

TO: CATAWBA SHORES NORTH CONDO ASSOCIATION MEMBERS

FROM: BOARD OF TRUSTEES, CSNCA

RE: STATEMENT OF INFORMATION REGARDING RESERVE STUDY -- BUILDINGS

In August 2021, CSNCA contracted with Superior Reserve Engineering and Consulting to perform a professional Reserve Study. The Reserve Study has been posted to the CSN website (www.csnca.net). However, the Board felt that further communication needs to be provided to all owners and not all are comfortable going to our website. This mailing is the first of communications from the Board regarding the Reserve Study and areas of concern.

Over the last several months, the Reserve Study Committee was formed, which is chaired by Mike Colatruglio. All Board members co-chair various sub-committees of the Reserve Study Committee. Quite a few owners came forward to serve with the Board on the Reserve Study Committee. Kudos and mega thank you to all members: Lisa Peterson; Tom Frohman; Bill Caswell; Donna Miller; Brian Flannery; Kevin Cogan and Rich Veres.

To begin our communications with members, we want to begin with information of the concerns of the status of our buildings and answer questions that unit owners may have regarding the Reserve Study, why a Reserve Study is so valuable, how CSNCA is governed and how decisions regarding the Reserve Study will be made, how to pay for the repairs and what is the long range strategic plan of CSNCA. I am sure there will be many more questions everyone will have, but we plan to answer a few questions with this statement and look forward to hearing from all of you with questions you may have as we continue to communicate with everyone over the summer months.

First,

1. How is Catawba Shores North Condo Association governed?
 - It is governed by seven Board of Trustees, elected at Annual Meeting every year for a 3 year term.
 - It has Articles of Incorporation, By-Laws and Amendments that outline the policies and procedures for CSNCA to operate. All members should have a binder with the By-Laws and Amendments.
 - Decisions are made for CSNCA by the association members elected the board every year they give them the authority to operate the Association within the guidelines of the By-Laws and Amendments and within the budget operation of the Association.

2. What is a Reserve Study?
 - A reserve study or condo reserve study is an in-depth analysis and on-site inspection of an association's assets, buildings and common areas.

Usually provided by professional engineers. The study projects a financial road for the association going into the future.

- These studies for homeowners associations play a pivotal role in assisting the board make the best financial decisions regarding the organization's future. Generally, an HOA reserve study consists of two parts:
- **Physical Analysis.** This portion of the study assesses the physical condition of community areas and buildings that an HOA is responsible for maintaining and repairing. It also includes an analysis of the cost of repair or replacement.
- **Financial Analysis.** This portion of the study assesses the association's financial status, such as its revenues, expenses, and reserve fund balance.

3. What is a Reserve Fund?

- A Reserve Fund is money set aside by a condominium association for major repairs and replacements of components the association is obligated to maintain such as buildings, garages, common areas, pools, etc.
- Adequately funding the Reserves protects and enhances the physical assets in the community. It also protects and enhances the investment that each owner has made in buying property in the community. It does this by making sure that funds are available to replace worn out components on a timely basis while avoiding the need for special assessments.
- CSNCA has voted to waive the Reserve Fund requirement under the Ohio Revised Code Section 5311.081 (A) (1) throughout the years.
- The most fair and equitable means to fund the Reserves is by making sure that everyone is contributing their fair share over the period that they benefit from these commonly-owned assets. "Everyone who lives under this roof pays their fair share towards the replacement of the roof." Without doing a Reserve Study, it is impossible to determine what that "fair share" should be.

4. How does CSNCA raise the required funds to meet the future needs of CSN and the recommendations of the Reserve Study?

- Various plans are being researched by the Board and the Reserve Committee
 - i. Loan to cover the major expenses such as building siding, trim and decks
 - ii. Significant increases in condo fees every year according to the Reserve Study recommendations beginning this year through 2031
 - iii. Assessment to unit owners
- All unit owners will need to take responsibility and pay fair share toward maintaining and repair of our campus. We have all shared in its beauty and enjoy the benefits. The wear and tear of 35 years is showing in the exterior of buildings, trim, fences, decks and garages. To continue to maintain the

structural beauty and luxury of CSN all owners will need to assume responsibility to maintain the integrity of our units for all our enjoyment through the coming years.

- The Board will keep you informed as plans for raising funds are researched and figures for various projects are determined.

5. Please find below the outline of our buildings and concerns that Mike Colatruglio and the Reserve Committee have outlined thus far:

CSNCA Buildings - Information

Statement from Mike Colatruglio (Buildings Chair) Tim Keys (Finance)

Where did the time go? Some fun facts:

- The first handheld mobile phones were made available to the public around 1983
- Microsoft Windows was launched in 1985
- At some point in the 80s, fanny packs were a thing
- Our beautiful CSN community was built and occupied around 1986

Much has changed in our lives since the 80s, but the beautiful overall nature of our neighborhood remains intact. One of the noticeable changes relates to 'technology' and its impact on practically all of the products we depend on daily.

The purpose of this document is to help the Board share information related to our buildings and the noticeable deterioration taking place at a significant rate. Perhaps now is the time to seriously consider upgrading our buildings with new materials, with built-in technology to stand up to mother-nature for another 30 years or more.

We invite you to step thru our material and formulate your own questions based on the information provided.

CSNCA Buildings - Background

Over the last several years, the Board has been aware of symptoms of building deterioration primarily coming from rainwater leaks infiltrating the interior of units. This prompted the Board to dedicate ample time to research and educate ourselves on the causes of this issue. This education initiative coincided with the Board hiring Superior Reserve Engineering and Consulting to perform a CSNCA Reserve Study in the summer of 2021.

Our education started with inviting numerous contractors to visit our neighborhood and perform an informal assessment of our buildings and to help us understand the causes of leaks. Fortunately, we had the benefit of having several homeowners who were in the process of replacing doors and windows. All of these projects offered a forensic view of what was taking place inside of the walls once the old doors and windows (and siding) were removed.

In most cases, contractors found a lack of sufficient flashing around the doors and windows. In some cases, there was no flashing to be found. Over the years, the association relied heavily on applying caulk to stop leaks. Contractors told us caulking is necessary but it is not a replacement for proper flashing. We also learned that it is best practice to find installers that have the knowledge and skill to properly mount doors and windows.

The second area of concern centered around the trim around doors and windows. Contractors told us that installing trim directly over siding leaves gaps that can allow water to find its way into vulnerable areas resulting in leaks. We were told trim should be flush mounted next to the siding with flashing underneath, where the trim meets the siding. In some cases, the siding has reached its end of life, meaning, it is beginning to absorb moisture and potentially releasing water to the inside of units.

Third area of concern relates to our cedar siding. Many of our buildings are showing stress with regard to the cedar siding which over time, becomes brittle and cracks and flakes due to natural moisture extraction from the sun. The contractors we spoke to unanimously indicated that our association should consider modern building materials that require less maintenance and help to increase resistance to rainwater infiltration.

CSNCA Buildings - Reserve Study

Last summer, the board interviewed several companies for the purpose of performing a CSNCA Reserve Study. The Board selected Superior Reserve Engineering & Consulting Firm. In August of 2021, the study was completed and delivered to the Board for review and eventually was made available to all unit owners through the CSNCA website. (www.csnca.net)

Why the Board requested a Reserve Study

- We wanted a professional study to serve as a blueprint to help us objectively evaluate our futures needs for maintenance, update, repair and replacement.
- To help us to protect and preserve our beautiful lakefront condos
- To help us protect and preserve our investment
- To identify any safety concerns

Areas of particular concern

- Safety concerns such as (step rails to the beach)
- Exterior outlets may not have proper GFI protection. More research to be done to verify this claim.
- Deteriorating trim and siding (See Reserve Study pages 3,5,6,11,26-30, 55-67)

Through this educational period, the board realized a need to adopt new contractor protocols.

CSNCA Buildings - Contractors

When it comes to outside major construction projects, the board learned a few best practices related to selecting contractors. Some of this information came from our attorney (Kaman and Cusimano), and some came from performing research on the web. For major construction work, the board adopted the following protocols.

- Contractor must be licensed
- Contractor must be fully insured
- Contractor will be asked to furnish proof of the above
- In-depth knowledge of modern building materials and techniques

The board believes that following these protocols reduces CSNCA liability and helps build trusted contractor relationships. Thus far, the board has gained at least three well regarded contractors who are reliable, stand by their work, and act in a professional manner.

CSNCA Buildings - Options Researched

The Board understands the beauty of the cape cod appearance of our buildings. However, when it comes to siding and trim, the Board has learned that the construction industry has decidedly moved away from natural wood in favor of composites and other products that provide a similar appearance in order to reduce the need and cost of maintenance, are very water impervious and resistant to rotting and insect infestation. The Board began to research the best products that can provide a shingle appearance and yet provide the type of endurance, provide an excellent warranty and meet the standards of quality that have been a part of CSN over the years. Products reviewed included:

- **Cedar Shake Shingles** - what we have today. Requires heavy ongoing maintenance and costs more per square foot than any of the composite materials being researched.
- **Vinyl** - Less expense but subject to fading, wind damage and not the look we believe residence expect
- **Hardie Board** - a composite of cement fiber siding with factory applied color. Prone to swelling and cracking which allows water infiltration.
- **LP Smartside** - an excellent product but is known to have color variation between shipments
- **Diamond Kote** - another excellent product that comes with a 30 year no fade warranty. It comes in both straight board and shingle type siding. Similar to LP Smartside but a patented robotic paint process gets applied to the product which provides excellent protection from moisture and scratches.
- **Everlast** - This research is a work in progress. It is the material Bill Riat used on his buildings.
- **Other** - More products to be reviewed

CSNCA Buildings - Diamond Kote

As mentioned, board members have consulted with several area contractors, one being Ben Kluding, who owns Kluding Construction located in Norwalk. When Ben conducted a walk-through of our neighborhood, he recommended the Diamond Kote product for residing units and trim, along with a vapor barrier (wrap) that is part of the installation with this product. He made a phone call to Modern Builders Supply Inc which is a Diamond Kote distributor, also located in Norwalk. Upon learning of the Board's interest, a representative from Modern Builders made contact with the manufacturer of Diamond Kote. These key players are willing to come to a board meeting and present why they believe the Diamond Kote product is superior to other siding products.

CSNCA Buildings - Numbers

As of the development of this web page, estimates are not yet available. We expect some numbers by mid to late June.

After review of the Reserve Study, the following information is worth mentioning.

- To patch our buildings using the cedar product we have today, the association will spend \$365,000 between 2027 and 2031.
- Annual painting is costing between \$23,000 and \$25,000. By replacing siding and trim with a composite material would eliminate the need for annual painting or drastically reduce it.
- Depending on the situation, the Board spends \$15,000 to \$25,000 annually replacing siding and fixing leaks. By looking at other building materials, the Board sees an opportunity to eliminate this type of maintenance.
- The CSNCA has voted over the years to waive fully funding the reserve requirement of Ohio Revised Code Section 5311.08 (A) (1). The time has come that the Reserve Fund will need to be fully funded and repairs of our buildings has reached a point that we can no longer continue to fix things on "as needed" basis. Some major repairs need to be done over the next years to follow. This may mean large increases in fees, assessments, loans or other options are being explored.

CSNCA Buildings - Why Now?

- Climbing interest rates
- Material costs keep rising/gas prices are affecting transportation of materials
- Reserve Study only focuses on maintenance of buildings using natural wood products and only assumes funding on an increased yearly fee payment structure
- HOA loans and assessments can provide the finances quickly to counter the aging structures while allowing the present limited reserve fund to grow and be used for other repairs
- The Board believes the time has come to not delay these decisions. Delaying allows more deterioration and more repair costs to maintain present materials. The Board is

doing its duty of due diligence to look at all options that will best meet the needs of CSNCA, maintain the structural integrity and beauty that has been part of the campus over the past 35 years and provide the best quality of materials with best warranty possible.

Thank you for taking the time to review this information. The Board understands this is a huge undertaking we are dealing with and will require a considerable financial investment from us all. The Board is working hard to find the best solutions for CSN future. The Board will continue to provide ongoing communication to all owners. We encourage all owners to submit any questions you have to any board member or please feel free to send questions to Sheila Flannery at shflannery@roadrunner.com. Thank you all.