans and building documents found in the Olmsted County Property Records,
 - (c) reviewed Valhalla Fifteen Association’s original governing documents (effective from 1975 to 2022) regarding who is responsible for “limited common” elements (windows).
- Castiglioni’s 2022 findings from all these public information documents were used to create a summary Sequence of Events document (Exhibit A attached) that outlined spending in 2017-2018 of Valhalla Fifteen Association’s Reserve Funds that were out of compliance with Valhalla Fifteen Association governing documents resulting in a loss of \$138,350 for all 60 Owners.
- The current Board of Directors (December 26, 2022) reviewed the Sequence of Events focusing on the documentation and/or lack of documentation regarding the (brown) windows on the North & South sides of the 2100 Valkyrie DR NW building replaced in 2017-18.
- The Board of Director’s minutes (2015-2018) were specifically reviewed for the documentation and/or lack of documentation regarding these North & South side (brown) window decisions. This review focused on the following elements:
 - (a) the documentation justifying the need for these (brown) windows to be replaced and
 - (b) the documentation of the requirement of 80% of all Owners’ approving using “common element” Reserve Funds for “limited common elements” (windows); per Valhalla Fifteen Association’s original governing documents (1975 to 2022).
- The current Board of Directors (December 26, 2022) reviewed the Valhalla Fifteen Association original governing documents and the definitions for “*limited common elements*” and “*common elements*”; and who is responsible for the “*limited common elements*” (individual Owners) and “*common elements*”.

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Excerpts from Valhalla Fifteen Association Original Governing Documents (1975-2022):

1) **Condominium Declaration** for Valhalla Fifteen Association: **Dated November 24, 1975**. Page 3; Paragraph (e) *“Limited common elements” or “restricted common elements” means those parts of the general common elements, if any, which are either limited to and reserved for the exclusive use of the an owner of a condominium unit or are limited to and reserved for the common use of more than one but fewer than all of the condominium unit owners, which parts shall be identified on the Floor Plans and if none are so identified then there shall be no limited common elements. (Note: (Brown) Windows on North & South sides of the building are on the original Floor Plans of the 2100 Valkyrie DR NW building. Therefore, these (brown) windows have always been considered “limited common elements” per the; November 24, 1975; Condominium Declaration for Valhalla Fifteen Association.)*

Page 3; Paragraph (g) **“Common expenses”** means and includes expenses for maintenance, repair, operation, management, and administration; expenses declared common expenses by the provisions of this Declaration; and all sums lawfully assessed against the general common elements by the Board of Directors of the Association of Owners, or the Manager duly designated by the Board of Directors.

2) **Amendment Number One** to Condominium Declaration for Valhalla Fifteen Association. **Dated April 26th, 1976**. Page 2; Paragraph 18. **Owner’s Maintenance Responsibility**. For purposes of maintenance, repair, alteration, and remodeling an owner shall be deemed to own the interior non-supporting walls, the materials (such as, but not limited to, plaster, gypsum dry wall, paneling, wallpaper, paint, wall and floor tile and flooring, but not including the sub-flooring) making up the finished surfaces of the perimeter walls, ceilings, and floors within the unit, including unit doors and windows. (Note: The only Windows (1975-76) on the original 2100 Valkyrie DR NW building are the (brown) windows on the North & South sides; therefore, this paragraph is specifically stating these (brown) windows (North & South) are the individual “Owner’s Maintenance Responsibility.”)

3) **Amendment Number Three** to Condominium Declaration for Valhalla Fifteen Association. **Dated June 12, 1992**. Page 1; Paragraph 21. **Additions, Alterations, and Improvements of General and Limited Common Elements**. There shall be no additions, alterations, or improvements of or to the general and limited common elements by the Board of Directors without prior approval of 80% of all owners, and such expenditures shall be a common expense.

- The current Board of Directors (December 26, 2022) discussed the criteria required for all 60 Owners’ “Reserve Funds” to be used for “limited common elements” in accordance with Valhalla Fifteen Association’s original governing documents (1975-2022).
- The current Board of Directors (December 26, 2022) concluded, according to Valhalla Fifteen Association’s original governing documents (1975-2022), the required criteria to use all 60 Owners’ “Reserve Funds” for

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these “limited common elements” (brown) windows on the North and South sides of the 2100 Valkyrie DR NW building was not met.

- In summary, the current Board of Directors meeting today (December 26, 2022) concluded the following:
 - (a) there was no documentation justifying why the (brown) windows on the North & South sides of 2100 Valkyrie DR NW building were replaced and,
 - (b) there was no documentation of the 80% required approval from all Owners using “common element” Reserve Funds for “limited common elements” (brown windows on the North & South sides of the 2100 Valkyrie DR NW building) as required by the Valhalla Fifteen Association’s original governing documents, and
 - (c) according to the minutes for the Valhalla Fifteen Association Annual Meeting on December 4, 2017, only 73.6% of all Owners’ approval was obtained.
 - (d) Therefore, the current Board of Directors must take all necessary measures to recover the \$138,350 “Reserve Funds” on behalf of all 60 Owners.

Decisions:

- 1)** A motion was made and seconded to approve Valhalla Fifteen Association file insurance claims on behalf of all 60 Owners to recover \$138,350 of Valhalla Fifteen Association Reserve Funds that were used out of compliance with Valhalla Fifteen Association governing documents to replace (brown) windows on the North & South sides of the 2100 Valkyrie DR NW building in 2017-18; Apartments: X00; X01; X12; X15 on all four floors of the building. Motion carried.

Yea (“Yes”): Jill Bailey, Kay Aune, Pam Burton, Danette Anderson.

Nay (“No”): None

Recused: Linda Castiglioni, Kevin Castiglioni. Note: Linda Castiglioni and Kevin Castiglioni recused themselves from voting because they personally conducted the extensive research work for this critical issue.

Jill Bailey President will contact Valhalla Fifteen Association’s Insurance Company to file insurance claims to recover \$138,350 for the use of Valhalla Fifteen Association’s Reserve Funds out of compliance with Valhalla Fifteen Association governing documents for “limited common elements” (windows on the North & South sides of 2100 Valkyrie DR NW building, i.e., X00; X01; X12; X15 on all four floors. Total of 16 apartments).

- 2)** Next steps to recover the \$138,350 Reserve Funds are pending the outcome of these insurance claims.

A motion was made and seconded to adjourn the meeting at 4:30 PM. Motion carried.

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	X = Directors Present				A = Directors Absent		
X	Kay Aune, Apt 308	X	Danette Anderson, Vice President Apt 111	X	Linda Castiglioni, Secretary; Multiple Apts Owner		
X	Jill Bailey, President, Apt 102	X	Kevin Castiglioni, Multiple Apts Owner	X	Pam Burton, Master Board Representative, Apt 404		

Minutes respectfully submitted: Linda Castiglioni, Secretary

Exhibit A: Sequence of Events – (Brown) Windows on North & Side sides of 2100 Valkyrie DR NW building:

Developed from the following public information documents:

- Valhalla Fifteen Association Board of Directors meeting minutes 2015-2018
 - Olmsted County Property Records – original 2100 Valkyrie DR NW building floor plans and building documents
 - Valhalla Fifteen Association governing documents (effective from 1975 to 2022) regarding responsibility for “limited common elements”
- January 2016: There was only one window (North side only – APT 201) with an alleged leaking issue and that was resolved by caulking (routine maintenance) around this one window.
 - May 2017 (1.5 years later): Bids for the North & South sides (brown) window replacements were presented to the Valhalla Fifteen Association Board of Directors and an alleged North side “Porch area” window in APT 201 was reported as leaking. Note: This North side “porch area” window was not the same (brown) windows as in the bids presented in May 2017 and replaced in 2017-18.
 - June 2017: The North side “porch area” window was caulked on the outside and the alleged leaking issue was resolved in APT 201.
 - July & August 2017: Town Hall Meetings were conducted by three (3) former Board Directors who presented to the Owners attending the following:
 - **(a)** the North & South sides (brown) windows were all failing, had significant leaking issues, and therefore needed to be replaced.
 - **(b)** all 60 Owners were financially responsible to pay to replace these (brown) windows on the North & South sides of the 2100 Valkyrie DR NW building.
 - Note: Both *statements (a) and (b) were/are incorrect.*

Owners attending the July & August 2017 Town Hall meetings questioned why only the (brown) windows on the North and South sides of the 2100 Valkyrie DR NW building were being replaced (justification?) and all why 60 Owners were financially responsible to pay for these window replacements for 16 apartments; resulting in Valhalla Fifteen Association’s common element Reserve Funds being used.

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- October 2017: Six (6) out of seven (7) Board of Directors voted “Yes” to replace these North & South side (brown) windows at the 2100 Valkyrie DR NW building. Note: Three (3) former Board Directors voting “Yes” in October 2017 directly personally benefited from this “Yes” vote; resulting in these same three (3) former Directors receiving window replacements for their own North & South side (brown) windows at the 2100 Valkyrie DR NW building in 2018.

- December 2017: As required by the governing documents, all 60 Owners were given the opportunity to vote to approve or not approve replacing the (brown) windows and use all 60 Owners’ “common element” Reserve Funds. Per the Valhalla Fifteen Association governing documents, **80% of all Owners approval is required** to use “common element” Reserve Funds for “limited common elements” (windows). **Only 73.6% of all Owners’ approval was obtained** in December 2017.

- Late 2017/Early 2018: Custom (brown) windows were verbally ordered by former Board Directors and were installed on the North & South sides of the 2100 Valkyrie DR NW building in August 2018 without justification of the need and the required 80% Owners’ approval.