

**Neely's Canyon HOA**  
**Balconies Modification Project Informational Meeting Minutes**  
**January 15, 2020**

- **Call to Order** – Board president Sally Drews called the meeting to order at 7:00 p.m. Also attending were Board members Michael VanSickle, Greg Foss, Terry Vaughn and Robert Trent. Guests included Bill Perkins from WL Perkins Architecture, and Kenny Paysse representing Farmers Insurance. Mike Hill and his assistant Ashley Rodriguez represented Granite Properties. There were approximately thirty-five owner/residents present.
- **Introduction of special guests**
  - Ms. Drews introduced project architect Mr. Perkins, and Mr. Paysse from Kenny Paysse Insurance Agency
- **Brief overview of the issue and Board's recommended solution (given by Mr. Hill, Granite Properties)**
  - Mr. Hill began by announcing Neely's builder Larry Peal had recently passed away.
  - All unit balcony railings need to be modified or replaced to meet Neely's insurance coverage new loss control requirement; insurance industry losses result in higher rates and new requirements; Austin code doesn't require the change; all spaces within the railings need to be sized such that a 4" diameter ball can't pass through; the Board hired an architect to review and present possible solutions with estimated costs. It is an issue of risk mitigation by the insurance industry and not an issue of building code compliance.
- **Review of projected costs for railing modifications (given by Mr. Hill)**
  - railing modifications \$97,600, building and attaching panels
  - Railing repairs \$30,000 misc as needed including welding in a railing across the horizontal space at the bottom if more than 4" gap.
  - Painting all railings front [in front of the buildings] and back \$60,695
  - Project Contingency \$10,000 to accommodate labor and materials adjustments since estimates
  - Total project cost \$198,295
  - Additional Reserve Contribution \$30,000
  - Total Special Assessment \$228,295
- **Board's proposed recommendation to fund the railing modifications and meet reserve needs (given by Mr. Vaughn, Board Treasurer)**

**Reserves Update:**

- Balance at beginning of 2019: \$26,266.73
- 2019 budget: Total Operating Expenses
  - \$374,764.00 (planned)
  - \$403,947.72 (actual) -- \$26,179.72 variance – due to unexpected expenses: primarily extensive roof repairs, masonry repairs to Bldg. 9
- 2019 budget: Reserve Contributions
  - (planned) \$3,000 per month
  - (actual) \$18,000 total for 2019
- End of 2019, reserve balance \$24,440.37
  - Given the age of this property, very risky.
  - Potentially one or two bad events could decimate reserve

### Funding Options:

Need \$30,000 to replenish reserve, and \$198,295 for the balcony railings project for a total \$228,295

Options:

- Special Assessment
    - Need funds by May 2020
  - Loan - 1.5 points, 6-7% interest rate, 5 year loan
    - Would require additional increase of monthly HOA assessments
- **Owners' questions and comments (in bold), with answers and comments from Mr. Hill, the Board, and guests Mr. Perkins and Mr. Paysse (Ms. Drews and Mr. Hill moderated)**
    - **Do lower level units need modification also?** Yes, due to terrain's drop-off as much as 12' behind some lower level units. [Mr. Hill]
    - **Why were some railings already repaired recently?** A few railings have been repaired due to major damage that shouldn't wait. [Mr. Hill]
    - **Why is there a special assessment's reserve contribution when 2020's monthly assessments were already increased for that reason?** To make up the additional funds which had to be pulled from the reserve account to pay for unanticipated repairs on building #9 and the excessive cost for roof repairs during 2019. Given its age and history of unanticipated large repairs, Neely should keep a minimum \$100,000 in reserve. [Mr. Hill, Mr. Vaughn]
    - **Does current [2020, monthly] assessment allow an upward curve on reserve?** Yes. [Mr. Vaughn]
    - **Can the balcony panel design be extended lower to cover the bottom horizontal gap instead of welding in a separate piece.** That solution would cost considerably more for the benefit of achieving the required 4". [Mr. Perkins]. This issue will be addressed by adding an additional horizontal bar at the bottom.
    - **A concern was expressed about fire safety during any onsite welding.** The

panel modifications will be attached to the railing via a bolt and a chemical bonding agent. The contractor will take preventative measures including fire proof pads and dedicated staff on ground during any welding work that is done. [Mr. Hill]

- **Will unit access be required?** Yes [Mr. Hill]
- **How long will it take to do the job?** Planning 3 units a day subject to the weather [Mr. Perkins]. There will be two different contractors working on the job. One will be the welders doing the railing modification and the second will be the painters.
- **Does project include all railings on the property?** No, only the back patios/balcony railings. [Mr. Hill]
- **Owner asked if it was possible to choose a different color for the railings.** Color to match roof fascia was determined by Board but matter will be addressed in a subsequent Board meeting.
- **What if special assessment proposal doesn't pass? Funding can be obtained by a loan resulting in a further increase in the monthly assessment or we could go to a surplus line insurance but at a higher cost and with no-guarantees in the future.** [Mr. Hill]
- **Could a 2<sup>nd</sup> special assessment be used next year for the reserve in order to reduce the currently proposed special assessment?** An increase in the reserve is needed now. [Ms. Drews, Mr. Trent, Mr. Vaughn]
- **Are there any structural concerns eg. could the railings be too heavy?** No. [Mr. Hill, Mr. Perkins]
- **Are there any individually customized railings to modify?** Yes, but that has been accounted for in the estimates. [Mr. Hill]
- **An owner complimented the Board on its hard work and efforts.**
- **How will the assessment be billed ?** It Can be spread over several payments but must be paid in full by May 1, 2020 [Mr. Hill]
- **Owner/resident pointed out this proposed assessment is much lower than those at other HOAs he is familiar with.**
- **How often is insurance coverage renewed?** Annually [Mr. Hill], The managing agent bids the policy out each year to 5 or 6 different insurance agencies. It is our hope that with these modifications Neely's insurance rating can improved. (M. Hill, Mr. Paysse)
- **Why is assessment due in May?** Project needs to commence: to avoid possible further increases in materials and labor costs; to manage funding, contractors need funds in order to start; insurance underwriters want progress; to work around weather and seasonal issues eg. summer temperatures [Mr. Hill, Mr. Paysse, Mr. Perkins]
- **Can railings be not insured?** No, state law and the declaration of the association requires that insurance coverage be obtained for all the common and limited common elements. [Mr. Paysse, Mr.Hill]
- **How is my vote considered?** Mr. Hill explained that owners' votes are weighted based on unit's percentage interest (based on square footage of the whole property)

- **Adjournment** – Ms. Drews adjourned the meeting at 8:26 pm.