

**Coffee Creek Homeowner's Association  
Monthly Meeting Minutes, Board of Directors  
June 28, 2012 - 6:00p - Coffee House**

I. Call to Order: 6:03p by Linda O'Brien, President

II. Determination of Quorum: Quorum satisfied.

Board Members Present:

Linda O'Brien #19, Lisa Buttitta #4, Joyce Warner #41, Shawn Walker #46 & Rita Senecal #38.

Homeowners Present:

Elmer Bartley #7

Others Present:

Steve Lake and Bianca Wulff - VIS Group

III. Approval of Agenda: Lisa motioned to approve the June Meeting Agenda. Joyce seconded. Approved

IV. Meeting Minutes: Minutes of the May meeting were not presented yet.

V. Management Report: Steve Lake gave the Management Report on behalf of VIS.

- a. Financial Report: In the Financials, Steve noted \$33.8k in the Operating Account (essentially the HOA checking account), \$76.8k in the Reserve Account and expenses to date of \$193.7k (\$79k were in roof repairs and \$42.5 in insurance reserves were the most notable expenses YTD). There was \$32.9k in outstanding delinquencies made up of 9 accounts – an improvement over the 13 that were on the delinquency list.
- b. Confirmation of Reserve Expenses: 6 expenses have been approved for payment by the Board from previous meetings or correspondence, but these must be recorded in the HOA minutes. Expenses include 3 payments to Ability for continuation of the roof repairs (totaling \$21,388.97, 1 to VIS for its project management fees of \$6,176.87, 1 to Dimensional for \$12,680.50 and 1 to Dibble for \$437.50 (both for expenses incurred on the roof project). Sean motioned to approve the 6 payments and Lisa seconded. Approved.
- c. Tax Return Signing / Audit Draft / Letter of Representation: Linda signed the tax return on behalf of the HOA.

Steve presented the Independent Auditor's Draft Report for the year end close of December 31, 2011.

Of note: The auditor's advised that we note in the minutes (which we now do in the "Confirmation of Reserve Expenses") to record all approvals of vendor, amount and the fact these are approved reserve expenditures.

They also noted that the back reconciliations and cash amounts did not agree (were off by \$5k). Per Steve, the VIS software system (Condo Manager) and the US Bank system match but there was an internal report in Condo Manager that Steve will investigate and get back to the Board on.

Another Audit recommendation was the Board should document the approval of write-offs to bad-debt on unit owner balances. We do this as regular practice, so Steve will look into what the Auditors are referring to with this recommendation.

Lastly, the Auditors found that the HOA was billed twice for its reserve study and that money has since been refunded.

d. Petty Cash: The HOA started a Petty Cash fund of \$200 that will be kept by Linda along with a reimbursement log.

e. Board Updates:

i. FHA Certification: The Association FHA Certification has been sent in to the Fed. To qualify we have to have at least \$150k in Employee Dishonesty liability coverage. As we only had \$100k, for an extra \$106 per year we have increased this coverage to \$200k. This gives us a larger buffer in the event of mis-use and/or as our reserves increase as well as looks better for our FHA Application.

ii. Rental Units: To date Coffee Creek has 14 rented units (cap is 17 according to the operating documents). Folks who have advised the HOA of the desire to rent their units have 90 days to do so, otherwise they "lose their spot in line" in order to allow others who wish to get renters time to do so.

#### VI. Old Business:

a. Comcast: Due to "an internal change" Comcast has rescinded its agreement to adjust our rates and we must renew by 6/28 or they will begin individual billing of unit owners. The Board was furious but Comcast essentially has a monopoly over us or we have to go to DISH which the Board has determined is not worth doing (and possibly compromising the roofs we are replacing).

b. Matrix Approval: Joyce motioned to approve the HOA Responsibility Matrix as drafted by counsel. Shawn seconded. Approved. The approved Matrix will now be circulated to all owners.

c. Roof Financing: Steve spoke with US Bank about the HOA's ability to get a loan to complete all the remaining roofs at Coffee Creek (essentially \$1.5mm). They are uneasy with this amount (due to the delinquencies – 9 current. They'd like to see a consistent history that we have gotten this and kept it at 5 max) but will entertain a smaller loan amount. The Board will ask Bianca as the roof project manager, to help determine what a prudent loan amount might be given what is remaining to be fixed.

d. Handyman / Vendor Issue: Steve asked for clarification that when VIS gets a request from owners for a repair, should those go to the VIS Maintenance tech or to Randy, our Handyman? Per Linda, anything that requires licensing or bonding should get 3 official bids. Randy will not be doing work requiring bonding or licensing of any kind (mostly painting, general sprucing up, weeding, light bulb replacement, etc.)

#### VII. New Business:

a. Request for VA Certification: At least 1 owner has inquired on whether the HOA is submitting to the VA for loan certification. Shawn feels we should wait for the results of the FHA certification (as noted above in section V.e.i) before we pursue this. The VA is even MORE stringent than the FHA so if don't get FHA certified it's almost moot to pursue VA certification.

b. Reserve Study: Steve circulated the results of the mandatory HOA Reserve Study. At present, Coffee Creek is only 13.1% funded when 70% is advised. They suggest a 5-year special assessment totaling \$672k or essentially \$12k per unit. This is out of the question, given the financial condition the HOA is already in and the number of delinquencies where owners are not able to meet current dues. Steve

noted that Vasily and he are scheduled to chat with the reserve study folks next week and will provide an update.

- c. Chimney Inspections: While Jeff has been on the roof making repairs, he has noticed many incompatibilities and inconsistencies with the flues from unit to unit, but most notably #32 and the Coffee House. He is advising that the specialist we use inspect flues for proper connection during their annual visit. We will require all chimney sweeps be extra careful on the new roofs and ensure they don't knock the chases. Also, when siding is replaced Jeff is advising the installation of locking rings at each flue joint. Steve is to find out what chimneys have been replaced this year (we know that #32 was done recently) and the folks that did the work need to come back and make proper corrections.
- d. Requests for deck repairs: Request for deck repairs have been received for #15, 52 and #3. Based on the newly approved Matrix, if the back deck has been altered from its original size or state, it is the owner's responsibility for any repairs. If a deck is original in size or state, we will ask Randy to make the repairs. After the meeting, Shawn will do a walk through and compare all decks with the list Joyce has of original structures.

#### VIII. Roofing Update:

Bianca gave a comprehensive update on the roofing project – of note were:

- Building 1 – Panels 1, 2, 6, 8, 10 and 12 are complete.
- Building 5 – Panels 6, 7 and 13 are complete.
- Building 2 – Panel 5 is complete.
- Next will be Building 11 but Pierce County erred on our permit and Bianca is working with them to get it corrected so we do not lose momentum on the project. As a result the team has moved on to Building 2, Panel 9 and that is going well. There is damage to the Master Bedroom but there is no asbestos. The Living Room does have asbestos, but due to another ceiling below it, this does not have to be removed. New insulation has been added and it has been sprayed with mold-care as a precaution, though no mold has been found.
- Budget Summary: Not much change from the last update – costs to date are \$187.9k with projected remaining costs of approximately \$91.2k if no additional leaks are reported.

IX. Homeowners' Forum: Elmer noted that the retaining wall on Spanaway Loop road be looked at as there are many loose spots.

X. Next Meeting: July 19<sup>th</sup> at 6:00p in the Coffee House.

XI. Adjournment: The Meeting was adjourned at 8:05p and moved into Executive Session.