

**WOODLAKE CONDOMINIUM ASSOCIATION
SPECIAL BOARD OF DIRECTORS MEETING
SUMMARY MINUTES
August 30, 2022**

Meeting Called to Order: Woodlake Condominium Association (Association) Board of Directors (Board) President Pamela Bergmann called the meeting to order at 5:36 pm. The meeting was held via Zoom.

Participants: Board Members Pamela Bergmann, Bruce Robinson, Jennifer Young, and Amy Topmiller; Property Management Services Inc. (PMSI) representative Crystal McDonald; and Association Members, Terri Patton (A-101), Farrah Greene-Palmer and Cale Palmer (B-102), Rory Ober (B-101), Mary Beth Farkas (H-202), and Laura Roark (E-201).

Association Member Comments: Members indicated their interest in hearing what options the Association has for paying for the unanticipated expenses incurred this summer.

Discussion of options for paying unanticipated expenses associated with gutters, downspouts, and crawlspace work in addition to discussion of reserve line items.

Pamela Bergmann reiterated the purpose of the meeting and stated that Management had provided notice of this Special Meeting of the Board to Association members by first class mail in addition to email. A notice of the meeting was also posted on the Association's website along with the agenda.

The following background information was presented:

Summary of Unanticipated Expenditures. In the spring of 2022, the Board hired a contractor (EHS Alaska) to conduct an inspection of the Association's eight crawlspaces to determine whether there were any issues related to mold. [It was noted that while the Association is comprised of nine buildings, only eight have crawlspaces, since the Fitness Room in Building E is located where the crawlspace would be in that building.] The inspection, which was completed on May 6th, found a number of issues to be addressed, including, for example, rodent activity in the crawlspaces of Buildings C and D, limited mold and standing water and/or moisture in a number of crawlspaces, and sump pump issues in Building D. It was noted that only a limited amount of mold was found and the mold that was found was "good" rather than "bad" mold. EHS Alaska outlined a number of actions to remediate the mold and reduce the humidity in the crawlspaces to prevent mold from occurring in the future, while, at the same time, bringing the crawlspaces up to current code. Those actions included the following work in all of the crawlspaces: (1) insulating all main water pipes (to prevent them from sweating and producing moisture), (2) covering the floors with vapor barrier that extends a portion of the way up the side walls (to meet the current building code), (3) removing vapor barrier from outside walls (which was trapping moisture), and (4) adding ventilation fans to remove remaining humidity (which also meets current code). In addition, a new sump pump was installed in a different location in the Building D crawlspace. All of this work is scheduled for completion by mid- to late-September.

It was noted that the Board had already approved the installation of additional gutters and downspouts for the portions of building roofs without gutters, where rain was running off the roofs and falling next to the building foundations. This work was completed in May. EHS Alaska recommended adding extensions to the bottoms of the downspouts to ensure that runoff from the roof is carried away from the building foundations. When seeking estimates for burying downspout extensions that crossed parts of the Association's lawn, it was discovered that some of the exterior foundation sealing is likely compromised and may need to be resealed. Above-ground extensions for

downspouts have been ordered and are anticipated to be in place by mid-September. EHS Alaska recommends that the Association begin establishing reserves for resealing the foundations. This is likely to cost upwards of \$100,000 for all nine buildings. The Board's expectation is that work completed this summer will help extend the life of the foundation sealing so that it can be done building by building on an as-needed basis.

Association Reserves. The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for operating purposes. Examples of reserve line items include roofs, garage heaters, exterior paint, asphalt, retaining walls, and fencing. In 2018, the Association's reserve account totaled approximately \$423,000. In 2020, it was about \$313,000. As of July 31, 2022, it had been reduced to approximately \$269,000. Recent major expenses, funded by Association reserves, include \$154,000 for new roofs in 2020; and \$68,000 for exterior paint in 2021.

Cash Reserve Analysis. The Association's Cash Reserve Analysis identifies 17 reserve items, their estimated replacement cost and estimated life (in years). It also includes "present" and "required" funds for each reserve item in addition to the required annual contribution to fund the replacement cost based on the estimated life. In 2022, a total of approximately \$21,000 of all Association dues were designated to pay for required reserve line items.

Financial Review. The Association's 2018 Financial Review, which was conducted by Hutchings and Associates identified that Association reserves were likely not sufficient, since the replacement cost had not been updated for a number of years. While the financial review was for the calendar year 2018, it was not completed and provided to the Board until November 2020, which was during the COVID-19 pandemic. Because of COVID-19-related difficulty in getting contractors, shortages of workers, and steep increases in the costs of materials due to supply chain issues, at its organization meeting in December 2021, the Board postponed an update of the replacement costs until 2023. Since that time, the rate of inflation has increased significantly.

Cost and Payment of 2022 Work. In March 2022, two Certificates of Deposit (CDs) totaling \$246,000, which included most of the Association's reserve account funds, matured. Of that amount, \$35,000 was placed in the Association's money market account. The remainder (about \$211,000) was used to purchase two additional CDs. The total cost of the unanticipated crawlspace-related work was \$61,329. Those expenditures are being paid with the \$35,000 in the money market account and other cash on hand.

Board Responsibility. One of the responsibilities of the Board is to maintain the financial stability of the Association, which in turn, helps protect each owner's investment.

Board member then discussed options for paying the unanticipated expenses associated with gutters, downspouts, and crawlspace work in addition to reserve line items. This included a detailed discussion of the Association's Cash Reserve Analysis. It was agreed that prior to determining whether a special assessment is warranted (or not) to cover the unanticipated expenses, the Association's Cash Reserve Analysis needs to be updated to reflect current replacement costs and the remaining life for each reserve item. The Board requested that Management prepare the updated Cash Reserve Analysis. It was further agreed that this update should be done concurrently with Management's development of the Association's draft 2023 budget, which will be discussed at the November 8, 2022, Board meeting. In

addition, the Board further agreed to have a work session prior to the November 8th Board meeting to conduct a detailed review the revised Cash Reserve Analysis and proposed budget.

Next Meeting: The next Board meeting is scheduled for is scheduled at 5:30 p.m. on November 8, 2022. The meeting will be held via Zoom. Management will provide information on the Association's website on how to access the meeting. The Board will have a work session prior to the Board meeting to review and discuss the revised Cash Reserve Analysis and proposed budget for 2023.

There being no further business to discuss, Bruce moved to adjourn the meeting at 7:06 pm. Jennifer seconded the motion, which was approved by unanimous consent.