

## **NMC BOARD SPECIAL COVENANTS MEETING JANUARY 25, 2021**

### **MINUTES Taken by Kathleen Moran**

#### **ATTENDING**

Board Members: Alex Belida, Karin Boychyn, Debbie Mesmer, Kathleen Moran, Sam Scheib, Ron Tipton

Governance Committee Members: Raj Gupta, Joe Jordan

NMC Resident: Pat Reber

**Meeting called to order at 7:00 PM** by Kathleen Moran. Governance Committee members were thanked for all their tremendous work to date. Board members were thanked for participating in this third special meeting to discuss governance draft recommendations. The September Board survey on assessment concepts for NMC was acknowledged. It was noted that only 30% of homeowners responded to the survey about annual dues options; the results were shared with the community in October.**AGENDA**

**Discussion of the January 14, 2021 memorandum from the Governance Committee sent to the NMC Board.**

#### **PART 1: ASSESSMENT CONCEPTS**

The Board agreed to recommend that a difference in assessment fees be implemented between townhomes and detached homes with the townhome owners paying more.

After a lengthy discussion, no one assessment concept held a majority of support from the board members. The following three concepts, in no priority order, were agreed to merit further consideration.

1. Retain current assessment formula with sliding scale on operating dues based on number of bedrooms and a 4/3 ratio Townhomes/Detached homes for reserve fund.
2. Implement an assessment formula in which all 384 homes in NMC pay equally to support the operating funds and retain the historic 4/3 ratio for Townhomes/Detached homes for the annual reserve fund budget.
3. Implement a formula in which for operating and reserve funds combined the townhouses pay \$1.00 for every \$.91 detached homes pay.

These concepts will be announced at the Feb. 4 board meeting.

#### **PART 2: ADDITIONAL RECOMMENDATIONS REGARDING ASSESSMENTS**

**The Board unanimously concurred to the following for new governing documents:**

1. Inclusion of a statement establishing a reserve fund as well as an operating fund in our annual budget.
2. Eliminate the requirement that dues must be increased annually.

3. Eliminate current cap on annual assessment increases based on appreciation of properties since 1967.
4. State no specific minimum increase for reserve funds annually. The amount of reserve increases are to relate to the cost of capital projects.
5. Eliminate the prohibition in current covenants that does not allow decreases in annual dues assessments.
6. Include standard language about ability to have Special Assessments with 60% homeowners' approval. Language to be simple and echo what is found in other HOA documents.
7. Include new section to allow the board to implement a Special Emergency Assessment without a 60% homeowners' approval. Exact language to be determined after research on other HOA language.
8. Add language to allow the board to assess any member to reimburse the association for any costs that may be incurred by the Association in bringing the Member lot/living unit into compliance with governing documents.
9. The Board recommended that the proposed statements on audits and reserve contingency not be placed in the covenants and that a new financial section be developed to address all required protocol for management of all operating and reserve funds - such as audits, contingency funds, and other aspects of the HOA needs. Language should be flexible to reflect that standard best practices may change over time.

The Board voted five to one to not include a cap on the amount of annual dues assessment increases.

#### **OVER ALL COMMENTS**

Board discussion highlighted frequently that a 60% vote of approval by all NMC homeowners is needed to change our governing documents.

The new documents and assessment criteria need to be very understandable.

Care should be taken to not have major increases in dues assessments because of the recent dramatic increases imposed on the community.

A specific cost-based difference concept between townhomes and detached homes (TH parking lots for example) sparked strong differing opinions when defining which amenities related only to the townhomes.

The difficulty of defining specific costs, makes echoing current practices appear more "sellable" for approval.....but is this the right approach since it does not follow a comment from Ruth Katz?

How do we ensure future NMC budget assess homeowners in a way that truly address the needs of the community?

#### **ADJOURNMENT**

The meeting adjourned at 8:45 PM.