

**PARK AVENUE LOFTS HOMEOWNER ASSOCIATION**  
**BOARD OF DIRECTORS MEETING**  
**January 18, 2013**

I. Call the Meeting to Order

The Park Avenue Lofts Board of Directors Meeting was called to order by Denis Franks at 12:30 p.m. on January 18, 2013, via teleconference.

Board Members Present Were:

Denis Franks, President  
Bob Johnson, Vice President  
Rob Young, Commercial Representative

Representing Great Western Lodging were Keith Kroepler, Brian Juchno and Jackie Gottschalk. Erika Krainz of Summit Management Resources transcribed the minutes from recording.

II. 2013 Budget

Denis Franks said the Board had been told a few months ago that the insurance premium was going to increase from \$14,000 to \$23,000. After some revisions and negotiation, Denis was able to get the premium down to about \$17,000, including the D&O coverage.

There was a \$500 net profit last year and there will not be any tax liability for 2012.

The 2013 Budget is very similar to 2012. The only significant proposed increase is in Maintenance & Repairs from \$7,500 to \$13,130. Maintenance & Repairs for the Spa also increased slightly. The budget as written includes no change to the dues.

Denis noted that a dues increase would probably be necessary next year to address funding of the Reserve. Keith Kroepler said at least 10% of total operating expenses should be contributed to Reserves. Currently the contribution is \$12,500, and it should be \$19,000.

A question was raised regarding bundling the phone service with cable and internet. Jackie Gottschalk said she contacted Comcast this summer and was told that this bundling is not yet available. Brian Juchno added that Comcast just started laying fiber optic cable this summer.

The big issue at hand is the need to replace the second domestic hot water holding tank in the basement. One of them rusted out and leaked this summer. It was replaced in September. The problem arose because the developer opted for steel lined tanks instead of glass lined tanks as a cost saving measure. The representative from Tolin Mechanical (service contract for the boiler equipment) anticipates that the second tank will probably fail in a similar manner very soon. Initially the plan was to pay for the \$17,500 cost of the first tank out of Maintenance & Repairs. When it was determined that the second tank would need replacement by the end of the season, Denis Franks suggested levying a Special Assessment since the replacement of both tanks is a capital project. The assessment will

be a total of \$30,000. If there is no assessment, the Reserve Fund balance will go negative in 2014.

Rob Young asked if lower dues with Special Assessments or higher dues and avoiding Special Assessments would be the better financial approach. Keith Kroepler felt a Special Assessment would be more desirable than higher dues. He noted that even with a Special Assessment in 2013, the Reserve balance will be down to about \$3,000 in 2014.

Denis Franks will draft a letter of explanation that can be sent to all owners. He also plans to call all the owners to explain what was done and the rationale for the decision. The assessment will be as follows:

\$820 for the average one bedroom unit size  
\$1,400 for the average two bedroom unit size  
\$1,800 for the three bedroom unit size  
\$7,860 for the commercial unit

*\* actual assessment costs for each unit are based on square footage*

All assessments will be broken out into two installments, due May 1 and September 1. The letter will explain how the assessment was calculated for each unit (based on unit square footage). This letter will be sent out by next Friday.

Tolin Mechanical will be asked to draft a letter explaining the boiler situation. This letter will be sent with the cover letter from Denis Franks to all homeowners. All Board members agreed that the holding tank should be replaced at the end of the season to avoid failure during a high occupancy period.

A motion was made to approve the 2013 Budget as discussed. The motion was seconded and carried.

A motion was made to approve the Special Assessment of \$30,000, to be collected in two payments in May and September. The motion was seconded and carried.

III. Set Next Meeting Date

The next Annual Meeting is set for Sunday, April 7, 2013, at 10:30 a.m. Notice will be sent out by the end of February.

IV. Adjournment

The meeting was adjourned at 1:30 p.m.

Approved By: \_\_\_\_\_  
Board Member Approval

Date: \_\_\_\_\_