

**Harbour Towne Owners Association, Inc.  
Executive Board of Directors Quarterly Meeting  
June 4, 2011**

**Introduction and Ground Rules:**

Spencer Thomas called the meeting to order at 9:00 a.m. Attendees were:

- Executive Board: Spencer Thomas, President  
Diane Roush, Vice president  
Darrell Barber, Treasurer  
Vince Fargo, Director  
Ron Pressley, Association Manager
  
- Owners  
Joyce Kreyling W1205  
Mary Lou Johnson W1104

**Approval of March 5, 2011 Executive Board Meeting Minutes:**

- The minutes from March 5, 2011 Executive Board meeting were approved via e-mail on April 14, 2011 Vince Fargo made the motion that the e-mail approved meeting notes be formerly approved. Darrell Barber seconded the motion and it passed unanimously via a subsequent yeh/na vote.

**E-mail Vote Confirmation:**

The following items were acted on by the Executive Board via e-mail during the interim between the March 5, 2011 board meeting and the June 4<sup>th</sup> meeting:

- Approved payment plan for W1206
- Approved Demand Letter to E203
- Denied assessment abatement request for E504
- Approved unit modifications to W1405
- Approved flooring modifications to E602
- Approved payment plan for E203
- Approved Colt Tree Trimming quote for spring 2011 tree trimming/removal
- Approved Signs of Steel quote for new main entrance signage
- Approved Landscape Committee's request for spring landscaping projects/expenditures
- Approved renewal of Directors & Officers liability policy
- Approved installation of deck screening on W806
- Approved W908's request to install a Galva Lift boat lift in C-13
- Approved W205's request to install a Poly Lift boat lift in J-24
- Approved dropping of judgment against W908
- Approved purchase of 21 replacement slings for the pool lounge chairs
- Approved purchase of 16 resin pool chairs
- Approved rejection of \$10,000 offer for garage GW4-4
- Approved an alternative location for compressor installation for E507's heat pump
- Approved proceeding with Ellerman Constructions' bid for the installation of the a cap over the retaining wall footing adjacent to E500-E700, E700-E800, and E800-E900
- Approved proceeding with Lake Remodeling' bid for the installation of railing along the lakeside promenade.
- Approved use of 1" pickets in the lakefront railing versus the ¾" picket stipulated in the Contract for Services/Bid.

- Approved delay in mulch application pending dry weather necessary to successfully dye mulch
- Approved allowing Ellerman Construction to work the weekend of 5-21 to facilitate their ability to complete the east side retaining wall project by the Memorial Day holiday.
- Approved rejection of \$11,000 offer for garage GW4-4

Spencer Thomas made the motion that these e-mail actions be confirmed. Darrell Barber seconded the motion and it passed unanimously via a subsequent yeh/na vote.

### Property Managers Report;

- **Fire Suppression Plumbing:** 24 sprinkler heads in 15 units have been found to exhibit signs of previous leakage believed to be caused by the deterioration of the galvanized steel fittings. Due to previous problems with breakage of the heads during replacement of these galvanized fittings replacement of the questionable heads was delayed until an approved alternative to the existing discontinued head could be identified and sourced. A source has been located and replacement will commence the week of June 6th. While E500 was being reconstructed from the water damage all of the galvanized steel fittings were replaced. Based on the fire suppression heads examined to date, it is Pressley Property Management opinion that likely the use of the galvanized steel fittings is through the complex. Assuming a cost of ~ \$80.00/head to replace the galvanized steel fitting with a more suitable brass fitting, 191 units in the complex and an average of 5 head per unit, the cost to replace all of the galvanized fittings could be in the mid \$70,000 range. Pressley Property Management will contact the Associations attorney to discuss the possibility of going back to the developer for compensation.
- **East Side Retaining Wall:** Ellerman Construction completed installation of the enlarged footing on the retaining wall adjacent to E500-E700, E700-E800, and E800-E900 on June 3<sup>rd</sup>. The inclement weather prior to the Memorial Day holiday precluded completion of the project prior to the holiday as previously intended.
- **Lake Side Railing:** Installation of the lakeside railing commenced on Wednesday June 1st but was halted after installation of the initial 275' due to a color difference between the new and existing railing. The posts and railing for the east side of the complex have been powder coated in the same color. After Board discussion it was decided that it would be in the best interest of the Association to have the posts and railing re-powdered coated to better match the existing railing. The negotiated cost for the removal of the installed railing, re-powder coating, and re-installation was \$6,000.00. This will delay completion of the project by approximately 10 days, but we should still be able to have it installed by the July 4<sup>th</sup> holiday. **Subsequent to the meeting the Executive Board met and reviewed potential alternative colors. The darker of the colors evaluated, RAL 6009, was selected.**
- **Mulching:** Weather and the need for 4 consecutive rain free days to dye, dry, and install the mulch had precluded installation prior to the Memorial Day holiday. The dry weather the week of May 30th has facilitated this process and installation of mulch commenced on June 3<sup>rd</sup> and is expected to be completed by mid the week of June 6<sup>th</sup> weather permitting.
- **Dock Damage:** The engineers report was received but was less specific in detailing the damages on a comprehensive basis than expected and attributed much of the damage to pre-existing conditions prior to the snow storm. Copies of the engineers report were sent to Atlas Dock, Dock Works, and GalvaFoam for bidding. Quotes from Atlas Dock and Dock Works have been received, but varied widely on the scope of the repairs and costs due to the lack of specificity of the engineers report. Therefore to better quantitate the scope of the repairs, the Atlas Dock bid, which was much more specific than the Dock Works quote, was redacted to

remove Atlas's costs bid for the specific repairs and re-submitted to Dock works and GalvaFoam for bidding. A bid from H & R Dock has also been solicited. Preparing to counter the engineers report, Matt Hassellbring of Atlas Dock and I have met and went through his bid on a point by point basis versus the engineers report with the goal of supporting of as many repairs under the insurance claim as possible.

- **Proof of Insurance:** To date 162 of 191 owners have provided proof of insurance as requested. This proof has generally been provided in the form of a copy of the coverage page from the policy which details what coverage is in place and the maximum dollar amounts for each coverage. Whether the coverage includes renters or tenants is not necessarily apparent from the information provided. A reminder will be included with the 3rd quarter 2011 assessments for those owners who have not responded.
- **March, April and May 2011 Work Orders;** 71 work orders were issued in March, April, and May. 64 of the work orders have been completed, 2 are in process, and 5 are pending. Attached is a list of these work orders.
- **Fire Suppression Backflow Valve Installation:** Installation of the fire suppression backflow valves in E101, E102, E103, E104, and E107 has been completed. Installation of valves in E108, E105, and E106 were put on hold after the water line break while the valve in E108 was being installed. Given the problems and delays encountered to date with this project, Pressley Property Management has serious reservations about moving forward with this project using the current contractor. The contractor has given the 3 uninstalled backflow valves and associated parts which the Association has paid for to Pressley Property Management. The Board directed Pressley Property management to secure the services of a licensed plumber to complete these installations in E100 and W100.
- **E500 Water Leak:** Reconstruction of the units is virtually complete, with most of the units being suitable for occupation over the Memorial Day holiday. All unit owners accepted American Families appliance buyout offer and have been reimbursed their pro-rated share.
- **Building Power Washing:** Sheppard's completed annual power washing of the buildings on Wednesday May 18<sup>th</sup> and Thursday May 19<sup>th</sup>. This years' power washing also included cleaning of the skirts, i.e. the sided area of the buildings below the 1<sup>st</sup> levels, which had not historically been included in the bid. The cost for the cleaning of these skirts was \$800.00 above the \$11,300 quote provided. While Sheppard's' would like to be reimbursed for this additional cleaning, they would be willing to absorb this cost for his year, however in subsequent years they would have to reflect this additional work in the bid.
- **Water Pressure:** The water pressure on the east side on the complex is currently running in the mid 90 lbs range versus a normal of 60-70 lbs. This higher than normal pressure could be contributory to the plumbing issues encounter on the east side. Adjustment of the main water line pressure can be tricky, since you have to maintain enough pressure to provide adequate pressure to all units during periods of high occupation/utilization such as the holidays, while low enough pressure that you do not blow the pipes apart during periods of low occupation/utilization. Pressley Property Management recommends that the pressure be reduced to the 70-80 lbs range and monitored to determine if this is causing water pressure issues in the upper floor units during weekend occupancy.
- **Memorial Day Security:** Lange and Associates provided security over the Memorial Day holiday on Friday, Saturday, and Sunday nights per the contract for 2011. The only occurrence of note was excessive noise from a unit in E800. When approached the occupants were very cooperative and quieted down immediately.

- American Family Insurance:** The premium for the Business Owners policy increased 22.4% from \$77,658.00 for the coverage period from 6-1-10 to 6-1-11 to \$95,018.00 for the coverage period 6-1-11 to 6-1-12. American Family advises that this increase was driven by the loss history of the complex since the inception of the American Family coverage. During this coverage period, American Family had paid out almost double in claims than they have collected in premiums. This loss history does not include any claims payments relative to the E500 or dock damage claim. A premium reduction to \$86,051 could be realized if the deductible were increased from the current \$2,500 to \$5,000 or to \$67,518 if the deductible were increased from the current \$2,500 to \$10,000 The premium for the Commercial Liability policy increased 14.2% from \$6,381.00 for the coverage period from 6-1-11 to 6-1-12 to \$7,287.00 for the coverage period from 6-1-10 to 6-1-11. As a result of this increase and with the knowledge that the pending E500 and dock damage claims could further increase the premiums for subsequent years, the Executive Board elected to bid out the Associations coverage's. Bid packages have been developed and will be forwarded to Farmer's, State Farm, and a broker for bidding.
- E108, E107, E106, and E105 Water Leak:** A water leak affecting E108, E107, E106, and E105 occurred on April 24, 2011. This water leak occurred when the contractor installing the fire suppression backflow valve in E108 utility room broke the unit water supply line where it "T" s from the main supply line running up the stack. Given that the plumber was there when it broke, we were able to water shut off to the building quickly thus limiting the damage. Additionally we were able to respond immediately with wet vacuums and removed as much of the water as possible prior to arrival of the remediator. Most of the water went down the stack to the crawl space therefore the damage was limited to primarily the utility rooms and adjacent bathrooms. Units E101-E104 were checked with no evidence that they had been affected being found. The affected units were remediated and the damage repaired by Ullrich Home Restoration.
- E107, E106, E105 Water Leak:** A water leak affecting E107, E106, and E105 occurred on May, 25, 2011. This leak originated in E107's utility room from an unsecured water softener discharge line which had become dislodged from the floor drain. E107 suffered no apparent damage however E106 had water dripping out of the return air duct in the dining room, water dripping out of the guest bathroom exhaust fan/light, water stains above the furnace in the utility room, and dampness in the drywall in the master bathroom walls. E105 had water dripping out of the return air duct in the dining room, dampness in the drywall adjacent to the furnace, and dampness of the drywall in the ceiling of the guest bathroom. There is also water dripping in the crawl space around the drain line. Since it was the E107 unit owner who failed to secure the discharge line, the cost for the remediation will be billed to the owner. No reconstruction was necessary as the drying was accomplished without dry wall removal.
- E507 and E506 water leak:** A leak affecting E507 and E506 occurred on May 26, 2011. This leak originated in E507's utility room during re-installation of the hot water heater and occurred when Shipley's Paint and Drywall plumbing contractor installing the water heater broke the unit water supply line where it "T" s from the main supply line running up the stack. The plumber and Shipley Paint and Dry Wall were on site when the break occurred and we able to turn off the water immediately thus minimizing the damage. Shipley called in ServPro who commenced minor remediation. The cost for the remediation and reconstruction will be billed to Shipley's plumbing contractor.

Darrell Barber made the motion that the Property Managers report be approved. Vince Fargo seconded the motion and it passed unanimously via a subsequent yeh/na vote

**Treasurers Report:**

**Treasurer's Report  
Harbour Towne Executive Board Meeting  
June 4, 2011**

**1. Balance Sheet (As of May 30, 2011):**

Checking (Bank Star One)	\$115,107.98 *
Golden Passbook (Bank Star One)	\$ 29,148.26
Money Market @ CBOLO (Breakwater)	\$ 8,866.59
CDARS (#3484) (Great Southern)	\$ 46,316.26
CDARS Invest. Acct. (Great Southern) CD	\$ 46,981.68
Total Funds	<u>\$246,420.77</u>

\* Of the \$115,107.98 in the Checking account, \$85,887.60 is insurance proceeds from the E500 building water damage claim that is yet to paid to the contractors.

Note: In 2010, the Association spent approximately \$131,000.00 on the stair tower refurbishment project. However, to date, only \$96,466.16 of this amount has been borrowed from the \$140,000.00 line of credit extended by Central Bank Lake of the Ozarks. This was done to avoid unnecessarily paying interest on funds until they were needed by the Association.

**Accounts Receivable:**

As of May 30, 2011, our Accounts Receivable total is \$31,699.65. This amount represents a \$20,450.40 decline in the Accounts Receivable balance since last quarter.

**2. Profit & Loss Budget vs. Actual (As of May 30, 2011):**

- Insurance Claim Income (Acct. #660): \$432,328.04
- Snow Removal (Acct. #81427): \$4,146.25 over budget YTD.
- Insurance Claims & Expenses (Acct. #820): \$356,822.54 YTD
- Boat dock repairs & maintenance (Acct. #846): \$33,540.73 YTD. This amount breaks out as follows:

Dock A underwater bracing	\$ 9,520.62
Anchor drops & cable replacement	\$18,200.00
Snow removal from dock roofs	\$ 4,640.00 **
Repairs & General Supplies	\$ 1,180.11

\*\* The \$4,640.00 associated with snow removal from the dock roofs will hopefully be covered by insurance.

**3. CD Maturing on June 14, 2011:**

The Association has a CD maturing at Great Southern bank on June 14, 2011. Based on a phone survey of banks on June 3, 2011, Great Southern's rate of 1.21% APY for a 12-month CD is the best rate offered by local banks and is very competitive with on-line banks. Darrell Barber is recommending that the Board approve renewing the CD for another 12 months at Great Southern.

**4. Open Invoices (Accounts Receivable) Report (As of May 30, 2011):**

As of May 30, 2011, there are seven (7) units that are one or more quarters in arrears on their assessments, which is down from a total of 16 units a little over a year ago.

They breakout as follows:

- 1-Quarter: 3 Units
- 3-Quarters: 1 Unit (Owner on Board approved payment plan)
- 4-Quarters: 2 Units (Liens have been filed against both units. One owner is on a payment plan. Need to terminate lease(s) or establish payment plan for the other owner.)
- 7-Quarters: 1 Unit (Lease on boat slip terminated. Unit went through foreclosure and has since been sold. Waiting on general journal entries to write off as bad debt.)

Diane Roush made the motion that the Treasure's report be approved. Vince Fargo seconded the motion and it passed unanimously via a subsequent yeh/na vote

**Committee Reports:**

**Landscape:**

- Spring landscape projects: All of the spring landscape projects have been completed with the exception of 1) replanting of the ivy on the lower level adjacent to the lower pool and in front of W100 and W200, 2) purchase of the chipper/shredder, and 3) installation of replacement landscape timbers. Nelson had indicated that they would replace the ivy however to date have not done so. \$300.00 was and continues to be withheld from the fall 2010 plantings invoice to compensate for this ivy. The Executive Board requested that Pressley Property Management complete the planting of the ivy.
- Replacement of Landscape Timbers: Any 2011 Landscape funds remaining after planting of the ivy and purchase of the chipper/shredder will be used to replace as many of the deteriorated landscape timbers as funds allow. Pressley Property Management will advise of the funds remaining for timber replacement purposes.
- Tree Removal Requests: The Landscape Committee has received requests for the following tree removal:
  1. Remove all cedars trees on the lower east side (To be tabled for further discussion)
  2. Remove all vegetation from the lower east side (To be tabled for further discussion)

3. Remove dead cedar tree in front of W1300 (Pressley Property Management to remove)

**Dock:**

- No report

**Long Range Planning:**

- The Long Range Planning Committee is desirous of determining the Executive Boards thoughts on borrowing of an additional \$300,000 to fund completion of most of the projects currently detailed on the Long Range Planning spreadsheet. To this end Darrell Barber and Don Pogue met with representatives from Central Bank to discuss potential financing. Central Bank would be willing to consider such a loan with a 7 year term. The interest rate would be fixed at 5 ½% for the 1<sup>st</sup> five years of the loan and float for the 6<sup>th</sup> and 7<sup>th</sup> year of the loan at an interest rate of prime + 1.5%. Estimated quarterly payments on the loan would be ~ \$13,000 or ~ \$52,000 annually. This would essentially equal what is typically included in the yearly budget for long range projects. Conceptually the Executive Board is not adverse, however feel that the projects need to be succinctly identified, justified, and for some projects defined as to their approach and scope. It is the Executive Board feeling that completion of the stair tower refurbishment should be the top priority.

**Old Business:**

None

**New Business:**

- **Rental Unit Insurance Coverage:** The need for owners who rent (defined as accepting money for the use of a unit) their unit to have insurance coverage to cover the action of their renters/tenants was discussed at length. Given the Associations' less than complete knowledge of which units are rented it was decided the Pressley Property Management would include an insert regarding the need for special coverage to cover renters/tenants in the 3<sup>rd</sup> quarter assessments to all units.
- **Business Owners Policy Deductible:** Given the 22.4% increase in the premium for the Business Owners policy discussed above, the Executive Board elected to increase the policy deductible from \$2,500 to \$ 10,000 which will reduce the annual premiums by \$27,500.
- **Renewal of great Southern CD:** The Association has a CD which matures on June 14, 2011. Darrell Barber has performed a survey of the current 12 month CD rates and found that Great Southern has the highest rate @ 1.21%. Vince Fargo made the motion that the current 12 month Great Southern CD be renewed for an additional 12 months @ an interest rate of 1.21%. Diane Roush seconded the motion and it passed unanimously via a subsequent yeh/na vote
- **East Side Mulch Replacement:** Pressley Property Management is recommending that the Executive Board consider removal of the mulch from the lower east side and replacement with rock. The mulch represents a fire hazard especially given the amount of trees in the area and their proximity to the buildings. While installation of rock represents an increased upfront cost versus the every other year mulching of the area, long term it

would be less expensive and safer than mulch. Pressley Property Management to get a quote on removing the mulch and replacing with rock.

- **Pet Waste Signage:** To encourage owners to pick up their pets solid waste when their pets relieve themselves in the rock areas between retaining walls and the buildings, installation of signage reminding pet owners that pet waste transmits disease and therefore the importance of cleaning up after their pets was discussed. The Executive Board decided to have Pressley Property Management prepare a proof of such signage and submit for approval.
- **Adjournment:**  
With no further business to discuss, Darrell Barber made a motion that the regular session of the Executive Board meeting be adjourned. Diane Roush seconded the motion which subsequently passed with a unanimous yeh/na vote. The meeting adjourned at 11:30 a.m.