

NCOA Special Meeting Minutes  
September 16, 2010

Attendees:

Board

Ben Wickham  
Caren Cox  
Tom Brenneke

Guests

Darcy Vincent, GRES  
Trevor Calton, HAP  
Chris Tingey, Vial Fotheringham

Membership

Ginean McIntosh  
Heather Hall - Lewis  
Steve Pickering  
Larry Whitacre  
David Pickett  
Jan Hemelstrand  
Kristine Kukich  
Jeff Hascal  
Jennifer Langer  
Roberta Hall  
Jawnte'Crawford  
Angela Shephard

**Meeting was called to order at 10.00A by Tom B.**

Tom B. explained that this was a special session of the Board of Directors to discuss the Reserve Account for the New Columbia Owner's Association (NCOA). Tom B. introduced Chris Tingey with law firm, Vial Fotheringham (NCOA counsel). Tom B. motioned that the Board leave the open meeting to go into executive session to consult with the NCOA attorney on the matter of the unfunded reserves. Ben W. seconded. Member discussion: Members asked how long the Board would be in executive session. Tom B. said it should be no more than an hour. There was concern that owners had taken time from work to attend the meeting and that they would have come later if they knew ahead of time that there would be a special session. There was concern expressed that the special session felt "dishonest". Chris T. advised the membership that the Board was within its rights to consult in a closed executive session with the Associations' attorney. Tom B. apologized to the group for needing to take this action. The Board Voted on the motion.

**Action: The motion passed with a vote of 2-1. Tom B. and Ben W. approved. Caren C. objected.**

The Board members left to meet privately with counsel.

**Meeting was called back to order at 10:55A**

Tom B. thanked the membership for their patience. He acknowledged that the lack of reserve funding was a serious problem and that the Board was working diligently toward a resolution. The first step is identifying with certainty the amount of the funding deficit. Tom B. informed the Board that Schwindt and Company, who produced the 2007 Reserve Study, had been contacted to update the existing Reserve Study and Maintenance Plan for the NCOA. He confirmed that this work would include calculating the balance of the deficit through December 31,2010. He made a motion that they be retained to complete the work at a cost of \$700. Ben W. seconded and Board voted unanimously to approve the motion.

**Action: Engage Schwindt and Company to update the Reserve Study at a cost of \$700.**

Tom B. further advised property management also had a preliminary quote from Scwindt and Company to complete a third party analysis of the prorated share owed on each unit/lot retroactive to the original occupancy of each dwelling. He said that they were CPA's with an excellent reputation in specializing in Owner Associations. The cost for this diagnostic analysis was estimated to be between \$2,000 - \$3,000. Darcy V. confirmed that the Association had adequate operating funds to pay for both the Reserve Study update and the Reserve Fund Analysis. Tom B. moved that the proposal be accepted. Ben W. seconded and Board voted unanimously to approve the motion. Member asked when the work would be completed. Darcy V. said that both projects could be finished by October 10, 2010.

**Action: Engage Schwindt and Company to provide detailed accounting of the funding obligations for each lot/unit to the Reserve Fund was accepted unanimously.**

Tom B. said that he intended this process to be transparent with regards to the issue of Reserves and that he would convene another special Board Meeting when the Reserve Study Update and Funding Analysis were completed, probably in mid-October. He would let the membership know with as much advance notice as possible and if an executive session will be needed so they could adjust their schedules. Attorney, Chris T. wanted the group to know that he is the legal representative of the Association, not just the Board.

Member Comments and Questions included:

Q: Would the update to the reserve study include a physical inspection?

A: No – the update would be to the costs associated with the items detailed in the Reserve Study completed in 2007. State law requires a physical inspection every five years. The next physical inspection would be in 2012. The group also discussed that the Reserve Study is not a work order, but an estimate of what repairs may be needed within designated timeframes. If there are repairs recommended in the study, but not necessary at the projected time -they would not be performed.

Q: Is the look back analysis going to include a summation of how this happened?

A: Yes.

Q: Can the operating account be used to fund items that are supposed to be paid for out of reserves?

A: Yes.

Q: In the Balance Sheet presented at the 8/24/10 meeting – there is a negative \$17K entry under a Reserve title. What is that?

A: Darcy will investigate and report back.

Q: Management has forecasted a \$25K balance in the operating account at the end of 2010. Can that be transferred into the Reserve Fund?

A: Yes.

Q: Who will prepare the 2011 budget?

A: Guardian Management, LLC

Q: Does the Board understand that there is a different formula for the purposes of reserve funding compared to the operating budget assessment?

A: Counsel will provide a legal opinion on the definition so there is no room for differing interpretation.