

MARINA PLACE CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
JUNE 28, 2010
via teleconference

I. CALL MEETING TO ORDER

The Marina Place Condominium Association Board of Directors Meeting was called to order at 6:00 p.m.

Board members present were Al Baker, Al Watson and David Brunk. Susan Snyder and Christa Mehard participated via teleconference.

Representing Basic Property Management were Gary Nicholds and Charles Johnson. Erika Krainz of Summit Management Resources was recording secretary.

II. OLD BUSINESS

A. 231 Unit Legal Issue

Gary Nicholds said he had conferred with the attorney regarding the 231 unit. The attorney will contact the owners later this week regarding a payment arrangement for the structural engineering survey.

B. Insurance

Dan Wolf provided a draft of an addition to the Rules and Regulations regarding owner responsibility for the insurance deductible. He said it could be specified that the determination of fault is at the Board's discretion. Alternatively, it could be specified that if there is damage originating in a unit and there is an insurance claim, the owner will be responsible for the deductible unless the Board decides to grant a waiver. The Board can also be silent on the issue. Having this policy would have saved the Association \$10,000 – 15,000 in deductibles this year.

Charles Johnson said the adjusters told him that some Associations split the deductible equally between the owners of all affected units regardless of fault.

Christa Mehard had four issues with the draft:

1. Section 2.a. – delete “failed to act” before “in a negligent manner”.
2. Section 2.a. – regarding responsibility for paying the deductible. If there are multiple parties responsible it should be spelled out how the deductible will be apportioned.
3. Section 2.b. – regarding challenge by an owner. She felt owners should have the right to challenge or appeal the Board decision.
4. Christa felt the Board should review the policy with the membership before approving it. Susan Snyder thought it would be too contentious. Some other Board members felt if the Board was authorized to enact this policy, it should be approved by the Board without an owner vote. It should clearly explain that not having this policy cost each owner \$156 this past year. In addition, claims can cause the insurance premium to go up and therefore increase dues.

Gary said the Association could switch to a bare walls policy, which would make the Association responsible only from the bare walls out. Owners would have to have insurance for all contents and fixtures. This type of policy would make the Association more attractive as an insurance risk. It would require a change to the Declarations and 67% approval of all owners and mortgagees. He did not yet know what the impact would be on the premium, but it should result in a significant reduction. Gary provided a template of the necessary wording change for the Declarations from another Association. The Board agreed they did not want to make a decision on this issue until they knew what the savings on the premium would be. Charles Johnson commented that a bare walls policy would also allow management to stay out of the middle of claims.

There was general discussion about increasing the level of fines for owners who routinely keep the temperature too low in their units. Al Baker proposed fine levels of \$500, \$1,000 and \$1,500.

C. Reserve Study

Al Watson asked all the Board members to send any questions they have about the Reserve Study to Gary Nicholds and Al will have them addressed by the Reserve Study consultant.

David Brunk noted the Board would have to develop a policy on the desired level of funding for the Replacement Fund. Al Baker said some of the cost estimates were inaccurate and he will work on revising them.

Al Watson said there was originally \$87,000 of scheduled expenses for next year. There is now an additional \$50,000. Charles Johnson explained that \$35,000 was budgeted in 2008 for roof replacement for 2010. In 2009 this amount was moved it to 2011 but Charles did not change the Reserve Study to reflect this revision. Al Watson said he wanted clarification as to whether or not the Study is accurate. Charles thought it was pretty accurate but some figures may be a bit inflated per Turner Morris.

David Brunk said the Board should refine the numbers by working with Turner Morris and the Reserve Study consultant. He felt they should formulate a plan to fund the Study 100%. Other Board members did not agree because the current owners would be funding for ten years in the future and some owners may sell in meantime. David noted that they would actually be catching up for the lack of past funding. To achieve the level of funding specified in the Study (\$819,000) would necessitate a \$7,500/owner Special Assessment. Al Watson clarified that the Study assumed the initial funding was to catch up for the past and also assumed ongoing regular contributions for future projects.

Christa Mehard thought there were some funds being “left on the table” in terms of potential income. She felt the Replacement Fund monies should be invested in an interest bearing account. She proposed spending more time flushing out additional savings in the budget, increasing the return on the current funds and trying to find some funding in the current dues while at the same time cleaning up the Reserve Study to make sure the numbers are accurate.

Susan Snyder noted that the Annual Meeting was coming up in less than one month and she did not think the Association could make it through another year without some level of dues increase.

Al Baker did not want to make a decision on an increase until they had a clearer picture of the current position of the Association.

There was a 5% dues increase and 15% increase to the Replacement Fund contribution two years ago. Al Watson said there had been about \$150,000 per year taken from the Replacement Fund for projects so the balance has not been growing.

Al Watson said he would review all figures by July 9th and the Board can then reconvene to make a decision on the level of increase needed.

III. ADJOURNMENT

A motion was made to adjourn at 7:30 p.m. The motion was seconded carried.

Approved By: _____ Date: _____
Board Member Approval