

**COLONIAL FOREST HOMEOWNER'S ASSOCIATION  
BOARD OF DIRECTORS MEETING**

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**2022 Budget Ratification Meeting Minutes  
January 3, 2022**

BOARD MEMBERS PRESENT: Marie Alba (Secretary), Val Krzyzaniak (Treasurer), Ken Pratt (At Large), Patricia Ward (At Large), John Warfel (At Large)  
BOARD MEMBERS ABSENT: Jon Farrington (President), Jess Salazar (Vice President)  
TARGA MANAGEMENT: Mark Pierovich

The meeting was held via Zoom. There were 24 owners online, plus three proxies, for a total of 27 of the 154 owners represented. A ratification vote could not be held because 51% of all Colonial Forest owners is required. The 27 owners represented comprised 17.5% of the owners.

Val Krzyzaniak presented the 2022 budget and explained that he took the old budget, which in this case is the 2020 budget, and analyzed whether each category was on budget or needed adjusting. Due to the pandemic, and the fact that a budget ratification meeting could not be held, there was no 2021 budget update.

Val went through the 2022 budget, line by line. There were minimal changes to most line items. Of note in the payroll category is the fact that we normally employ two fulltime maintenance staff, and we currently have one. In addition, we may opt to hire an outside landscape service during the spring/summer months instead of hiring a summer employee. That decision will be made in April or May.

The largest increase is in Capital Expenditures, specifically to add to the Reserve Funds. This category changed from 190K in 2020 to \$300K in 2022. In years past, we paid 16K/month into reserves but that needs to increase substantially. Since dues did not increase in 2021, and in 2021 there were multiple large, unexpected expenses such as roof repairs, the reserves went from 250-300K down to +/- 50K.

The budget for buildings increased from 50K to 100K, and this does not include re-siding. No buildings will be re-sided, and no road repairs will be performed in 2022. In anticipation of further unexpected roofing expenses, 50K was added to the 2022 budget.

Val then discussed the Future Reserve Projection page and explained that we need 200K to be back on track. Roofing will become a rotating project (50K/year). The re-siding project is 44% complete (12 of 27 buildings to date) and will resume in 2023. The biggest fear is that an unexpected expense may come up and the current reserves of +/- 40K will be depleted, which could result in a special assessment to all homeowners.

The next page that Val presented was the dues increase by unit for 2022, which was based off of the 2020 dues. Again, because dues in 2021 could not be increased, and because there were unexpected costs in 2021, there was a 12% increase in the 2022 budget. Then Val showed the budget pie chart and explained that the main increase is in the "add to reserve funds" category. Mainly due to reserves and payroll, this category increased from 29% of the entire budget to 42%.

#### Q&A

Bonnie McPherson (Building 15, Unit 4) expressed a desire to sell the official Colonial Forest rental unit, located in Building 15, Unit 6. The unit could possibly sell for +/- 300K. She was concerned that reserve studies may have been ignored because increases in dues have been minor until now. Val responded that the

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Board discussed selling the rental unit and that once it is sold, we would never get it back. Val has mixed feelings about it. Some Board members were in favor of selling it and some wanted to keep it.

Kevin Goering (Building 17, Unit 4) expressed that he wants to sell the rental unit. He also expressed a desire to get out of the Comcast contract for basic cable throughout the complex. He explained that residents can get just about anything they want on the internet, and that there would be a substantial savings by ending the cable contract. Mark Pierovich took the action to check with Comcast regarding any possible penalty associated with ending the contract early.

Bonnie McPherson added that the company she works for receives incentives from Comcast depending on the size of the property. They supply basic cable to the property and then get a kickback if people sign up for additional services. Mark Pierovich explained that he thinks the Colonial Forest HOA receives a kickback when we sign the contract. He will look into it.

Val stated that we pay \$45 per unit per month for basic cable. If we end the cable contract, owners will have to pay for basic cable themselves. The Board has discussed adding internet to the contract, which would increase monthly dues, but reduce individual Comcast bills. There needs to be more discussion regarding these options. Val indicated that some residents do not want to lose their cable. Mark recommended emailing the entire community to get an approximate count.

Jan Barber (Building 5, Unit 5) commented that there is a free Comcast demo regarding how to use their services. She also pointed out the owner of the land across 328<sup>th</sup> Street is Northwest Apartments. They are trying to get the land rezoned to multi-family. This could impact Colonial Forest home values. The rezoning request went through the Federal Way Planning Committee and is now with the Land Use & Transportation Committee. She urges residents to contact Jack Dovey with concerns. Mark asked Jan to send her concerns and recommendations to him and he will distribute to Colonial Forest residents.

Kevin Goering (Building 17, Unit 4) indicated that a special assessment is distasteful, but if a person owns a home, they would have to pay for a new roof, etc. He would rather have an assessment instead of an increase in dues. Mark mentioned that special assessments are difficult on many levels. An assessment would be a hard sell because 51% of the owners would have to say they want the assessment. On the other hand, a dues increase is easier to implement because 51% would have to say no. In addition, collecting a special assessment can be challenging and the money collected must go toward whatever the assessment was for. For example, if the assessment was for roofs, it can only be used for roofs, nothing else.

Val stated that our dues are competitive as compared to other condominiums in the area. Mark mentioned that he manages twelve associations and that Colonial Forest's dues are about average in comparison. Although we do not have amenities such as a pool or cabana, we have more land and cable is included in our dues. He added that units in Colonial Forest have been selling very quickly.

Jan Barber (Building 5, Unit 5) asked how many buildings have been re-sided. Marie Alba responded that 12 out of 27 are complete. Val stated that no buildings will be re-sided in 2022.

Deb Call (Building 8, Unit 3) asked about delinquent dues. Mark indicated that there are some delinquent dues and that a few are currently with the attorney and will be collected soon. The dues increase is not because of unpaid dues. The dues increase is effective January 2022.

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Kevin Goering (Building 17, Unit 4) thanked the Board for their efforts and mentioned that being on the Board is an unpaid position. He complimented Val's outstanding accounting strengths. Kevin asked to go on record as wanting to sell the rental unit located in Building 15, Unit 6.

In order to sell the rental unit, we would need to wait until any current lease is ended. The Board would need to approve selling the unit. Then a 68% favorable vote of the ownership would be required. The office is below the unit and there is some shared electricity. It would take +/- 15K to sort out the electricity, plus another 10K to get the unit fixed up to sell. We could realize approximately 300K from the sale.

Bonnie McPherson (Building 15, Unit 4) asked how much we receive in rent. Mark indicated that we realize about \$1,500/month after management fees. Bonnie pointed out that we also pay real estate taxes and utilities on the rental. Jan Barber (Building 5, Unit 5) asked if selling the rental would impact our FHA funding status, but it will not.

Mark announced that the 2022 annual meeting could also be held via Zoom.

Laura Gallegos (Building 20, Unit 2) inquired about cleaning chimneys. Chimneys are the owner's responsibility to keep clean. Val mentioned that in years past the Board arranged for a chimney sweep, and owners signed up, but that was several years ago. Owners need to make their own arrangements.

Marie Alba mentioned that the Association pays to have all dryer vents cleaned every two years. Dryer vents will be cleaned in spring/summer of 2022.

Respectfully submitted,

Marie Alba  
Secretary