

## Village Grove Summary of Meeting Held June 20, 2024

Dear Neighbor,

Last week we had a HOA member meeting to provide an update on the California Balcony inspection program. The board recently had a zoom call with the engineer and construction teams for this project. We are required by a new California Statute to have all of balconies inspected and assessed for damage by the end of this year. The inspection is underway and the preliminary inspection found 'significant damage'. A notice has gone out to limit the use of all balconies at this time. Additionally, due to these initial findings (which were supported with photographic evidence), the engineer must now open most, if not all, of the balconies to further inspections. Once the openings have been made and the engineers have inspected them, they will then need to create 3 reports that will have a plan for termites, water damage and general construction. The rough estimate was the costs may land somewhere in the \$100,000 range, for the plans ONLY. Repairs will be a separate cost, and the companies informed the board that they are 'expensive repairs' but provided no further cost breakdown at this time. It is major beams though, which are very expensive.

To be in compliance with CA law, we need to have the plans created and filed with the city by the end of the year and at least one of the balconies repaired by the end of 2024. The state would prefer that all were completed, but due to our finances, that is not possible for us at this time. If this does not occur, we will most likely lose our ability to control the repairs and the city of Long Beach may take over the project, which would most likely drastically increase the costs of repairs.

Also due to new California statutes, the board can only discuss items that are on the posted agenda at the meeting. This was explained to the owners at this meeting. We also discussed that there are many other statutes, which are aimed to reduce the power of HOA boards, which this current HOA board is very much in favor of.

At the meeting prior to this one, in May, we discussed the critical state of our finances. At that meeting, there was a very robust discussion on the status of our reserve account which is very low. At board member Dorian's last meeting before he moved out, he applauded the owners for getting our reserves to \$300,000, which is the highest that it has been in many years. However, after the recent rains, there were complex and very expensive roof repairs. Those unexpected expenses along with the State Mandated Balcony Inspections, came in around a \$250,000 hit to our reserves, leaving them around \$50,000. The insurance actuary suggests that our reserves remain around \$450,000.

At this meeting in May, a vote of those that attended was held on what to ask for with a special assessment vote. It was decided that an assessment of \$10,000 per unit will be put forward to be voted on by the owners. If this were to pass, that would mean we would have \$600,000 in our reserve. However, given the situation with the balconies, it is anticipated that we may need as much as \$300,000 (or more) to cover all the repair costs.

The current state of our finances puts our insurance at risk. We have no choice but to add to the reserve. Additionally because of the age of the buildings, there are anticipated future repairs that are needed, including more roofing repairs.

The status of where things stand are:

- California requires all HOAs to have an election policy. Village Grove has never had one, as it was not required in the past. That has been sent out to all owners, and we are now in the 28 day commenting period, which concludes 7/9/2024 with a single topic owners meeting.
- After that, and very shortly if not already, the owners will receive another letter, notifying all of our Inspector of Elections. California has now deemed that we must have an outside party collect and count our ballots for any election. This can no longer be Brockman Properties. This comes in at a cost of around \$1000 per election. This notification will be going out, and then we have another 28 day waiting period.
- After that waiting period comes to an end, on or around 7/25, the owners will then receive the Special Assessment Ballot, along with a letter drafted by the board and Village Grove attorneys explaining why the Special Assessment is being requested. A letter is being drafted to explain the steps to vote.
- After ballots are mailed out, there is another 28 day waiting period, there we will have a ballot counting meeting. The Election Inspector will travel to Village Grove and open and count ballots at this time. This will be on or around August 28th. Notifications will be sent out.

If you were not in attendance at last week's meeting, hopefully all understand the seriousness of our current situation. If this is not addressed, we could be dropped by our insurance company both at the HOA level and individual policies. We currently use Travelers Insurance, which has threatened to leave California. If we need to find a new insurance company, it will be very challenging with funds this low. Additionally, this could also greatly affect any ability to resell property. Although this is a big dollar amount, we have to protect our assets. This assessment will give us some breathing room we need to be able to manage our property. As a reminder, if we secure the needed votes for \$10,000 per unit, this puts us at \$600,000. The CA Mandatory Balcony Inspections will probably already use up at least half of that. The insurance actuary would like us at \$450,000 which we still will not be at, but we will be closer.

Thank you Kathryn for your notes from the meeting, which were added to the board's notes. Please reach out to Brockman Properties with any questions. As a reminder, when speaking to any board member, they are speaking as owners, unless there are 2 or more board members for that discussion.