

**COLONIAL FOREST
ANNUAL HOMEOWNER MEETING MINUTES
February 12, 2022**

BOARD MEMBERS PRESENT: Marie Alba (Secretary), Val Krzyzaniak (Treasurer), Jess Salazar (Vice President), Ken Pratt (At Large), John Warfel (At Large)

BOARD MEMBERS ABSENT: Jon Farrington (President), Patricia Alexander (At Large)

TARGA MANAGEMENT: Mark Pierovich

Jess Salazar (VP CFBOD) called the meeting to order at 9:05 a.m.

Roll call: Five of seven Board members were present. Jon Farrington (President CFBOD) and Patricia Alexander (At Large CFBOD) were not in attendance. As Vice President, Jess Salazar ran the meeting in Jon Farrington's absence.

Proof of meeting notice: Jess Salazar explained that to comply with the Rules & Regulations, all homeowners were sent a notice of the meeting.

Announcement of quorum: There were 44 homeowners represented (including proxies) but a quorum was not reached, thus the meeting became informational only.

Approval of previous year's meeting minutes (2020): No changes to the 2020 minutes were expressed so Ken Pratt (At Large CFBOD) moved to approve the 2020 minutes as written; John Warfel (At Large CFBOD) seconded and all in attendance approve.

Report of Officers/Committee Reports: Jess Salazar is overseeing the maintenance staff and reported that there is lots going on. The Board's philosophy is that if we remove a tree, we plant a tree. Recently the maintenance staff planted a tree and a few shrubs. Colonial Forest (CF) is approaching the 50-year mark and some trees are too big, some are diseased, etc. This is an ongoing concern and project.

The new fulltime maintenance lead is Russ Larson. Russ brings a wealth of experience and maintenance skills, which will result in huge savings to the Association.

The Rules & Regulations committee hopes to complete a thorough revision by this summer. The last revision was in 2015.

Election of seven members to the Board of Directors: Joe Conner (Bldg 20, Unit 6) is running for the Board open position vacated by Patricia Alexander. He introduced himself and shared his background. Joe has been a homeowner since 2014. Jess Salazar indicated that it is difficult to find volunteers for the Board and he wished that more homeowners would volunteer, or at least consider it in the future.

Hank Lazzar (Bldg 21, Unit 3) asked the Board to introduce themselves. Each member gave their length of time on the Board and their position.

Mark Pierovich (Targa) introduced himself and stated that he has been the CF property manager since October 2015. The Board consists of seven members. He explained that because of Covid, some Board members stayed an additional year. There are currently six Board members running again, and he asked if anyone else besides Joe Conner wanted to run for the Board. Mark asked those in attendance to check the boxes on the ballot sheet and he will count them.

Old Business: As maintenance liaison, Jess Salazar explained that he recently created a maintenance manual that will be an excellent tool for the grounds staff. He also created a Pendaflex hanging file for each building, and each file contains a manila folder for each unit in that building. Work orders will be filed to keep a record of what has been done for each unit.

We purchased a new truck in June 2020, and it should last many years. The old truck served CF well, but it was time to go. Jess Salazar mentioned that it no longer had floorboards.

Jess Salazar pointed out that due to funding constraints, improved lighting on campus was delayed but may be possible later this year. One area of concern is around the back gate.

New Business: Kevin Goering (Bldg 17, Unit 4) asked the Board to consider his request to have a non-family member reside in his unit for two years while he and his wife are on a mission. The non-family member will not pay rent but will pay utilities. Jess Salazar pointed out that the Rules & Regulations are clear about who can and cannot live in someone's unit, and that owners may not rent their unit. The Board will discuss Kevin's request at the March 2022 meeting.

The Association owns the rental unit located above the office at Building 15, Unit 6. In addition, there is one more rental unit that is required for CF to be FHA compliant. A formal lottery was held to determine which owner could rent. Jess Salazar explained that in 2021 three condos sold for over \$400K. Those units were completely remodeled but units that are still original could sell in the high \$300K range.

Bonnie McPherson (Bldg 15, Unit 4) expressed her concern about CF's current reserves. She works in property management and real estate. She commented that CF has around \$150K in reserves as compared to \$500-\$800K for most complexes. CF needs to drastically increase dues, especially because of large expenditures like lighting and siding. She expressed a desire to sell the rental unit. Patty Nagy (Bldg 8, Unit 6) agreed. Bonnie stated that CF does not have enough reserves in case of emergency.

Jan Barber (Bldg 5, Unit 5) asked how CF is rated. Bonnie McPherson replied that the information is available on the Targa website, and that CF is rated 10% out of 100. Kevin Goering suggested selling the rental unit for \$300K, and that it would be better to have an owner in that unit instead of a renter.

Jess Salazar owns Benchmark Realty and explained that the Association should not sell the rental unit because we would lose \$200K right off the top. The deed states that the maintenance office is part of the unit. It would take around \$60K to update the rental for sale. In addition, we would have to building a new maintenance office with plumbing, electricity, office space, storage for tools, etc.

Kevin Goering mentioned that his in-laws sold their unit in Building 13 for \$350K. Jess Salazar previously created a spreadsheet that detailed the cost of selling, plus the cost to building a new maintenance office. The net profit would be +/- \$100K.

Bonnie McPherson suggested assessing everyone \$1,000. Jess Salazar stated that at Quiet Forest II, every homeowner pays the same dues, \$430 per month, and that they are paying an assessment this year. Mark Pierovich explained that an assessment requires a special meeting, and that 51% of the owners must vote in agreement for it. This is difficult to achieve and increasing the dues is much easier. In addition, special assessments are recorded on resale certificates so potential buyers will see it and possibly be discouraged. Mark manages 12 associations and feels that CF's dues are competitive with other complexes. An unknown resident suggested a homeowner vote. Mark expressed that it's a large issue and would require a special mailing.

Kevin Goering inquired about rental income. Val Krzyzaniak (Treasurer CFBOD) explained that the current rent is +/- \$1,800 and we pay a fee to Haven Property Management. We net around \$1,600. Kevin pointed out that after monthly dues CF realizes +/- \$1,200. At \$1,200/month, it would take ten years to realize the \$100K net profit that Jess Salazar mentioned.

Jess Salazar pointed out that the rental unit is an asset. The Board can use it to obtain a home equity loan, and the rent would pay the monthly payments. Joni McKee (Bldg 8, Unit 5) added that we have used the rental in the past to borrow money for unexpected repairs and the rental income paid it back. In the long run, there could be other problems and CF won't have the rental unit to fall back on. Natalie Haggard (Bldg 2, Unit 4) asked if selling the rental unit impacts the FHA certification, and Jess responded that it does not.

Rick Krekel (Bldg 2, Unit 5) asked about getting the appropriate building permits for a new maintenance office. Ken Pratt responded that we may or may not be able to get the permits.

Jan Barber asked about a bank loan and Mark Pierovich explained that recently CF was not approved due to negative cash flow the last two years. This negatively impacted CF's financial statement. The 2022 dues increase should result in a positive cash flow. Mark also mentioned that certain decisions could come up in the future such as hiring a full-time employee versus contracting a vendor for landscaping, etc.

Jan Barber asked about delayed projects such as building re-siding and electrical improvements. Val Krzyzaniak replied that several projects are tabled until 2023 or 2024: blacktopping the roads and siding. Around 2000-2002, all roofs received an overlay, meaning they now have two layers. A third layer is not possible so future roof improvement will require that the old layers be removed, and a new layer installed. In 2021, two buildings had leaks and new roofs were put on. This was an emergency situation. Bonnie McPherson added that the reserve study addressed situations such as this.

Wanda Michael (Bldg 1, Unit 6) asked if the bank loan would have paid for the items that Jan Barber raised. Jess Salazar explained that in approximately nine months, we can get a loan for \$200-\$250K and the rental will pay for it. Gary Knell (Bldg 13, Unit 6) asked about the status of electrical panels. Mark Pierovich responded that the panels are being done on an "as needed" basis.

Ron Maesner (Bldg 26, Unit 6) expressed concern that some outside walkway lights and a streetlight are tied to his electrical panel. Jess Salazar stated that he is in the same situation and that the electricity

must come from someplace. Joni McKee added that she resides in a building with shared stairways, and that she pays for the stairway light. The cost of these kinds of lights is not significant.

Jess Salazar stated that John Halvorsen (Bldg 23, Unit 5) previously wrote a document that did an outstanding job of outlining what needs to be done in the next ten years. Kevin Goering thanked the Board for their time and effort.

Ken Pratt moved to adjourn at 10:05 a.m. John Warfel seconded and all approved.

Respectfully submitted,

Marie Alba
Colonial Forest Board Secretary