

## East Bluff Annual Meeting Minutes

Tuesday, March 8, 2022

6:30 – 8:30 pm

6:15 Roll Call (sign in at arrival)

A quorum (44 unit homeowners) was not reached, because we only had homeowners from 21 units in attendance with 8 proxy votes.

6:30 Proof of Notice of Meeting

6:35 Reading of the Minutes of 2021 Annual Meeting

There was no 2021 Annual meeting due to COVID, but we did vote via proxy (paper) votes to change the bylaws regarding annual meetings (Article 3, Section 3). The bylaw change allowed us to skip the meeting due to COVID-19.

A summary was also sent out which included the things we would have covered at the annual meeting. It also contained a sentence about the 2020 Annual meeting minutes: *“The minutes from the 2020 Annual Meeting have been posted on the wEast Bluffs site for review. These will be considered the final approved minutes in lieu of approval normally received in the annual meeting. Last year we increased the fees by 3%, as allowed per bylaws.”*

6:40 Introductions

President – Nancy Michalski

Vice President – Liam Wood

Secretary - Tina Marie Maes

Acting Board Member – Elena Guzmán

Acting Board Member – Mitchell Johnson

6:50 State of East Bluff and Officers Report

President’s Report/Maintenance Report

Water Main Breaks have cost us \$76k, but we had 42k in the checkbook. It also included a lot of landscaping to repair water main damage on concrete. Staffing changes: Jesse no longer works at East Bluff. Kris is working as the Operation manager. Oscar is now full-time and Myron is now part-time.

Camera installations are complete, with new policies about accessing videos. The police have made positive comments on the quality and setup. Water bills have been increasing, especially during the COVID pandemic. One building is having an apparent water leak somewhere. Kris is still working on it. Unpaid homeowner monthly assessments (aka, fees) are still an issue but the average is about \$10k; it used to be \$30k a few years ago.

The Board raised a question about the monthly newsletter: Would you like more articles? Fewer? Should we do a Maintenance corner with tips and topics? Should we highlight rules and regulations that homeowners may have forgotten? Other ideas? No ideas were forthcoming, but some may have issues getting the emailed newsletter, including the homeowner of unit #233. Kris will look into it.

New Residents in Last Year (units sold/bought)

Number of owner-occupied units: **137**

Number of rented units: **29**

Number of second home units: **10**

Number of new residents: **20**

Rentals have been decreasing. Only 16% of units are rented.

Kris did a damage assessment of the buildings. Nancy has a list: siding needed on 18 locations, 45 woodpecker holes; 38 fence walls, 12 tripping hazards in concrete; 38 gates that aren't working and/or are eyesores; under-fencing issues where they are all different and may be rotten/falling over. Now there are rules regarding underfencing (talk to the office). We have to work on aesthetics. Gate locks aren't allowed: East Bluff staff needs access for emergencies in the case of water main breaks or other emergencies. This is noted in the by-laws. The association and their agents have the right of entry for inspections and to take corrective action as needed.

Included in the presentation was a link to the NPR article about raising condo fees. In summary, it's a disservice if the board doesn't raise fees. There was also a note that you can get a structural modification form in the office or on the East Bluff website.

Year in Review (2021)

Major Expenses:

- Water Main Breaks (x4)
- Finished Security Cameras
- Fixed several structural siding/fencing issues when units were sold
- Removed several dead trees and planted replacement new trees: The new trees were not planted in the same place and not by other diseased trees. Trees add to the beauty at East Bluff.
- Parking lots patched and relined.

Current East Bluff Staff includes:

- Oscar (full-time)
- Myron (part-time)
- Currently looking to hire a third groundskeeper

## Updates in 2021:

- Structural Modifications Forms
- Trash/Recycling Bin Pickup
- Large Item Pickup Changes: The date was changed, and large item removal needs to be scheduled with the city. Otherwise, our maintenance crew has to deal with the large items, which are eventually paid for by the East Bluff budget.
- Security Camera Policy: smart/video doorbells are supported for homeowner installation. Fill out a structural modification form. Recording of other private areas is prohibited.
- Yard Camera Policy
- Parking
- Removed Garden Plot- The community garden plots were removed.

## Hazard Insurance

Hastings Insurance Co. was our insurance provider. Effective 4/1/2022, Rockford will be our insurance company.

Before:

Hastings ~ \$42,828 / **\$10k deductible per building**

In event of a disaster (e.g. tornado), each damaged building will carry the deductible.

Now insured by:

Rockford Insurance (agent: Schwarz) ~ \$40,540 / **\$10k per incident**

Price 2br - \$217.30 / 3br - \$243.38

Graph of East Bluff Insurance Annual fees 2009-2022:

## 7:10 Treasurer's Report & Budget

East Bluff needs to increase its income to remain financially stable

This is due to several key items:

- Need to replace siding and fencing across all buildings: In the past, we've had complaints from the City, and are proposing a project to replace siding and fencing across all buildings. Breaking Madison [City Ord. 29.13](#) (The presentation also included pictures of the damage and rot behind the siding/exterior.)
- Increase in utilities, mainly water: Water cost is up because more people are at home, and also the price has risen. Staff have also been watering the landscape.
- Increase in labor costs: Labor costs more, and there are many places where people can be hired.
- East Bluff has had stagnant condo fees in the last decade.

## Utilities & cost

- Fees have not been keeping up with increasing costs of utilities.
- The cost of labor for the grounds crew is also increasing, during this labor shortage.
- Labor shortage and \$15 minimum wage means we need to pay our staff more to remain competitive

Charts & graphs included in the presentation, show:

East Bluff utilities have historically outpaced the Midwest Utilities Inflation Rate.

East Bluff utility expenses graphs break down the cost of each utility from 2003 to 2021. Water & sewer are the largest expense.

The last pie chart is of the East Bluff Utilities expenses: 92% is for Water & sewer, 6% for electricity, 1% for natural gas, and 1% for refuse and sticker expenses.

### East Bluff Condo Fees

The East Bluff board presented more information in order to justify the proposed monthly assessment “fee” increase:

- East Bluff has not issued any special assessments since the mid-90s.
- The last fee increase that was more than three percent (>3%) was in 2019 and resulted in increasing the fees by \$10 for a 2-bedroom and \$12 for a 3-bedroom unit.
- The last decade saw significantly fewer fee increases than previously.
- East Bluff fees would be ~\$460 for a 2br and \$480 for a 3br if the pace had continued at the same rate as the first 26 years.

The board also noted some other factors to consider. Funding our proposed siding & fencing project with only special assessment money would be difficult and costly for homeowners. East Bluff also needs to continue increasing our employee wages to both attract and retain talented individuals. Recently the water main breaks have been very costly: \$76k in the last fiscal year. Also, the East Bluff equipment is getting old, so we will need to start a fund to replace equipment in the future. Water & utility costs are increasing. We also have a large grounds area to maintain. On the other hand, East Bluff condo fees are some of the lowest in Madison.

The presentation showed graphs comparing fees to the Midwest Consumer Index 2003-2021. Another figure shows that from 1975-2001, East Bluff fees increased at a much higher rate than they did from 2001-2021.

The East Bluff board presented an 11-year siding and fencing project as a solution, which was projected to replace the siding and fencing on 2 buildings per year, using contracted labor. Doing so would minimize the special assessment costs to owners, but would require an **8%** fee increase. The **2br/3br** monthly condo fees would increase to **\$172 / \$194**, respectively. At the same time, it would require a one-time **Special Assessment of \$527 / \$597** for **2br/3br** units, respectively. This would reflect 75% of the major projects cost. The exact cost after each year may change, but the project would continue for at least 11 years to replace siding and fencing on all 22 buildings.

**Question:** Why is there such a difference between the assessment for 3-bedroom units versus 2-bedroom?

**Answer:** This is due to the bylaws (ARTICLE VI : SECTION 1. ASSESSMENTS) which states that assessments should “assessments shall be made pro rata according to the value of the unit owned” with a stated initial amount, per the Enable Declaration. The special assessment is likely to be ~\$600/unit/year for the next 11 years.

**Comment:** A homeowner who has lived here for about 20 years commented that they have never had to pay a water bill, although other associations need to (and may not be able to). That specific cost is approximately \$500/unit/year for the water bill (Math:  $\$86,000/176$  units= $\sim\$488$ /unit/year).

Presentation continued:

The Board proposed increasing monthly fees by 8%, which means that the new fee rate would be 2br would pay \$172 and 3br would pay \$194.

The presentation showed graphs comparing known 2021 Madison condo fees compared to East Bluff 2br & 3br. The 2br fee was the lowest known condo fee, and the 3br was also on the low end. Whitacre Arms had the highest fee at \$315/mon, and Harbor House had the next lowest at \$170/mon. East Bluff’s current fees were \$159 for a 2br, and \$179 for a 3br.

If we do not have a special assessment, our project would require a 40% fee increase, where fees would be: \$221/\$248 for a 2br/3br, respectively. We had briefly looked at working on three buildings per year but that cost and work were untenable.

If we do not increase fees, the assessment per unit per year would be \$702/\$787.

The office has had several quotes obtained to help determine the costs for the project. The presentation also showed a chart of the various siding materials cost quotes, including vinyl, wood (although discontinued), and Smart Siding. Smart Siding was the cheapest material and has a 50-year guarantee. East Bluff also hopes to save money by using the same material for both siding and fencing.

The Board also suggested the idea of changing the color of the buildings, which this project gives us the potential to do. However, there were some downsides, including needing to agree on a color, and noting that lighter colors would fade less. Also, a color change would lead to 11 years of buildings with mismatched colors. Homeowners were encouraged to contact the office or board members if they felt strongly in any way.

Other budget items were discussed at this time. The General Reserve Account requires 15% of East Bluff’s income as a minimum balance. The electrical panel fund is fully funded, and no

more will be added since we have enough for two panels. The budget numbers under the utility costs included a reserve study of our assets. Also, note that some budget lines were moved around: for example, the costs of ongoing repair for siding/painting/fences would be part of our project, and so were removed from the main budget. The parking lot repair fund is continuing to be added to, with notes about the last time any parking lots were done and when any will need to be done again.

The presentation included graphs and charts showing: projected homeowner fees at an 8% fee increase, reserve fund additions, utility budget, administration budget, and the budget lines for ongoing maintenance & repairs.

Looking at the Special Projects budget: Our East Bluff income minus uncollected fees and without projects would be within budget by just \$36k. The quotes we've gotten recommend that our siding and fencing project would cost approximately \$117k/year. Another proposed project is to replace current lighting with LED retrofit lamps, which would cost about \$13k. We are also continuing our reserve funds for parking lots, and to fund future replacements of East Bluff vehicles & equipment. The total budget would be over budget \$94k (aka deficit), so we proposed an 8% fee increase and one special assessment.

**Question:** Is the project for 2 buildings per year?

**Answer:** Our current plan is to work on replacing siding on one full building and the equivalent of the worst pieces on other buildings. We may be able to save money by keeping pieces that are good too. This will require excellent project management and record-keeping. There will also be unknowns, where we don't know about the amount of rot or other things that may need to be fixed. The former siding is just wood pine and isn't being used as siding anymore; in fact, it is being discontinued. It is also more expensive. The new siding is thinner but better quality, with a lifetime guarantee. It also doesn't need to be primed.

Since there was no quorum, we could not hold the voting for fee increases during the meeting.

2br / 3br

Current fees: \$159/\$179

Minimum 3% - \$164/\$185

Proposed 8% - \$172/\$194

(A 3% minimum fee increase will incur a \$632.51/ \$708.91 Special Assessment.)

Note: Special assessments do not need a vote. This vote is for the monthly assessment fee increase. The board is simply presenting all information so that people know what the special assessment would be for different monthly assessments. We will figure out options for quarterly

assessment payments in order to spread out the cost and will work to make sure this is not withdrawn at the same time as the hazard insurance payment.

7:45           BREAK

Be back at 7:55 pm for nominations of board members.

8:00           Candidate Introductions & Election of Directors

Board Elections: Those present were able to nominate themselves or others during the meeting.

All terms to be elected

(1) 1-year

(2) 2-year

(2) 3-year

\* Board members will vote on actual positions at the next monthly board meeting.

There were no nominations before or during the meeting, so no vote was needed. The current board agreed to stay as board members, and would vote on terms and positions at the next monthly Board meeting.

Nancy - 608-333-8719 ~ nanashmich@yahoo.com

Liam - 334-477-0458 ~ liamfwood95@gmail.com

Tina - 608-469-7922 ~ pegasus.rose.99@gmail.com

Elena - 608-320-7876 ~ leniguz@gmail.com

Mitchell - 262-994-1676 ~ johnson.mitch33@gmail.com

Kris Krueger - 608-249-7006 ~ east\_bluff@yahoo.com

Maintenance Crew ~ eastbluffmaintenance@gmail.com\*

Parking Coordinator (Patrick) -- 608-590-3064 ~ eastbluffparking@gmail.com

\*Note: the maintenance crew email was misprinted in the newsletter. The corrected version is [ebluffmaintenance@gmail.com](mailto:ebluffmaintenance@gmail.com).

A homeowner had an issue with the Parking coordinator's email, which wasn't working either.

8:10

New Business – Homeowners' Concerns

- FYI: We discussed the major proposed Madison Metro (Bus) Network Redesign proposal which will affect the bus routes and schedules.
- The Board called for volunteers to help your East Bluff neighbors (or let us know if you need help).

- Large item pickup: Garbage pick-up day is now Tuesday: Recycling pick-up day is now Wednesday. East Bluff's issues with large item pickup are not going away. Reminder: Go online to schedule large item pickups at East Bluff. The East Bluff office & staff are not sure when items were put on the sidewalk. It was suggested to contact the East Bluff office so all parties know. This would be appreciated.
- Another change: East Bluff staff removed the recycling bins that were next to the garbage bins in parking lots since some people were not using them as intended. Garbage was being put in them meaning all items went to garbage, even those that could be recycled.
- Cement easement on Northport was installed to limit the amount of water/ice that stayed on the sidewalk at the lowest section near the bus stop/off 43x units.
- What is the thought on electric cars & charging stations at East Bluff? The Board has been discussing the possibilities of placement, and how to pay for installing them as well as ongoing costs. Liam mentioned that he'd chosen not to buy an electric vehicle since there's no way to charge it here.

8:30            Adjourn

Maes #433 made motion to adjourn; seconded by Kelley #232.

Adjourn at 8:07 pm

After the Annual Meeting, 72 paper votes were submitted to pass the budget with the suggested fee increase.