The FYI

A Private Residential Community *Newsletter for the Edgewood Townehouse Association*

MESSAGE FROM THE BOARD

Preserve • Restore • Maintain

Paul Turpin
President, Edgewood Townehouse Association
etapresident@email.com

A Proposal for Sustainable Reserves

Motion: To adopt an increase of the current homeowner dues base rate of $373 per month to a fixed rate of $600 per month for five years, plus a one-time Special Assessment for Capital Maintenance Improvements and Sustainability beginning on January 1, 2022 of $5,000 per lot in one payment due on January 1, 2022, or in twelve equal payments of $417 per month (or $600 + $417 = $1,017 per month), beginning on January 1, 2022. The $600 monthly homeowner dues will expire after five years. Dues will return to the Fiscal Year 2021 base rate adjusted for inflation (assumed at 4%); this would be $472 per month in year six.

A 2% discount of $100 will apply for payment of the $5,000 Special Assessment if paid in full by January 31, 2022.

The Board crafted this motion after a busy period of examining a number of different models for reaching a sustainable solution to ETA's capital maintenance financing. After several Board Meetings, two Town Hall meetings, and a survey to gauge members' preferences among the models (survey results inside this issue), the Board decided on the motion above. The period up to the election will doubtless be filled with questions and discussion as we consider our future.

The Association-wide vote on this proposal, along with elections for new Board members, will be held on Tuesday, October 26, the date of our Annual Meeting. Voting will start at 9 AM and continue until 5 PM. Ballot collection will be outdoors under the tent in front of the Clubhouse. The slate of candidates for the Board should become available after October 8, when the nomination period ends. Like last year, Covid precautions prevent us from meeting in the Clubhouse.

Board of Directors Activities in this FYI	
August 24	Board of Directors Special Business Meeting
August 26	Board of Directors Special Business Meeting
August 31	Town Hall
Sep 7	Board of Directors Special Business Meeting
Sep 11	Town Hall
Sep 14	Board of Directors Monthly Business Meeting
Sep 20	Board of Directors Special Business Meeting

Inserts: Operations Income Statement and Capital Maintenance Income Statement

SPECIAL NOTICE

Homeowner Dues are due on the first of each month.

All meetings are by videoconference unless otherwise stated.

UPCOMING EVENTS

ETA Open Forum Town Hall:
Saturday, October 2, 10 AM

ETA Regular Board of Directors Business Meeting:
Tuesday, October 12, 6:30 PM

Annual Open Forum Business Meeting and Voting:
Voting will start at 9 AM on Tuesday, October 26, 2021, and continue until 5 PM. Ballot collection will be outdoors under the tent in front of the Clubhouse.

CONTENTS

Message from the Board

Business Meetings and Special Meetings Minutes as Listed on This Page

Balance Sheet and Income Statement

Inserts as Listed on This Page

Sharon Kimble, Editor
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EDGEWOOD TOWNHOUSE ASSOCIATION
VIDEOCONFERENCE: BOARD OF DIRECTORS
SPECIAL BUSINESS MEETING

Preserve • Restore • Maintain

Tuesday, August 24, 2021

The meeting was held by videoconference due to the COVID-19 pandemic. Board members present were: Paul Turpin, Darell Bidstrup, Sheila Dorsey, Dan Goodlett, Merryn Gregory, Larry Kenton, Sharon Kimble, Michael Maulding, and JoAnn Wilson. Also attending was Frank Gaddini, ETA Director of Facilities and Operations. Fourteen homeowners attended. The purpose of the meeting was to discuss the Reserve Study, Models of Funding, and the FY 2022 Operations Budget. President Paul Turpin opened the meeting at 6:31 PM.

Reserve Study. Paul began the discussion by summarizing the two main goals of the Reserve Study which were to: (1) Give us a comprehensive sense of what needs to be done and how soon it needs to be done, and (2) Determine how much does our normal monthly contribution to Reserves need to be to keep it at a sustainable level. Paul then put the spreadsheet on the screen to give an overview and review the key points.

The rich detail of the Reserve Study derives from the inspections Frank Gaddini conducted of each individual unit over the last several months. Frank focused upon our 14 capital maintenance categories for residences: pitched roofing; flat roofing; gutters; foundation; chimney; chimney cap; siding and dry rot-building; siding and dry rot-patio walls; entry door; garage overhead door; and garage entry door. For each of these categories, by unit, Frank gave an evaluative grade from 1-6 (with "1" needing the most urgent attention) and he recorded the following: date the capital maintenance item was last improved; life span; its remaining life; and the replacement cost. The spreadsheet also includes the calculated annual Reserves contribution as well as the 100% Reserves balance. Additional information on the spreadsheet includes miscellaneous data including Frank's notes, if any, the date of the inspection, and so on. Frank also inspected and reported on each building's paint as well as on ETA's common property across 16 categories: Asphalt Paving;, Asphalt Sealing; Concrete Stairs and Walkways; Signage; Ground Water Restoration; Bridges/Railing/Fences; Exterior Lighting; Irrigation; Pool Equipment; Pool Structure; Pool Deck and Furniture; Clubhouse Equipment; Clubhouse Restrooms; Clubhouse Common Room and Furniture; Office Equipment; and Office Interior and Furniture.

Some refinements remain to be done but the figures as currently calculated are close. Key figures are as follows: 100% Reserve Study Balance = $2,006,005. Cash Flow Balance (70% of 100% Reserve Study Balance) = $1,404,204. The amounts needed to keep the Reserves at a sustainable level are front-loaded in the first five years, owing to the many deferred projects and to the need to begin promptly on roofs and painting. Using a 4% inflation factor, those amounts by year are as follows: FY 2022 = $651,200; FY 2023 = $315,600; FY 2024 = $339,100; FY 2025 = $346,500; and FY 2026 = $177,750. (Note: These projections were subsequently able to be spread more evenly across the first five years following (a) the Rogue Inspection Services roof evaluation and (b) spreading the painting over four years.)

Once finalized, the information will be organized by building and put into printable shape. Homeowners will receive the information for their building in an electronic format. Those wishing a printed copy may request one. The information for all the buildings and common property will also be gathered into printed binders. There will be several copies, a few to be reviewed in the Clubhouse only and one or more, depending upon homeowner interest, which can be retained in the Office and "checked out" for reading at home.

Models of Funding. Paul summarized the three models the Board has discussed in the past: a loan; a dues increase; and special assessments. These methods could also be combined, *i.e.*, a dues increase and special assessment(s). The Board wrestled with what option(s) would best address the funding challenges and what homeowners might support. Ideas raised included having a multi-year assessment (the *CC&Rs* would have to be amended to do this); stretching out the projects over longer time periods; utilizing a dues increase plus special assessments; leaving dues alone and asking for a large one-time assessment; and giving homeowners some payment flexibility within the one-year requirement for any special assessment by getting contracts in place early in the year but making the special assessment payable by December 31, thereby allowing homeowners time to arrange financing if necessary. Concerns expressed by Board members included raising dues so high they get out of balance with many other HOAs and what happened a few years ago when the Board put forward a motion to raise the dues base rate and it was defeated by the homeowners. But whatever model(s) the Board decides to adopt, members agreed on two things: we can't wait to act and every ETA homeowner has a shared responsibility. As one Board member phrased it, "We are one unit on 12 acres." We have a gem here and the investment we have in equity is worth preserving. The Board will continue its discussion on funding option "what-ifs" in the Special Meeting scheduled for August 26, 2021.

FY 2022 Operations Budget. Paul raised the issue of planning for Frank's succession and asked what the Board wants to do. Paul commented he has come to see just how busy Frank is, even when he isn't working on a Reserve Study. Frank's position is part time but it's clear he routinely works many more hours than that. Paul suggested we consider adding either a half-time or full-time professional salary to the operating budget in addition to Frank's part-time position. Paul also said it might be worth looking at a management company. Several Board members agreed it would be good to begin researching management companies. Another Board member brought up the current landscape maintenance contract and the need to involve the Landscape Committee in determining the amount of funding to go to this Operating Budget item. Frank offered to work with Darell Bidstrup, Landscape Committee Chair, on next year's landscape maintenance contract.

<u>Other:</u> Board member JoAnn Wilson asked what steps the Board could take in light of the current Covid-19 surge in Lane County and the mask mandates--both indoors and outdoors--announced by the Governor. After a brief discussion, Board members agreed by consensus to close the Clubhouse and restrooms and post signage in the Pool area about wearing a mask except when swimming. Frank said he would immediately implement these changes.

The meeting was adjourned at 8:59 PM.

JoAnn Wilson, Secretary, Email: etasecretary@email.com

EDGEWOOD TOWNHOUSE ASSOCIATION VIDEOCONFERENCE: BOARD OF DIRECTORS SPECIAL BUSINESS MEETING

Preserve • Restore • Maintain

Tuesday, August 26, 2021

The meeting was held by videoconference due to the COVID-19 pandemic. Board members present were: Paul Turpin, Darell Bidstrup, Sheila Dorsey, Dan Goodlett, Merryn Gregory, Larry Kenton, Sharon Kimble, Michael Maulding, and JoAnn Wilson. Also attending was Frank Gaddini, ETA Director of Facilities and Operations. Eleven homeowners attended. The purpose of the meeting was to continue the discussion begun on August 24, 2021, about the Reserve Study and Models of Funding. President Paul Turpin opened the meeting at 6:32 PM.

Paul began the discussion by presenting two basic scenarios of needed annual income over time. The starting point for both scenarios is the 100% Reserve Study Balance of $2,006,005 presented in the August 24 meeting. One scenario assumes 4% increases in monthly homeowner dues (HODs) plus the addition of a half-time position. The second scenario also assumes 4% increases in HODs plus one full-time position. Paul reminded the Board that it is important to remember that we are getting services from Frank Gaddini that we aren’t paying for and once he retires, we’ll have to keep that in mind. Whichever scenario one looks at, the Reserves should never be lower than $100K. If the Reserves do go lower, we’re in emergency condition, and without an adequate inflow of funds the scenario is not sustainable.

The Board raised a number of questions including ways to stretch out the work over time, especially the roofing and painting costs which are “front loaded” in the spreadsheet, and whether a management company makes sense v. adding an extra position. But instead of focusing on the two scenarios, many of the Board members were interested in turning away from special assessments to a one-time base rate increase in the dues instead. The monthly amounts brainstormed ranged from $600 to $995. Frank reminded the Board that any decision it makes must be balanced against three spheres: legal, financial, and political. Whatever the Board decides upon, it will have to convince homeowners that it is worth their investment. One Board member mentioned the concerns of recent homeowners who fear having to pay for all these deferred costs. Frank reminded everyone that while many repairs have been deferred, an enormous amount of work has been accomplished in the last decade. This includes the following: all garage doors have been replaced; 1,000 feet of fencing was replaced on Brae Burn; all signs were replaced; 4,000 linear feet of sidewalk was replaced; five major groundwater installation projects and nine minor projects have been completed; and a total of 11 foundation repair projects, including four units that would have otherwise been unsellable due to the foundation failures.

Paul brought the meeting to a close by recapping the discussion: (1) Board members want to see a spreadsheet with no special assessments but high dues; and (2) They want to look at priorities within the first five years, especially, with an interest in spreading out the costs. Paul stated his intention was to put some of these into a PDF version before the next Town Hall on August 31. Board members expressed their appreciation to Paul and Frank for their hard work.

The meeting was adjourned at 8:35 PM.

JoAnn Wilson, Secretary, Email: etasecretary@email.com

EDGEWOOD TOWNHOUSE ASSOCIATION TOWN HALL VIDEOCONFERENCE

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Tuesday, August 31, 2021

Nine Board members, Frank Gaddini, ETA Director of Facilities and Operations, and 22 homeowners attended the town hall which was held by videoconference due to the COVID-19 pandemic. Board President Paul Turpin opened the meeting at 7:06 PM.

<u>I. Opening Remarks by Paul Turpin: Four Funding Models</u>

Paul opened the discussion by saying the numbers from the Reserve Study have been checked and he is confident of their accuracy.

> **Note:** The Reserve Study was generated by Frank Gaddini, ETA Facilities Director for the past decade; Paul Turpin, ETA Board President and former licensed General Contractor (Retired); and Susan Turpin, ETA Finance Committee member, Financial Analyst (Retired), and former Certified Public Accountant (Retired). Special thanks go to homeowner Bev Behrman for data entry and Board Member Sheila Dorsey for proofreading portions of the Study.

Paul then gave an overview of four funding models which would raise sufficient funds to cover our deferred capital maintenance needs over the next five years and sustainably fund our Reserves to provide for capital maintenance into the future without the need for additional special assessments or raising annual assessments (dues) outside of these proposals themselves. Additionally, they would enable us to advertise our Reserves as being “fully funded,” providing confidence for potential buyers. (Note: Fully funded does not mean 100%

funded because we have a constant income stream. We would need 100% of funding only if we did everything at once.)

The four models, in brief, are as follows:

1. Special Assessment Only of $15,859
2. Dues Increase Only to $740 per month for four years
3. Special Assessment of $11,144 + Dues Increase to $500 per month for five years
4. Special Assessment of $6,300 + Dues Increase to $600 per month for five years

For the models including a special assessment (1, 3, and 4), the assessment would be payable by December 31, 2022, but there would be a 2% discount for homeowners paying the assessment in full by January 31, 2022.The models including a dues increase (#s 2, 3, and 4) assume a return to the current base rate, adjusted for inflation, after the specified duration (four or five years). The high dues would **not** be permanent.

Board member Darell Bidstrup pointed out that the models are not the Board's proposals. Paul said that was true but noted that if we do less than these amounts, it will not fully fund the Reserves.

II. Homeowners' Questions and Comments

If only $484,000 is needed in the first year, why put in so much? Could a loan make dues lower at the beginning? And could that $15,900 special assessment be spread out somehow?
Paul: Taking the questions in turn, first, the $484,000 is the amount needed in the first year to fund the Reserves. It does not include either the Operating Budget or the recommended $100,000 floor in Reserves. Second, Paul hasn't seen how we could borrow that amount of money. He did speak to a representative from Umpqua Bank who said we would need real property as collateral. That's the Clubhouse and Pool which would be difficult for a bank to foreclose on it. So loan to value would be no higher than 50%. Finally, Paul's reading of the *CC&Rs* leads him to conclude spreading out the $15,900 special assessment would amount to a multi-year assessment and therefore require amending the *CC&Rs*.

Having copies of tonight's handouts available for pick up at the Clubhouse would save money over mailing them.
Paul: The copies will be distributed by email. Later, homeowners wanting a printed copy will be able to pick one up upon request.

The assumptions underlying the models should be repeated every time. Some attendees don't know them, and those who haven't attended the prior meetings will find it difficult to follow the discussion.
Paul: First, some background: Before deciding to run for the Board, Paul submerged himself in the *CC&Rs*. He learned that the Reserves are to pay for capital maintenance but in our prior accounting, the capital and operating budgets were all run together. That's why the financial statement was restructured earlier this year. The categories of capital maintenance became the categories for the inspections Frank Gaddini conducted. How much remaining life did each item in each category have, and what would it cost to replace or repair? Because our association hadn't thought about capital maintenance that way in relation to Reserves, it was hard to see what Reserves should have been. There was a sense that Reserves had gotten extremely low, but we couldn't tell how low. The current effort with the Reserve Study is to identify what Reserves should be so that we can figure out how to become sustainable.

Can homeowners get information on how much funding is needed each year by capital maintenance category?
Paul: Yes, he will make that available. It can be easily extracted from the Reserve Study spreadsheet by sorting on Remaining Life and Account Code.

While a loan wouldn't answer all our problems, it could be part of a hybrid model, enabling us to get some things done more quickly. This would help keep costs down. If we can show we've got this on a sound basis, it increases our value. There are online lenders specializing in HOA loans that loan on the HOA's ability to collect dues, not on collateralized property. But to get specifics about terms and so on, the questions must come from someone representing the Board, not from an interested homeowner.
Paul: As time permits before the next town hall on September 11, he will look into HOA loans specifically, including contacting the lenders identified by the homeowner.

What happens if we do nothing? Bankruptcies are going on all over.
Paul: We're in emergency mode. We don't have enough money to do anything except an emergency that affects habitability. That includes buyer conditions for sale. These are decisions Paul said he intends to press with the Board. Up to now, the Board has not discussed such stipulations.

A newly arrived homeowner expressed surprise at the urgency of ETA's financial decisions and discomfort at having to pay what hasn't been paid by previous homeowners.
Several Board members offered their contact information to answer any of the homeowner's questions and the ETA Welcome Coordinator will reach out to the homeowner very soon. The homeowner's difficulty finding the minutes online was owing to a bad link on the newly revised website. It will be promptly corrected. But especially in a hot real estate market, it is difficult for a prospective buyer to have the time to obtain all the information they might want. The ETA Treasurer is not getting inquiries sometimes until transactions reach escrow. Websites such a Zillow list only homeowner dues and say nothing about special assessments. Realtors' fiducial responsibility is to the seller, not the buyer. All of these are complicating factors.

What is the situation with foundations now? And is it important to report cracks in the garage floor?
Frank: We have already repaired some foundations including the Clubhouse. We monitor foundations over time if there's cracking showing up on interior walls. We are currently

monitoring two such foundations. As for cracks in garage floors, the floor is the responsibility of the homeowner but if a garage floor crack is getting worse, let ETA know.

Adjournment: The meeting was adjourned at 9:01 PM.

JoAnn Wilson, Secretary. Email: etasecretary@email.com

EDGEWOOD TOWNHOUSE ASSOCIATION VIDEOCONFERENCE: BOARD OF DIRECTORS SPECIAL BUSINESS MEETING

Preserve • Restore • Maintain

Tuesday, September 7, 2021

The meeting was held by videoconference due to the COVID-19 pandemic. Board members present were: Paul Turpin, Darell Bidstrup, Sheila Dorsey, Dan Goodlett, Merryn Gregory, Larry Kenton, Sharon Kimble, Michael Maulding, and JoAnn Wilson. Also attending was Frank Gaddini, ETA Director of Facilities and Operations. Sixteen homeowners attended. The purpose of the meeting was to discuss Models of Funding and the Calendar of Activities Leading up to the Annual Meeting on October 26, 2021. President Paul Turpin opened the meeting at 6:32 PM.

Paul began the discussion by reviewing the four funding models presented at the ETA Town Hall on August 31, 2021. Each of the four models is "sustainable," meaning that all of ETA's ongoing capital repair and maintenance as identified in the Reserve Study will be paid for as they come to the end of their useful life without additional special assessments or increased monthly dues. In addition to these four models, Paul reported that he had since spoken with a couple of HOA lenders. While we have no quote yet, we do have a reasonable idea of what loan terms might look like. Based on his conversations, Paul was able to develop three additional models, for a total of seven. They are as follows: a large special-assessment model; a dues-only model; two hybrid models combining a special assessment and a dues increase; and three loan models.

Board member Darell Bidstrup said he wanted to make a motion to raise the dues to $600 per month with no special assessment. He stated that he wanted a way to sustain our motion forward and he believed it was a pretty economical way for ETA to sustain itself for a while. Darell said he was proposing this as a backup if we can't get a sustainable solution and he felt the Board needed to make a decision at this meeting. Board member Michael Maulding suggested a similar amount, perhaps $610 per month for four years with no special assessment. Mike said he thought it was feasible and realistic and that homeowners are tired of special assessments.

Board member Merryn Gregory said she was leaning toward loans if we're going to make a big proposal and asked if there was a way to test a loan amount for 15 years. Several Board members were concerned about getting a loan. Mike asked if a lender would put a lien on each townhouse. Paul answered no, HOA lenders aren't loaning against real property but against the power to put a lien on those who aren't paying their dues. Paul pointed out that the power to place a lien in that circumstance already resides in the Board. Sharon Kimble said she didn't support the idea of a loan; that there was too much unknown about loans and they should be taken off the table. Larry thought a loan could present problems in the future, including to sales, and Sheila Dorsey wasn't in favor of a loan, at least at the moment.

Paul said the Board will be getting homeowner input from the Town Hall scheduled for Saturday, September 11. He suggested that a straw poll would also help us to make a decision about how to go forward. It's possible that when homeowners are presented with a range of options, they could coalesce around one or a limited number of ways to proceed. Darell pushed back against taking more time to make a decision but several Board members—Sheila, Merryn, and JoAnn Wilson—agreed it was more important to take the time needed to make the best decision about what would bring us to a sustainable basis for the long term. Feedback from a straw poll could help get it right.

Frank Gaddini outlined for the Board the deadlines which would apply if the Board decides to raise the dues above the 4% limit and/or levy a special assessment. In both instances, written notice of any meeting called for the purpose of taking such action(s) must be sent to all members not less than 30 days or more than 60 days in advance of the meeting. (*CC&Rs.* Article IV, Sections 3-5.) If a measure passes, homeowners must receive a 30-day notice of increase. Frank also noted that while Article II, Section 1 (c) of the *CC&Rs* does give the Association the right "to borrow money for the purpose of improving the Common Areas and facilities," we should consult ETA's attorney before making a decision about a loan.

Discussion continued about what Board members thought homeowners were likely to support. Darell said it was too late to figure out a loan now, that it was time for the Board members to pick from among Models 1-4. He said he favored the one-time special assessment of $15,859. Dan Goodlett said he didn't think the dues-only model that calls for dues of $740 per month for four years would be successful. Dan suggested a lower figure and perhaps doing roofs and painting later with a smaller loan than in Models 5-7. Paul said he thought more input from homeowners was important before we make a decision but he would run the model with $600 dues per month and see what would have to be deferred. Regardless, Paul stated that roofs and painting are too critical to defer.

Paul suggested that the Board conduct a straw poll that lists all seven models and ask homeowners which model(s) they would vote for and which against, and to rank order their top three. After more discussion about whether or not the choices on a straw poll should include all models or a subset, it was decided to include all seven along with information on each model including the pros and cons. The information will be provided to every homeowner before the Town Hall on September 11. The Board agreed to have Paul put together the language of the straw poll. Paul and Frank will ensure that the straw poll, together with the background information, is hand delivered to the door of every townhouse by tomorrow, September 8. The background information will also be emailed to homeowners. The deadline for returning the straw poll surveys to the Clubhouse will be Tuesday, September 14, at 9:00 AM and Paul will compile the results to present at the regular Board Business Meeting held the same night.

The meeting was adjourned at 8:39 PM.

JoAnn Wilson, Secretary, Email: etasecretary@email.com

EDGEWOOD TOWNEHOUSE ASSOCIATION TOWN HALL VIDEOCONFERENCE

Preserve • Restore • Maintain

Tuesday, September 11, 2021

Nine Board members, Frank Gaddini, ETA Director of Facilities and Operations, and 28 homeowners attended the town hall which was held by videoconference due to the COVID-19 pandemic. Board President Paul Turpin opened the meeting at 1:12 PM.

Paul began by asking for volunteers to help look over the Reserve Study inspection work sheets for the first year. Bev Behrman and Linda Sage came forward. Paul then turned the meeting over for questions and comments which appear below. Please note, some have been combined for clarity.

Does the HOA have a balance sheet? If so, it's not in the *FYI*.
Paul replied that the balance sheet isn't routinely in the *FYI* yet but it did accompany the *FYI* as an insert several times this year. We're still working out its routine distribution. Any homeowner who wants a copy should contact Paul at etapresident@email.com or the ETA treasurer, Dan Goodlett, at etatreasurer@email.com.

On the information sheet for the four models, all but the Special Assessment Only Model (#1) say "Dues to return to current base rate adjusted for inflation…*subject to the Board's discretion*" Why?
Paul explained that the current Board felt it could not promise on behalf of a future Board. But could homeowners have some say at the end of the four- or five-year period as specified on the information sheet? Yes, of course. And there are opportunities in the *CC&Rs* whereby association members could petition that dues be reduced by a future board.

In FY 2023 when we face the property management issue, would we face adding additional costs?
Paul said that the FY 2022 budget already includes an additional half-time position.

All these models try to fix a 50-year problem. Are we actually going to spend $1.6 million next year if the Special Assessment-Only Model passes?
Paul replied that practically speaking, that level of spending wouldn't be possible. What the cash flow model shows is that we'd spend the $484,000 over the first year. It's the combination of the number of years and the work performed over those years. It might be useful to think of the Dues-Only Model of $740 per month for four years as the equivalent of four special assessments for four year in a row. The experience is that people wouldn't pass it as a special assessment after a year; it's too risky of an alternative.

We couldn't get a special assessment approval of $100 in a previous election. Is there any way to raise the dues to $600 per month to get things started? In other words, do it in increments?
Paul explained that we did look at that but $600 per month is not a sustainable model. It would fall short $302,941 of needed capital repair and maintenance costs until year six, FY 2027. Paul will email a copy of the cash flow testing of the $600 dues-only model to all homeowners after today's meeting.

Looking at total costs over five years for each of the four models, is it true that differences among them are slight?
Paul said that is true. Total costs over the five years would be as follows:
Model #1: Special Assessment Only = $41,077
Model #2: Dues-Only = $40,967
Model #3: Hybrid A = $41,144
Model #4: Hybrid B = $42,300

Is there any study on how long the roofs are going to last? And what about the painting?
Paul noted that we recently had an inspection performed of all the roofs. The findings are reflected in each of the four models. The painting amount is also included in the models. Costs for painting are distributed over four years, starting with south-facing walls.

Board Member Darell Bidstrup: These four models are all sustainable at the highest level but we all don't live that way. That's why Darell brought up raising the dues to $600 per month. We currently pay close to $500 per month. Going for another $100 doesn't seem too far a reach. Let's go with one of the four sustainable models—which were developed by Paul and Susan Turpin, not the Board as a whole—but Darell wants a backup, too. And we should also continue to investigate loans. A few years down the road, something unexpected may come up and we might need to ask for extra special assessment(s) for Reserves.

Homeowner comments on Darell's statement: One homeowner said it's a real problem if we have to keep voting. The current board has worked so hard to get where we are and the $600 doesn't seem a solution. Another homeowner concurred, saying for many years we've not been well managed or well financed. Her fervent hope is that we get in a position where we're no longer underfunded. A third homeowner said the $600 amount seems arbitrary. A fourth said unlike an individual, the association needs to have this safety net [of sustainable reserves] to respond in an efficient manner. She added she'd like to "put this to bed so I can plan my future."

Board Member Merryn Gregory: This is the first time we've come up with a way to really make sustainability happen. Merryn said her priority is getting us to sustainability and added that she didn't want to spend a lot of time on a back-up plan.

Board member Michael Maulding agreed that now wasn't the time to talk about a backup; he'd like to focus on the sustainable models.

Board President Paul Turpin: It is true that the four models were developed by him and Susan Turpin. The genesis of the models was that they needed to be "sustainable." Four alternate models were developed: a special-assessment model; a dues-only model; and two hybrid models combining special assessments with dues increases. Paul and Susan used "Cash Flow Testing of Models" which works something like a check register: a starting balance is used to pay out expenses (the costs per year) and to take in Reserve deposits from regular dues, like making a paycheck deposit in a checking account. The assumption used for sustainability was that Reserves would never fall below $100,000 and Reserves would provide for capital maintenance projects, including large ones like roofs and painting, without the need for additional special assessments and/or dues increases.

What is the timeline of bringing this to a vote? We almost didn't buy here because of the financing issue. The homeowner continued that he's not too concerned about which particular model is adopted. What's important is protecting our investment. We need action.

Paul said that the Board would settle on a schedule at its next Board meeting on Tuesday, September 14. Whether the Board wants to build in time for one or two votes before the end of the year hasn't been finalized. And there are notice requirements—for instance, notifying homeowners no less than 30 days before a vote is taken and allowing for a minimum of 30 days after a measure passes.

Will there be two or three options on the ballot in October?

Paul said no, the Board can only present one motion for approval.

There are different ways to look at these models. The models requiring cash help keep the monthly dues down. If you don't have the cash and have been here a long time, you have a lot of equity. If you haven't been here long but stay a while, equity will catch up. The cash shouldn't be so daunting. The investment will come back to us.

Board member Darell Bidstrup said he agreed and added that it's good for all of us to remember our roof and paint job were purchased by someone before us.

Connie Hirsch: ETA Budget Committee Member: She expressed her gratitude for the discussion and stated she would vote for any of the four models. "I don't think this material could have been presented any more succinctly or professionally."

I'm concerned for the people who would have trouble paying the first-year costs in Model #1, the special assessment-only model. The homeowner said she prefers the dues-only model of $740 per month for four years after which the dues revert to the original base rate ($388), adjusted by 4% per year.

Paul pointed out that for all of the models which include a special assessment (#s 1, 3, and 4), the assessment begins on January 1, 2022, but is payable by December 31, 2022. This gives homeowners time to figure out what would work best for them. And for homeowners who pay the special assessment in full by January 31, 2022, there is a 2% discount.

The meeting closed with homeowners and Board members alike acknowledging the efforts of those who have contributed to this process and those who have come to the meetings to ask questions and share their thoughts. It's been everyone working as a community. In addition to Paul and Susan Turpin, special thanks go to Frank Gaddini whose industry and devotion have kept Edgewood extraordinarily well maintained in the face of such financial challenges. Furthermore, Frank's thoroughness and attention to detail have resulted in a report on the ETA townhouses and common property that goes well beyond the usual reserve study.

Adjournment: The meeting was adjourned at 3:24 PM.

JoAnn Wilson, Secretary. Email: etasecretary@email.com

EDGEWOOD TOWNEHOUSE ASSOCIATION VIDEOCONFERENCE: BOARD OF DIRECTORS MONTHLY BUSINESS MEETING

Preserve • Restore • Maintain

September 14, 2021

Call to Order: Board President Paul Turpin called the meeting to order at 6:30 PM. The meeting was held by videoconference due to the COVID-19 pandemic. Board members present were: Paul Turpin, Darell Bidstrup, Sheila Dorsey, Dan Goodlett, Merry Gregory, Larry Kenton, Sharon Kimble, Michael Maulding, and JoAnn Wilson. Also present was Frank Gaddini, ETA Director of Facilities and Operations. Eighteen homeowners attended.

Approval of Minutes: The minutes of July 27, 2021, and August 10, 2021, were approved by consensus.

Financial Report: Submitted.

Proposed FY 2022 Operations Budget: The proposed budget was presented by Susan Turpin, Budget Committee member. Other members on the committee are Connie Hirsch, ETA Treasurer Dan Goodlett, Paul Turpin, and Frank Gaddini. Susan said that in the past, the process was for the committee to review the previous amounts by budget category, look at income, and then adjust. For FY 2022, the committee went through the actual expenses line by line to judge whether each amount was adequate, adjusting up or down as thought best by the committee in each case, rather than deciding on a general increase or decrease. Two budget categories were added—Technology and Reserve Study Review. One account, formerly Service Contract Lawns, was renamed Service Contract Landscaping to more accurately reflect the tasks of our landscaping contractor. The proposed budget also built in another 0.5 FTE position at the same rate as the existing 0.5 FTE position filled by Frank Gaddini. The added position has yet to be fully defined but is conceptualized as being responsible for administrative tasks while Frank will focus on repair and maintenance. Dan said someone probably wouldn't be hired at the start of the year to fill the second position. The proposed budget totals $295,624. Connie pointed out that the total amount in Operations appears less than in previous years but that is because we're moving capital maintenance expenses out of Operations to Reserves, which has to be done to account properly for Reserve spending. Board member Darell Bidstrup asked who would perform the Reserve Study Review. Paul replied that there are companies which do that. Darell moved that the Board adopt the FY 2022 Operations Budget recommended by the ETA Budget Committee, Dan seconded the motion, and it was approved unanimously by the Board.

Budget Committee member Susan Turpin, in a follow-up comment to the Financial Report, noted that as of July 31, 2021, the Reserves are still very low.

ETA Safety Committee Report: No report submitted.

Landscape Committee Report: Chair Darell Bidstrup reported that the committee is going to be putting in white flags by the plants which need to be removed. The committee is developing codes for the reasons such as remove and replace with same; don't replace; sprinkler placement; and so on. Committee members are also looking at the sprinkler system. Given the low rainfall, our vegetation is really stressed. Darell added that the committee still needs several more volunteers. Any homeowner who is interested in serving on the committee should contact Darell at etavicepresident@email.com.

Coordinator Reports:

- Technology Coordinator: Dan Goodlett reported that he has spent several months looking for a new email system for the association. Dan wanted to be able to have a system which includes these features: mail, contacts, calendar, tasks, notes, and collaboration. After several months of looking at options, he identified Zoho.com, an India-based company in business since 1996, which met and exceeded our requirements. There is a modest charge, $1.25 per user per month. Dan estimates there will be 15 users which would be less than $300 per year. Free systems, including our current email.com account, don't have the features we need. The Board unanimously approved an expenditure of no more than $300 per year to purchase Zoho. Dan said he will train each individual user. It will be implemented in about a month.
- Swimming Pool: No report submitted. Frank Gaddini reported that the day of the meeting was the 87th day of the Pool season; traditionally, the season lasts 100 days. After some discussion, the Board agreed to close the Pool on Sunday, September 26, 2021, at 9:00 PM. Frank also reported a complaint that the Pool was too cool. He said that the Pool is always kept at 86 degrees. If we were to increase the temperature, the cost would go up for extra chlorine and bromine and the increased chemicals would leave an odor on swimmers' bodies.
- Clubhouse Coordinator: Closed.
- Welcome Coordinator: Submitted. Welcome Coordinator Bruce Trafton continues to meet with new homeowners. Most recently, he met with the homeowners at 106 BB and 153 WW.

Facility Report: Submitted.

Educational Minute: Frank read several quotes to the Board about decision making. They were very timely given the Board's need to decide upon what measure(s) it would bring before the homeowners to address ETA's financial condition.

Old Business:

1. **Reserve Study: Roof Inspections Report:** Paul reported that the roof inspections identified by Rogue Inspection Services identified four dwellings (17 WW, 31 WW, 139 WW, 149 WW), eight garages (75 WW, 100 WW, 117 WW, 139 WW, 141 WW, 145 WW, 147 WW, 149 WW), and two flat roofs (128 BB, 136 BB) as needing replacement now. At the costs listed in the Reserve Study, these immediate roof needs will use up all of our reserve contributions from dues (the 28%) from August through the end of the year ($46,800). That means what we have as of July 31 (our most recent financial statements) will be about what we end the year with. So our FY 2021 budget needs are very tight and we're liable to have to make some hard choices as we go through the rest of the year.
2. **Models for Addressing ETA's Financial Condition:**
   a. **Update on Loan Prospect:** Paul said that we did get terms from one HOA lender. The offer was an adjustable rate loan of 3.5%-8.5% interest, which made the prospect of a loan less favorable.
   b. **$600 Dues-Only Interim Model (Unsustainable):** A cash-flow test was performed of this interim model suggested by Darell as a backup should a first vote on a sustainable model fail. It is unsustainable. Specifically, it begins by contributing $352,376 to Reserves which does not cover the first-year expenses from the Reserve Study of $484,432. Reserves would be negative from years 1-5 (FY 2022 to FY 2026). During those years, ETA would need to delay work or raise funds in the form of additional dues, special assessments, or debt. This is why this interim model is called "Unsustainable." Late in the meeting, Darell argued strenuously for considering his proposal at this time saying, "It's critical we have our minds wrapped around something else if the first one [motion] does not

pass." Other Board members thought further discussion of this interim model was premature.

3. **Debrief on ETA Town Hall Held 9/11/21:** Board members uniformly agreed that the meeting was successful. The attendees asked good questions and brought up many important points. Homeowners were engaged and actively weighing the funding model options. Their questions and comments had an impact on the thinking of Board members.

4. **Straw Poll Results:** Three Board members and one homeowner met the morning of the business meeting to tally the results of the straw poll. A total of 69 surveys were returned. Homeowners were asked to rank order their first three choices among the seven funding models and to indicate which model(s) they would vote for and which model(s) they would vote against. The table below summarizes the seven models being considered and the results of the straw poll.

SUSTAINABLE* FINANCING MODELS		**1**	**2**	**3**	**4**	**5**	**6**	**7**
		Special Assessment Only	**Increased Monthly Dues Only**	**Hybrid A**	**Hybrid B**	**$1,000,000 10-Year Loan**	**$1,000,000 15-Year Loan**	**$1,400,000 15-Year Loan**
						Hypothetical—If ETA Borrows		
Special Assessment**		$15,859	—	$11,144	$6,300	—	—	—
First-Year Dues		$388	$740	$500	$600	$620	$590	$510
Number of Years Dues Are Higher		—	4	5	5	10	15	15
How Dues Increase		Base amounts—4% per year, inflationary price increases	No change for 4 years, then to base amounts	No change for 5 years, then to base amounts	No change for 5 years, then to base amounts	No change for 10 years, then to base amount at Year 11	No change for 6 years, then 2% increases, then to base amount at Year 16	3.5% increases for 9 years, then 2% increases, then to base amount at Year 16
Total Homeowner Dues + Special Assessment Paid Over 5 Years		$41,077	$40,967	$41,144	$42,300			
Straw Poll (N=69)	**1st Choice**	10	20	4	13	1	0	4
	2nd Choice	1	6	11	19	1	3	4
	3rd Choice	5	7	13	6	2	2	1
	TOTAL	16	33	28	38	4	5	9
	Would Vote For	21	33	26	32	4	5	9
	Would Vote Against	36	19	30	18	44	41	37
*__Sustainable__ means that all of ETA's ongoing Capital Repair and Maintenance as identified in the Reserve Study will be paid for as they come to the end of their useful life. No additional special assessments or increased monthly dues are needed.								
**Applied on January 1, 2022, and payable by December 31, 2022. 2% discount for payment in full by January 31, 2022.								

Election Calendar: Paul commented that it would be helpful for the Board to decide if it's going to go for one vote or two in case the first vote fails. Frank said that it could take up to 40 days for the whole process of a motion and a vote. Bringing it from the last day forward, the latest date for a motion would be November 9, 2021, at the monthly Board meeting. The Board agreed that the vote on the current motion would be held at the Annual Meeting on Tuesday, October 26.

The Board then turned to a discussion of the merits of the various models. Given the lack of support for loans in the straw poll, the Board concentrated on Models #1-4. Board member Michael Maulding suggested that Board members narrow the consideration to two models. The Board concurred. Based on the results of the straw poll, Michael moved that the Board discuss Models #2 and #4. The motion was unanimously approved. After extensive discussion, the Board voted to put Model #4 before the homeowners. The vote was 7 for Model #4 (Turpin, Bidstrup, Dorsey, Goodlett, Gregory, Kenton, Kimble) and 2 for Model #2 (Maulding, Wilson). Board members were united in their support for a sustainable financing approach to ETA's fiscal situation. Frank offered to draft the wording of the motion for the Board to vote upon at a later meeting. The Board agreed to hold a special meeting for that purpose on Monday, September 20.

New Business

1. **Parking Waivers:** None submitted.

New Ideas and Questions: Given the lateness of the hour, no input was offered.

Announcements:

1. Special Meeting of the Board of Directors to finalize the motion asking the homeowners to approve a hybrid funding model consisting of a special assessment and dues increase (Model #4) to go into effect on January 1, 2022: Monday, September 20, 2021, by videoconference at 6:30 PM.
2. Pool Closure: Sunday, September 26, 2021, at 9:00 PM.
3. Deadline to submit self-nominations for the election of ETA Board of Directors (3 seats): Friday, October 8, 2021, no later than 5:00 PM in the Clubhouse mail slot.
4. The next regularly scheduled Board of Directors Business Meeting: Tuesday, October 12, 2021, by videoconference at 6:30 PM.
5. ETA Annual Meeting: Tuesday, October 26, 2021, place and time TBA.

Adjournment: The meeting was adjourned at 9:57 PM.

JoAnn Wilson, Secretary. Email: etasecretary@email.com

EDGEWOOD TOWNHOUSE ASSOCIATION VIDEOCONFERENCE: BOARD OF DIRECTORS SPECIAL BUSINESS MEETING

Preserve • Restore • Maintain

Tuesday, September 20, 2021

The meeting was held by videoconference due to the COVID-19 pandemic. Board members present were: Paul Turpin, Darell Bidstrup, Sheila Dorsey, Dan Goodlett, Larry Kenton, Sharon Kimble, Michael Maulding, and JoAnn Wilson. Merryn Gregory was excused. Also attending was Frank Gaddini, ETA Director of Facilities and Operations. Seventeen homeowners attended. The purpose of the meeting was to discuss the Motion to Achieve Sustainable Capital Maintenance Funding Beginning in Fiscal Year 2022. President Paul Turpin opened the meeting at 6:35 PM.

Paul began by giving a quick overview of the Sustainable Funding Model (Model #4) that the Board voted on September 14, 2021, to bring before homeowners for approval. Paul suggested a friendly amendment to Model #4, reducing the Special Assessment from $6,300 to $5,000. A side-by-side comparison of the original Model #4 and as amended is below:

SUSTAINABLE FINANCING MODELS	Model #4	Model #4 As Amended Adopted by ETA Board 9/20/21
One-Time Special Assessment	$6,300	$5,000
First-Year Dues	$600	$600
# Years Dues Are Higher	5	5
How Dues Increase	No change for 5 years, then to FY 2021 base rate of $373 adjusted for inflation (assumed at 4%) =$472 in Year 6	No change for 5 years, then to FY 2021 base rate of $373 adjusted for inflation (assumed at 4%) =$472 in Year 6
Total Homeowner Dues + Special Assessment Paid Over 5 Years	$42,300	$41,000

Paul pointed out that with the amended model, Reserves do go below $100,000 in Year 4 but by that time, we can potentially manage around the difference by identifying projects that could be delayed another year or two if necessary. By Year 6, we are out of our backlog and Reserves start to build to a sustainable future. The Board approved the amendment by consensus.

Board member Larry Kenton asked why we're coming up with everything "for the past and future in one year." Paul replied that wasn't the case. The roofs and painting are the giant things in the backlog and they will be stretched out as much as possible following the replacement schedule outlined in the Reserve Study. Frank Gaddini explained that ETA replaced all its roofs in 1995. The original roofs were cedar and we had to replace them with composition tile to maintain our insurance.

The Board then turned to finalizing the language of the motion which Frank had drafted and circulated among Board members.

After extensive discussion of a range of issues—*e.g.*, timing of the Special Assessment payments (monthly, quarterly, by year's end); whether or not to retain the 2% discount for paying the Special Assessment in full by January 31, 2022; and how to handle the language about reduced dues after the five-year period—the motion reads as follows:

Motion: To adopt an increase of the current homeowner dues base rate of $373 per month to a fixed rate of $600 per month for five years, plus a one-time Special Assessment for Capital Maintenance Improvements and Sustainability beginning on January 1, 2022 of $5,000 per lot in one payment due on January 1, 2022, or in twelve equal payments of $417 per month (or $600 + $417 = $1,017 per month), beginning on January 1, 2022. The $600 monthly homeowner dues will expire after five years. Dues will return to the Fiscal Year 2021 base rate adjusted for inflation (assumed at 4%); this would be $472 per month in year six.

A 2% discount of $100 will apply for payment of the $5,000 Special Assessment if paid in full by January 31, 2022.

The Board also reviewed in detail the draft of the Official Ballot prepared by Frank. It decided to hold the vote during the Annual Meeting being held on Tuesday, October 26, 2021. Voting will start at 9 AM and continue until 5 PM. Ballot collection will be outdoors under the tent in front of the Clubhouse. Darell Bidstrup moved that the Board adopt the language of the Official Ballot, Michael Maulding seconded, and the motion was approved 8-0 (one member absent).

Paul asked Board members to review the draft statement to accompany the motion that he distributed before the meeting. He also asked if Board members favored having another town hall meeting. The Board agreed it was a good idea. The open-forum meeting will be held on Saturday, October 2, at 10 AM.

The meeting was adjourned at 9:17 PM.

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EDGEWOOD TOWNHOUSE FLOOR PLAN – THE BERMUDA

This is one of the original seven floor plans as constructed in 1970 and the most numerous. The text description is from the original construction. Many of the homes have been updated or remodeled to change some of the described features.

The Bermuda

Features INCLUDED in purchase price.

- ★ Two bedrooms in a one-story floor plan. Lavish nylon shag carpet in the living room, dining room and hall.
- ★ Care free Vinyl floors in the family room, kitchen and bath.
- ★ Deep nylon carpet in both bedrooms.
- ★ Color coordinated kitchen with built-in oven, range, dishwasher, disposal, and furniture finished cabinets . . . extraordinary counter space and storage.
- ★ Accent wall with natural wood paneling.
- ★ Formal dining room for daily use and festive occasions.
- ★ Spacious master suite with double walk-in closet.