

# **NAGAWICKA SHORES CONDOMINIUM ASSOCIATION**

## **BOARD MEETING MINUTES**

**November 28, 2023**

**The Board Meeting was called to order at 1:01 p.m. by Dennis DuBoux with Board Members** Leslie Donovan, Russ Jordan, Gail Oster and Kandace Reckinger in attendance.

Also in attendance were Jim Dunker, Sandy Groddy, Gene Reddick, Chris Zirzow, and Dale Maas from RES.

### **Minutes:**

Leslie Donovan gave a synopsis of the minutes of the Board Meeting held on October 23, 2023. The minutes, previously distributed to the Board, were unanimously accepted as written and added to the Association website.

### **Insurance Discussion:**

Dennis moved the insurance discussion to the top of the agenda to allow Jim Dunker to present to the Board the current state of our insurance policy and the industry in general. Jim described the industry as “upside down” and noted that condominiums are currently in a “beggar’s position” with dwindling options and increasing expenses.

Although rates are increasing faster than predicted earlier this year, our Association is in a relatively good position due to an appraisal undertaken two years ago and Jim’s knowledge not only as an insurance executive but also as a resident here. Our 8% increase in total building value along with a 12% rate increase (as opposed to 25%-30% rate increases industry-wide) combine to limit our overall premium cost increase. However, the wind/hail deductible is of concern as it is now 1% of each building’s value rather than a fixed deductible of \$10,000. While completion of the roofing project over the next few years will help in keeping the deductibles down, each building also now stands on its own rather than single exposure for the entire development; i.e. blanket coverage. That means there are eight potential deductibles if all the buildings are damaged rather than one deductible. He pointed out, however, that blanket coverage exists for all other covered damages.

Jim noted that every resident needs to speak with their personal insurance agent to confirm the following:

1. What limit exists for “Loss Assessment” in my personal coverage?
2. If I am assessed the prorated Association deductible, will it be paid?

This is important because if there is damage to the buildings from wind/hail, the Association will assess the residents for their pro rata share of the deductible. The residents can turn around and file a claim for that assessment up to their limit with their personal insurer so long as the answer to the second question is “yes.” Jim added that typically, payment of this loss assessment by the residents’ personal insurer is not an issue but each owner must confirm with their own insurer.

### **Facilities Committee:**

Russ Jordan stated that the annual roof inspection and gutter cleaning was scheduled for next week as it was too cold and snowy to conduct this activity this week.

Russ summarized the roof replacement project, noting that the Roofing Committee had submitted the Request for Proposal (RFP) to five roofing companies, each of which visited the property and submitted a proposal. Although a bid comparison sheet had been prepared, evaluating roofs, flat roof membranes, gutters and gutter screens, the selection team has not been able to meet to discuss them, so they have not yet been equalized to ensure that an “apples to apples” comparison was made. The Committee must also determine what is required and what is not required to be done and what warranties are included and what each costs. He also warned that it is impossible at this point in time to know what roofers will find underneath the existing roof once the project begins, which may result in additional costs.

Russ said that the gutters are in such bad shape that they must be replaced, and the new gutters will be five inch gutters with larger four inch downspouts. Six inch gutters had been considered, but each bidder indicated that was not necessary, not worth the additional cost. Dale Maas confirmed that gutter screens are well worth the investment in maintenance savings and they have been added to the scope of the project.

Finally, Russ, who had previously sent the comparison sheet to Board members, noted that bids ranged from \$65,000 to \$95,000 per building but that the Committee had not yet broken down the bids to be able to do a cost/benefit analysis. He hopes to have that done this month or at least by the beginning of 2024. Our planning estimate of \$67,000 per building appears to be in the ballpark, however. A contingency sum, to cover any unanticipated costs was recommended.

### **Grounds Committee:**

Dennis DuBoux reported that the Arborist estimate for required work this year is \$6,800 plus tax. He noted that the pile of dirt at the end of Gail Ostler’s driveway will be spread and seeded in the spring. While the arborist noted in a walk-around with the Committee which trees are dead and need to be removed, trees likely to fall in the woods are left alone. Residents can provide the Committee with the identification of trees they believe should be removed for the Arborist’s consideration.

RES will have “No Salt” signs prepared and delivered to Leslie for distribution to those residents who requested them.

Finally, Kandace will prepare an email requesting residents in buildings with downspouts laying in the driveway to remove them before the snowplows arrive.

### **Harbor Committee:**

Gene Reddick stated that the repairs in Harbor #3 were complete and that the work was excellent despite the cold temperatures. The old cable, which remains, will be tightened so that it is less visible at the time repairs on Harbor #2 are undertaken. (She will give the contractor a good review online and the Board can do the same once they have personally inspected the repairs.)

The remaining aerators will be taken out this week and stored in the gazebo and the shed. One aerator is currently in the shop for repairs.

### **Treasurers Report:**

Kandace reported that as of October, the Association had \$22,421 in the Operating Budget and \$196,646 in the Reserves, for a total cash position of \$219,067.

She reminded Board members to send her copies of all reimbursement requests so the amounts could be entered in the ledger. At least one Board member must approve each request, although two Board members are required to approve contracts.

Kandace noted that we have been substantially under budget with regard to operating expenses for each of the last six years and questioned whether we needed “Other” categories which may be inflating the actual need for cash. An extended discussion ensued, including potential inflation rates, after which several reductions were made and funds were transferred out of the “Other” categories and allocated to actual line item expenses such as “Harbor Clean-Up.” Non-essential expenses such as landscaping around utility boxes and the purchase of replacement aerators were eliminated. There was a general consensus that roofing costs should continue to be covered by special assessments with only 25% of the costs coming from the Reserve Fund, and that cost increases for the project should result in a rise in owners’ assessments and not through increases in monthly dues payments.

Gail and Russ provided historical perspectives and noted that in the past, monthly dues were insufficient to cover operating costs, and special assessments were used to cover shortfalls. Board members agreed that dues should be adequate to cover operating costs with an additional 30% to go to the Reserve Fund. Owners should have consistency in monthly payments as well as sufficient advance notice of the need for assessments.

Russ noted that while we may have been under operating budget numbers in the past few years, this is in part because the increases in fees have covered the increases in annual costs due to inflation.

A number of scenarios were explored by the Board, and there was consensus that while we have underspent on the operating budget, we have overspent from the Reserve Fund. The net result is overspending, not underspending. While we know that costs will increase, the amount is difficult to predict. Grounds fees increased 3% this year while insurance expenses increased 25%. The Board discussed the need to have a Reserve Fund approximately equal to one year's Operating Budget, which is more than we currently have or are predicted to have. This Reserve Fund is reviewed by lenders of potential Unit buyers, and our financial position has been detrimental to several recent buyers.

The Board unanimously approved increasing monthly dues by \$20 per Unit in 2024 to \$510 and increasing the special roofing assessment to \$3,000 per year (payable in two equal installments) in 2024 with a note to all residents that the roofing costs will be reviewed after completion of the first phase of the project to determine if the assessment needs to be raised further. The Board further approved a 2024 Budget of \$153,043 in Operating Expenses and \$207,550 in the Reserve Fund for next year.

#### **Owner Projects:**

There were no requests of Owner Projects submitted to the Board in the past month..

#### **Owners' Comments:**

Russ reminded everyone to get their reservations in as soon as possible for the Association Christmas party. Sandy Groddy raised several questions about the downspout removal and new outdoor lighting which were answered. Chris Zirzow announced that he is running for one of the two open Board positions next year.

**Adjournment:** The meeting adjourned at 3:32 p.m.

Respectfully submitted November 28, 2023 by Leslie Donovan

Approved: Dennis DuBoux \_\_\_\_\_, November \_\_, 2023