

Highlands Condominium Association Minutes for Annual Meeting on February 12, 2014

Board members present: Phil Abbott (Chair), Pat Lynd (Secretary), Mike Ireland Excused: Frank Bocci, Tiffany Mellow

Guests: Mark Campbell (property manager)

68 Units Represented by Proxy:

101,102,105,108,110,111,113,119,121,122,124,126,131,133
134,138,139,141,144,147,148,152,153,154,155,201,202,203
209,210,216,218,219,220,222,224,302,303,304,305,306,308
310,311,313,314,315,316,401,402,405,407,408,409,410,411
413,414,415,417,418,420,423,425,426,429,431,432

23 Units Represented in Person:

104,109,114,117,123,128,132,140,142,149,206,212,222,301
307,309,312,404,407,417,420,421,427,429,431,

Call to order: 6:40 PM

Chair Abbott announced that 83 Proxies were mailed in prior to tonight's meeting representing 63.94% of the ownership which exceeds the 50% quorum requirement in our by laws and therefore called the meeting to order at 6:40PM.

Abbott noted that 83 Proxies turned in prior to an annual meeting was an all time record for the Highlands, however, if we were voting on a change to the by-laws which requires a 75% majority to pass, we would not be able to do so this evening based on the Proxy count alone.

Abbott again stressed the importance of mailing in your Proxy well in advance of the annual meeting; even if you intend to come to the meeting, so the board can determine if we are going to have at least 50% participation required to hold the meeting and if we have at least 75% represented to vote on any issue which requires a 75% majority vote.

Abbott commented that bringing your proxy to the annual meeting defeats one significant purpose of the proxy, which is knowing in advance whether the association will obtain a quorum on the day of the meeting.

Another Purpose is to give your voting right someone else in your absence. It could be the Board or an individual. By checking "For quorum purposes only", you are not giving your vote to anyone. You are simply acknowledging that you approve of the Annual Meeting taking place, with or without your presence.

Next year, there will be a major overhaul of the By-laws presented to the membership. Some amendments will require a 75% majority vote. Please send in your proxies next year and send them in early.

Announcements:

- Frank Bacci was appointed by the board to complete Jonny Comes' term. Jonny and Claire moved to Boise for a job

opportunity available to Claire. Frank has also volunteered to take over as Treasurer

- Patrick Lynd volunteered to be acting Secretary.

Election of Board Members:

Terms of two Board Members expire tonight:

Frank Bocci and Mike Ireland. The Chair opened the meeting to nominations from the floor. The nominations were as follows:

Frank Bocci
Mike Ireland

There being no further nominations, the Chair called for a vote by acclamation via a show of hands, ballots were not distributed and it was not necessary to return proxies to those present. Frank Bocci and Mike Ireland were unanimously elected without objection.

Approval of 2/22/13 Annual Meeting Minutes:

A Motion to amend the February 22, 2013 Annual Meeting Minutes to include the year (2013) was made, seconded and approved. The Minutes were approved as so amended.

Financial Report:

Chair Abbott reviewed the December 31, Financials in Frank Bocci's absence. Abbott compared the Balance Sheet as of 12/31/13 with 01/31/14 balances and commented that the January balances were higher due to over \$41,000 in collections of delinquent assessments since May of 2013 when the Board replaced the associations attorney. About half of this money was collected in January 2014.

Looking at the Operating side of our income statements, we have been in the black for all of 2013, more revenue coming in than we are spending on normal operations. However, We have been spending down the balance remaining on the 2008 Special Assessment at a rapid pace during 2013. Over \$100,000 has been spent on Woodcutter and about \$18,000 on asphalt repairs.

Because of the financial reporting format used by our bookkeeping service it looks like we have large losses in some months. This is actually where we have spent money set aside from the previous Special Assessment on purposes for which it was intended, i.e. foundation and asphalt repair.

There was considerable discussion from the floor criticizing our reporting format and it was the general consensus of the Board that financial reporting format should be improved.

Committee Reports:

Woodcutter/Stonewood Foundation Update:

SSW Engineers has completed conceptual drawings of a proposed repair for Woodcutter. A meeting was held with

three construction firms on 2/11/14. They were Chambers Construction, Bingham Construction and Dorman Construction. All three companies were invited to bid on the Woodcutter Project. Bid ready drawings will be due in early March and we should have tangible cost information by the end of the month.

Comcast Update:

Comcast has made an offer to reduce our bulk pricing agreement from \$36.23 per unit to \$25.00 per unit in exchange for a two year extension of our Bulk Pricing Agreement and a five years extension of our Service Agreement. We currently have 2 years remaining on our Bulk agreement and 7 years remaining on our Service Agreement.

Agreeing to this would lock Comcast in as the sole provider of bulk service agreements for the next 12 years. In other words, we couldn't make a deal with any other provider for the next 12 years. Per their offer our rate would remain at \$25.00 for 2 years and then be subject to increases for the remaining 2 years.

After considerable discussion from the floor, The consensus was that we should continue to negotiate with Comcast for a better rate and a shorter extension of the bulk pricing term. It was also the consensus that we should not agree to extend the Service Agreement at all.

If a satisfactory agreement is not reached with Comcast, we will pay the current rate until the end of our bulk agreement and not renew a Bulk Agreement with Comcast when it expires.

By Laws Update:

(Phil Abbott for Marga Larson) – A committee was formed last year to overhaul our antiquated By-laws. The committee consists of Marga Larson (Chair), Pat Lynd and Phil Abbott. This has proven to be a complex and ambitious task and the committee was unable to complete their work prior to tonight's meeting. A new target date for update of By-laws is February 2015. The committee has agreed that the proposed amended By-laws will be distributed to the membership well in advance of the 2015 meeting to provide for feedback from the members. They have also agreed that all proposed changes will be voted on line item basis. All changes that acquire 75% approval by the membership will be included in the in the First Revised Bylaws of the Highlands Condominium.

One suggestion from the floor was that the 75% threshold be reduced in the revised by-laws if allowed by the declaration and State law.

New Business:

- 2014 Budget:

The 2014 budget was presented at the December 11, 2013 regular meeting. It proposed a 15% increase in Maintenance fees and a Special assessment of \$4,000.00 per unit. Because actual costs for the Woodcutter and Stonewood buildings were still unknown, the Board approved the 15% increase in Maintenance Fees but tabled the budget until more definitive costs could be determined for foundation repairs.

As of this Annual meeting we are a lot closer to having better cost estimates for foundation repairs but we still won't be there for at least six weeks. A motion was made to approve the Operating Budget as described above. The motion was seconded and was unanimously approved by the board members present.

- Contractor Settlement:

Through the association's attorney, an agreement was reached with our former Engineering Firm, JBE, to settle outstanding invoices of \$26,425 for \$13,500 and a mutual release.

A motion was made to approve the terms of the Settlement as stated above. The motion was seconded and was unanimously approved by the board members present.

Note: The form of the mutual release was previously approved by all five members of the board via email correspondence.

- Re-allocation of Funds.

An amount of \$70,000 was allocated for roof replacement in the 2008 Special Assessment. As of tonight's meeting, nearly all of the 2008 S/A money except for the \$70,000 roof allocation has been spent for Asphalt and Foundation repairs. Approximately \$18,000 for asphalt and approximately \$100,000 for engineering and legal work related to Woodcutter. Chair Abbott entertained a motion to authorize the use of the remaining \$70,000 for ongoing expenses related to Woodcutter with the provision that at least \$70,000 be set aside for Roof Replacement from the anticipated future Special Assessment. The proposed motion was opened to discussion from the floor and the By-laws were reviewed by the Secretary.

A motion was made to approve the re-allocation as described above, seconded and was unanimously approved by the board members present without objection from the floor.

Property Manager's Report – None given.

Building Representatives' Reports – None given.

Meeting adjourned: 9:12 PM

Next scheduled meeting is on Wednesday April 9, 2014

Patrick Lynd - Secretary